

FINANCIAL REPORT
AND REGISTRATION DOCUMENT

2018



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Registration Document

& Annual Financial Report 2018



€6,812 million

2018 SALES



+7.8%

ORGANIC SALES GROWTH



+11.8%

INCREASE IN NET PROFIT



34,000

EMPLOYEES WORLDWIDE

The world leader in Small Domestic Equipment,

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

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

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

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

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

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers or AMF) on 1 april 2019, 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

“ In an overall environment that was more complicated than expected, Groupe SEB delivered a good 2018 performance, with organic growth of nearly 8%, an Operating Result from Activity up 2.5% – despite negative commodity and currency effects of more than €100 million – and a Net Profit above €400m for the first time. Continued debt reduction reflected in a net debt / adjusted EBITDA ratio below 2 at end December, in line with the target we had set.

Our main growth engines / drivers have been leveraged successfully: China, of course, where Supor continues to outperform a still promising market, Japan, South Korea, Central Europe, Ukraine and Russia. On the activity side, the dynamic was robust in Home Care, Electrical Cooking, Food Preparation and Professional Coffee. Lastly, e-commerce was a strong contributor to the increase in sales and now accounts for nearly 25% of Group revenue.

Our profitable growth strategy, which is based on the strength of our brand portfolio, solid product momentum, and a foothold in all distribution channels across the globe gives us a major competitive advantage. This strategy is implemented daily by our dedicated teams who are always ready to meet new challenges. I would like to thank them for their professionalism and commitment. This strategy is designed for the long-term through a responsible approach on the social, societal and environmental fronts which is widely recognized and creates value for everyone.

2019 has started with an environment that remains uncertain. Yet the Group is well prepared and aims in 2019 to achieve further organic sales growth and improve Operating Result from Activity. ”



Thierry DE LA TOUR D'ARTAISE
Chairman Chief Executive Officer

An **extensive and diversified** offering

KITCHEN ELECTRICS

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

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

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



HOME AND PERSONAL CARE

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

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

Home comfort: fans, heaters, air treatment appliances...

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



COOKWARE

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



CONSUMER BRANDS

GLOBAL

Tefal

Rowenta

Moulinex

KRUPS

REGIONAL

SUPOR

Tfal

ARNO

IMUSA

SEB

calor

emsa

ORIGINAL KAISER

MAHARAJA WHITELINE

ASIA

MIRRO

WearEver

PANEX

OBH NORDICA

samurai

Rochedo

clock

esteras

UMCO

PREMIUM BRANDS

WMF

Lagostina

All-Clad METALCRAFTERS LLC CANONSBURG, PA USA

Silit

WMF

schaerer swiss coffee competence

HEPP

Curtis

PROFESSIONAL BRANDS

PROFESSIONAL BUSINESS

Coffee machines

Hotel equipment



Business model

OUR RESOURCES⁽¹⁾

STAFF

34,000 employees

19 hours/year of training per employee in average

38% female managers

INNOVATION AND DIGITAL

> 1,400 people in the innovation community

3.6% of sales reinvested in innovation⁽²⁾

40% of media investment in digital

INDUSTRY AND PURCHASING

2/3 of products manufactured in-house

28% of production performed in Europe

€1.9bn direct purchasing

€213m invested⁽³⁾, i.e. **3.1%** of sales

FINANCES AND SHAREHOLDING

Sales of: **€6,812m** ORfA of: **€695m**

and profit of: **€419m**

Net debt/Adjusted EBITDA = **1.90** at 31 December 2018

Long-term, major shareholders

SOCIETY AND ENVIRONMENT

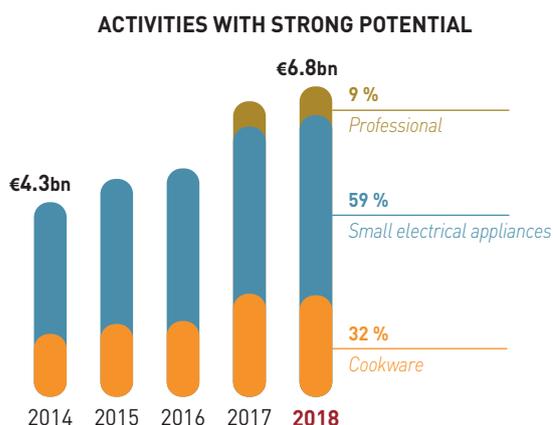
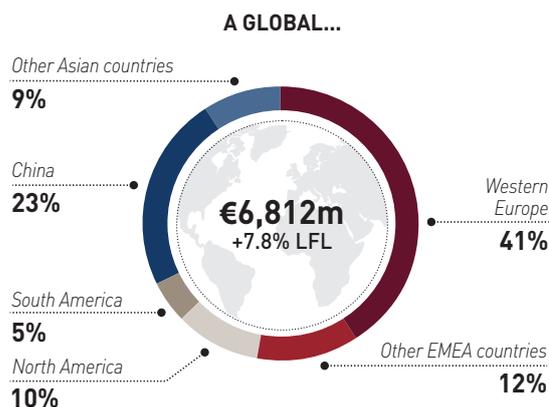
100% of sites ISO 14001 certified

~ **€3m** spent on philanthropy

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

Focus on growth

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



Optimize our industrial facilities...

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

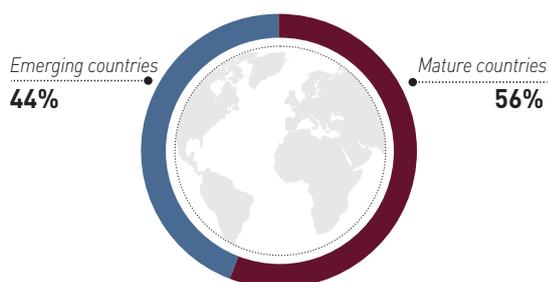
(1) Data 2018. (2) Net investments in R&D, strategic marketing and design. (3) Cash outflow for capital expenditures.

Groupe SEB is the **world leader in Small domestic equipment**, a steadily growing global market, estimated at over **€75bn** in 2018: **around €45bn** for small electrical appliances, **€23bn** for Cookware and **€8bn** for the professional Coffee market.

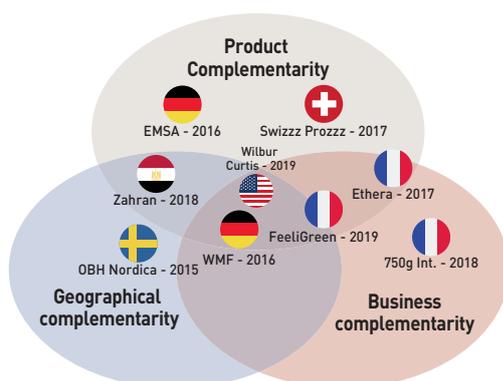
- Multi-channel distribution strategy
- Development in the professional market
- Active acquisition policy

Presence in nearly **150 countries**
 Leadership positions in over **25 countries**

...AND BALANCED PRESENCE



TARGETED ACQUISITIONS TO STRENGTHEN ITS LEADERSHIP*



* Acquisitions of the last 5 years

Strengthen **our competitiveness**

... and develop our assets

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

(4) Lost-time injuries with temporary replacements. (5) Electrical materials and equipment sector – Ranking by Capital magazine and the Statista Institute.

OUR ADVANCES⁽¹⁾

STAFF

1 global social protection floor
 Workplace accidents⁽⁴⁾ halved in 5 years
 Recognized as the best employer in the sector⁽⁵⁾

INNOVATION AND DIGITAL

492 patents filed
 Nearly **25%** of sales consolidated through e-commerce

INDUSTRY AND PURCHASING

Nearly **250 million** products made
70% of direct purchasing covered by the supplier panel

FINANCES AND SHAREHOLDING

Annual organic sales growth of **7%** in 5 years
10.2% operating margin
 Profit up by a factor of **2.1** in 5 years
 Dividends **+9%** per year over 10 years

SOCIETY AND ENVIRONMENT

> 500 projects supported by the Fonds Groupe SEB in 10 years
93% of domestic electrical appliances are mostly repairable
-20.5% energy consumption on production and logistics sites (reference year: 2010)

Corporate Social Responsibility

A committed Group



PEOPLE MATTER

Demonstrating every day our respect for each person and our utility to society

- Governance and social dialog
- Working conditions
- Ethics and Human Rights
- Responsible employment policy
- Citizenship engagement and community involvement by sharing our values



BETTER HOMELIFE

Helping everyone to live better in a healthy home, regardless of age or health

- Inclusive-design
- Healthy home and personal care

KEY FIGURES

100%
of sites ISO 14001 certified

93%
of electrical appliances are mostly repairable



COOKING FOR GOOD

Making homemade, healthy, tasty food accessible to everyone

- Homemade for everyone
- Healthy food and sharing
- Sustainable food



CIRCULAR REVOLUTION

Reinventing our products and services to put them at the heart of the circular economy

- Repairability
- Second life
- Recycling and recycled
- Functional economy



CLIMATE ACTION

Contribute to the fight against global warming thanks to our low-carbon strategy

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

2018

43

eco-innovative projects

A global e-learning campaign for the Code of Ethics

Board of Directors

at 31 December 2018



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



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



VENELLE INVESTISSEMENT
Director - member of the Founder Group



FÉDÉRACTIVE
Director - member of the Founder Group
SARAH CHAULEUR
Permanent representative of FÉDÉRACTIVE on the Board of Directors



YSEULYS COSTES
Independent director



HUBERT FÈVRE
Director - member of the Founder Group, member of GÉNÉRATION



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



BRIGITTE FORESTIER
Director representing employee shareholders



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



LAURENT HENRY
Employee director



JEAN-NOËL LABROUE
Independent director



CÉDRIC LESCURE
Director - member of the Founder Group, member of GÉNÉRATION



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



Fonds Stratégique de Participations (FSP)
Independent director
CATHERINE POURRE
Permanent representative of FSP on the Board of Directors



Member of the Audit Committee



Member of the Nomination and Remuneration Committee



Family directors



Independent directors



Employee directors



14
members

1/3
independent
directors

46%
of women

8
meetings
in 2018

97%
attendance rate
(with a minimum individual
attendance rate of 87.5%)

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

Audit Committee

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



Nominations and Remuneration Committee

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

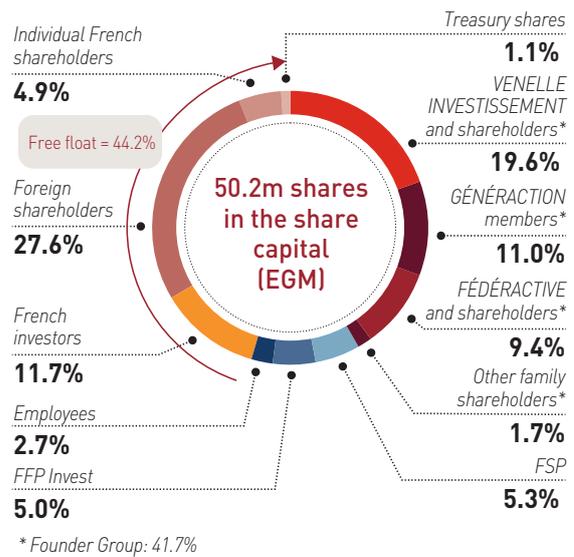


CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2018

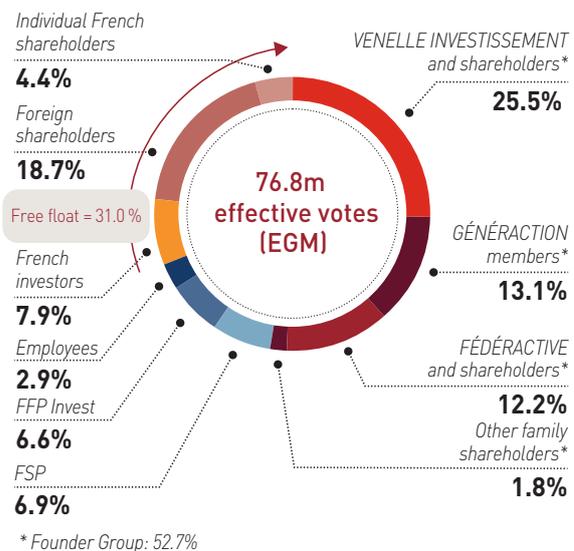
During the General Meeting of 16 May 2018, reappointment as directors for a 4-year term of office of:

- Jean-Noël Labroue;
- FÉDÉRACTIVE, represented by Sarah Chauleur;
- Delphine Bertrand

STRUCTURE OF SHAREHOLDING AT 31/12/2018



DISTRIBUTION OF VOTING RIGHTS AT 31/12/2018



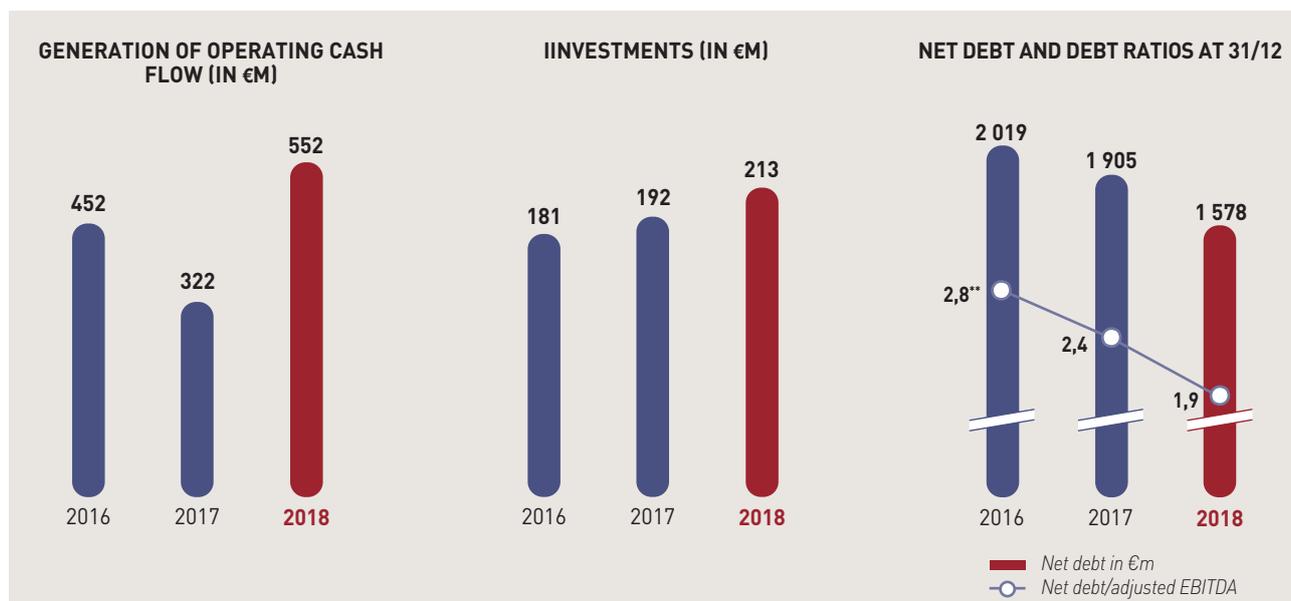
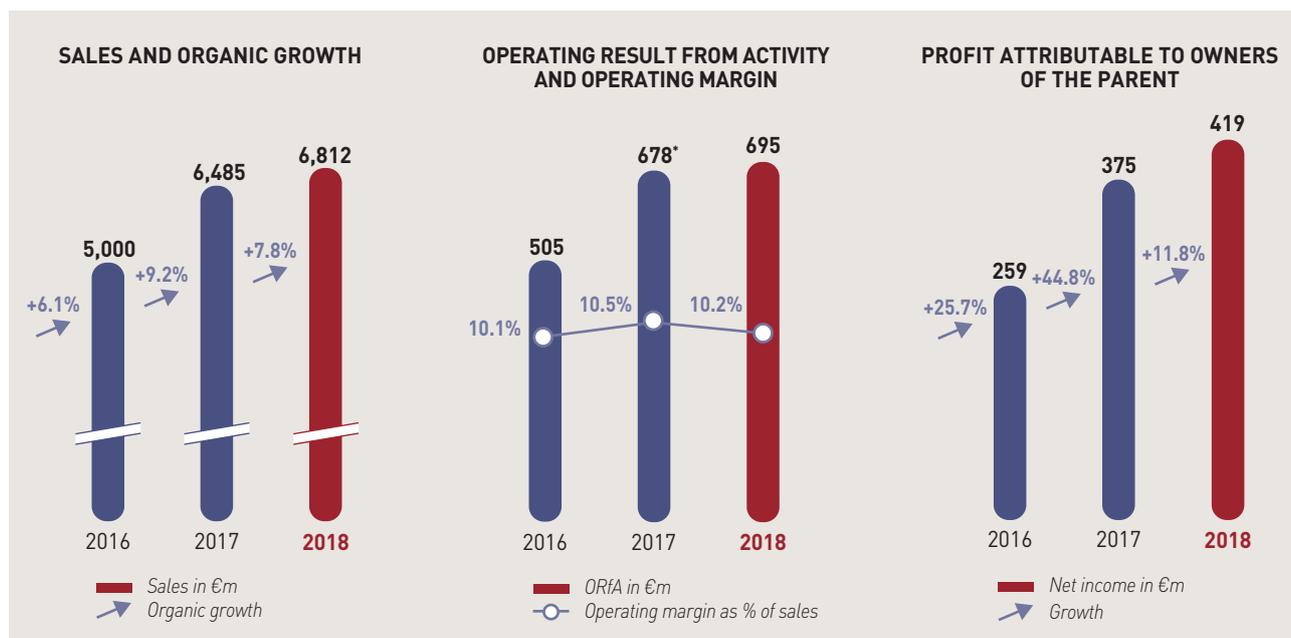
CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2019

- Within six months of the 2019 Annual General Meeting, appointment of a new employee director by the European Works Council
- At the 2019 Annual General Meeting:
 - Appointment of a new independent director, Jean-Pierre Duprieu,
 - Appointment of a director from GÉNÉRACTION, Thierry Lescure, to replace Cédric Lescure whose term of office expires at that same Annual General Meeting.
 - Appointment of GÉNÉRACTION, represented by Caroline Chevalley, to replace Hubert Fèvre, whose term of office expires at that same Annual General Meeting,
 - Appointment of a new director from VENELLE INVESTISSEMENT, Aude de Vassart, and
 - Reappointment of William Gairard for a four-year term.

Key figures

2018

Financial performance

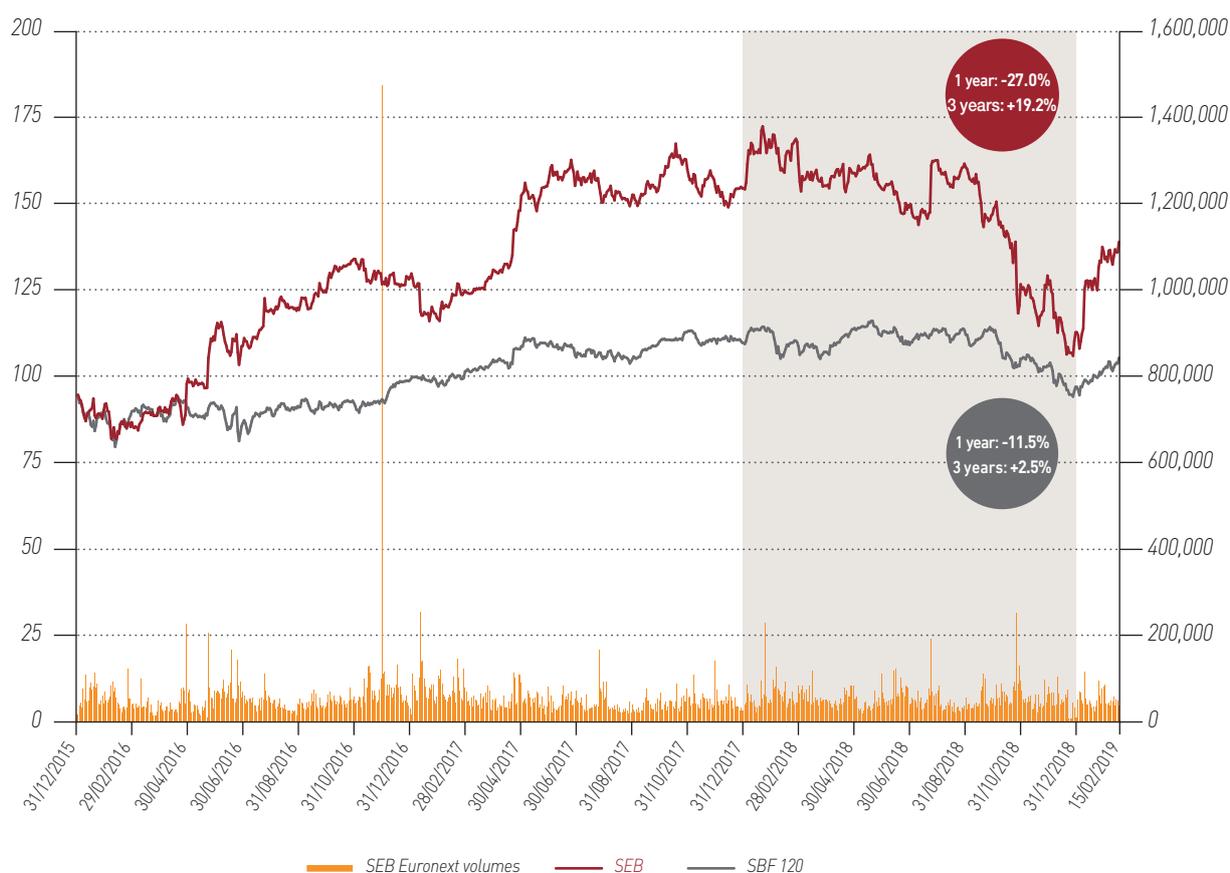


* Excluding one-off impacts of the WMF purchase price allocation: - €17m.

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

Stock market performance

CHANGES IN THE SHARE PRICE SINCE 31/12/2015



DATA SHEET

LISTING

Euronext Paris,
Compartment A

ISIN CODE

FR0000121709

LEI CODE

969500WP61NBK098AC47

LISTING DATE

27 May 1975

NUMBER OF SHARES

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

STOCK MARKET INDEXES

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

OTHER INFORMATION

IAS index –
Eligible in SRD

TICKERS

Reuters: SEBF.PA
Bloomberg: SK.FP

PERFORMANCE 2018

Closing price at
31/12/2018: **€112.80**

Stock Market Capitalization
at 31/12/2018 **€ 5,659M**

Highest price mid-session: **€175.90**

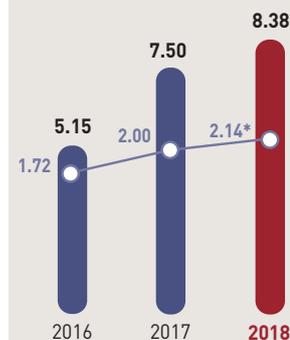
Lowest price mid-session: **€105.60**

Average for the year
(closing price): **€149.66**

Average of the last
30 prices for 2018 **€116.91**

Average daily trading volume
(number of shares): **56,108**

DILUTED EARNING PER SHARE AND DIVIDEND



■ Diluted earnings per share in €
○ Dividend in €

* Dividend proposed at the AGM of 22 May 2019



1 Introduction to the Group

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1.1. Business sector

THE SMALL DOMESTIC EQUIPMENT MARKET

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

The global Small Domestic Equipment market is divided into many distinct national and regional markets with their own local consumer cooking, eating and product utilization habits. It also lacks comprehensive coverage by research panels (primarily GFK) or other market research bodies. This, at times, makes it difficult to reconcile industry figures (inclusion of new categories or geographic segments, for example) in order to produce a global picture of the sector. Based on the latest available statistics and Group estimates, the size of the market addressed is currently estimated at approximately €45 billion for small electrical appliances and €23 billion for Cookware (including kitchen utensils).

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

- **electrical cooking:** deep fryers, rice cookers, electrical pressure cookers, informal meal appliances, waffle makers, grills, toasters, multicookers...
- **beverage preparation:** coffee makers (filter and pod), espresso machines, electrical kettles, home beer-taps, soy milk makers...
- **food preparation:** blenders, cooking food processors, kitchen machines, mixers, beaters...
- **linen care:** irons and steam generators, garment steamers...
- **home care:** canister vacuum cleaners with or without dust bag, steam and upright vacuum cleaners, vacuum sweepers, convertible vacuums...
- **home comfort:** fans, heaters, air treatment appliances...
- **personal care:** hair care appliances, depilators, bathroom scales...

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

The cookware and kitchen utensil market breaks down more or less evenly between the two segments. For cookware (mainly frying pans, saucepans, stewing pots, pressure cookers, bakeware and oven dishes) Groupe SEB is the **undisputed global leader** and is continuing to expand its product offering by regularly introducing new materials. The kitchen utensil and accessories market includes, for example,

spatulas, ladles, skimmers, kitchen knives, vacuum flasks and mugs, food storage boxes and containers, etc. By combining sustained organic growth and a strategy of industry consolidation, 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 growth within a neutral or positive economic environment**. This performance reflects the combined impact of various factors:

- Global consumption trends driven by the development of “home-made” products and a growing interest in health and well-being;
- moderate but steady growth in most of the 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 more statutory 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 at national levels 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 €60 for a small electrical appliance in Western Europe, for example, largely affordable by the general public and requiring no credit or a limited use of credit. Sales are further boosted by in-store or online traffic, driven by promotional campaigns within a very competitive market environment;
- strong seasonality, shared by all market players, largely linked to the high percentage of products sold during holiday periods or for special events (back to school, Christmas, Chinese New Year, Ramadan, Singles' Day in China, 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 retailers with a traditional physical presence. As a result, growth in this market is currently being broadly driven by e-commerce: major online specialists (pure players like Amazon, Tmall, JD.com, Cnova, etc.) as well as the websites of initially “physical” retailers (“bricks-and-mortar” retailers).

MULTIPLE FORMS OF COMPETITION

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

- **large global groups, generalists or specialists in one or two small electrical appliance categories;** Philips and Electrolux have a diversified product offering, while Dyson and Vorwerk focus on a high-end positioning in a few product segments. These very international players are joined by Spectrum Brands and Conair, among others, which mainly roll out their product ranges in Europe and the US, while Bosch-Siemens and Braun (P&G) are principally active in Europe. De Longhi completes the list: this major player in coffee and food preparation is expanding its sectoral and international presence;
- **major Cookware and kitchen utensil manufacturers** with a highly international presence, such as the German companies Fissler and Zwilling-Staub, the US group Meyer, Tupperware, Rubbermaid (Newell Brands), Ikea, Oxo (Helen of Troy);

- **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, Midea and Joyoung in Asia;
- **leading players concentrating on a single product category:** in small electrical appliances with innovative technologies, such as iRobot (vacuums), or with high-end positioning, such as Jura (coffee machines); and in cookware, for example the French company Le Creuset, which specializes in cast iron cookware;
- **private labels or white label goods** in large part focused on aggressively priced entry-level products from Chinese sub-contractors which, however, have a market share that is weak overall in terms of small electrical appliances. Conversely, in Cookware, the Group’s main competitors internationally are often private labels;
- finally, certain companies’ activities and brands are present in both B2B and consumer segments, as in the cases of KitchenAid (Whirlpool), Magimix (Robot-Coupe), Jura, and Vorwerk, for example.

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

THE PROFESSIONAL COFFEE MARKET

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

Professional coffee machines are worth nearly €8 billion globally (2017 data, source: Estin & Co.), €5 billion for equipment and €3 billion for service activities. Although automatic beverage/coffee vending

machines make up most of the equipment, the filter coffee segment represents around 10% of the global market (excluding services) and the specific segment of full-automatic espresso machines around 25% of the total equipment market.

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

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

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

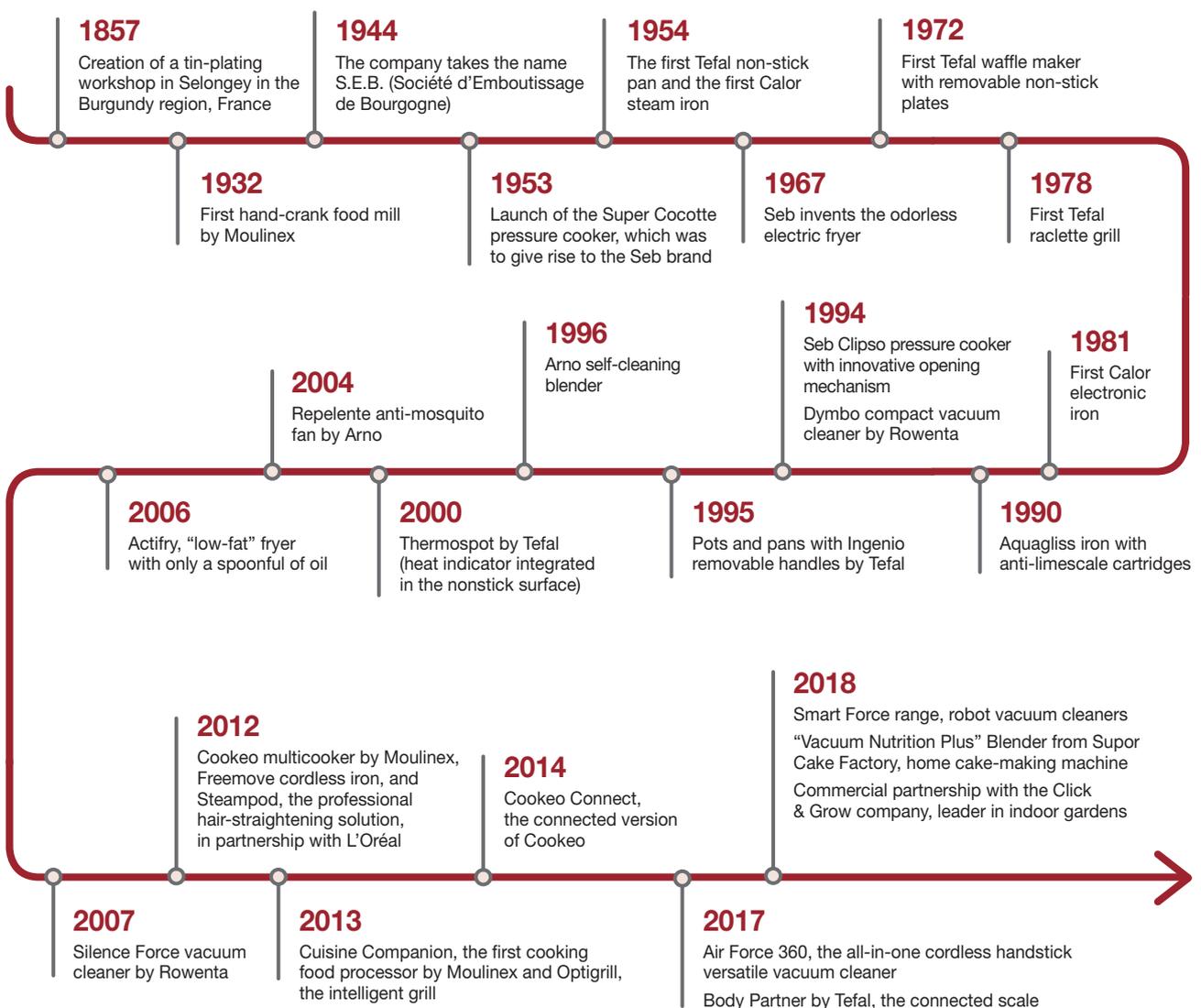
In general terms, the professional coffee machine market is diversifying in terms of offering, meeting a demand that is both wider (extension of coffee ranges offered) and more specific (increased customization). Demand is therefore now often for a dual filter/espresso machine. Against this background,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

1.2. A profitable growth strategy

On the one hand, Groupe SEB's expansion is based on a strategy of steady organic growth, driven by a strong product innovation policy, a global presence, an unrivaled brand portfolio within the industry and a capacity to work with all distribution channels. On the other hand, it relies on a constant 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 a key driver of development and differentiation. 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 many electronically enhanced products: bathroom scales, programmable coffee machines, etc. This era also saw the emergence of new lifestyles, reflected in the launch of user-friendly appliances such as the raclette grill and home espresso coffee makers. In the decade from 1990 to 2000, both Groupe SEB and Moulinex brought new simplicity to the world of small electrical appliances, including pressure cookers with 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.

In recent years, there has been a new acceleration in the product offering renewal process through:

- the Group's partnerships, developed since 2006 with leading food industry operators, giving it access to 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, homemade, convenience, well-being, etc.), often leading to major commercial success: the Actifry fryer with only a spoonful of oil, smart appliances (Cookeo, Optigrill), the Cuisine Companion cooking food processor or recently the Silence Force Cyclonic and Silence Force Extreme vacuum cleaners which combine power with very low noise levels,

the Air Force 460 versatile handstick vacuum, the Clean and Steam vacuum cleaner, the Access Steam portable garment steamers, the Ixeo all-in-one ironing solutions (ironing and steaming combined with an adjustable, portable ironing board); or the Cake Factory (first home cake-making machine – LSA Innovation Award 2018).

- the introduction of new product features such as the pure Ultimate Iron in 2018, which features the new patented micro-limescale filter (filters limescale particles as the steam is diffused) or the first silent high-speed blender from Supor.

Innovations are now largely based on digital technology, with the development of connected products to improve consumers' daily lives, plus associated services offered as part of a global ecosystem, such as cooking recipes updated on a 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 (recipe creation monitoring and guidance from tablet or mobile), i-Companion (connected version of the Cuisine Companion cooking food processor by Moulinex), Cooking Connect by Tefal (connected kitchen scales), Body Partner by Tefal (connected bathroom scales) or the Intense Pure Air range of connected air purifiers (remote management and checking of interior air quality in the home).

Through these product/application pairings, the Group now brings together a community of over 5 million members. The acquisition of 750g International in November 2018 will reinforce this community even further, with increased expertise in digital cooking. 750g International is a publisher of cooking websites and services in Germany, Spain, Italy, Portugal, Brazil, the USA and the UK. With a community of 10 million Facebook fans, 450,000 members and 5,000 bloggers, it focuses on several key sectors: digital content publishing technologies, a portfolio of 90,000 recipes in five languages, and several related services (printed recipe books or content creation on digital platforms).

A VIRTUOUS STRATEGY



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

In 2017, in order to accelerate new product development and launches, Groupe SEB decided to set up a Global Innovation Hub for the small electrical appliance business in Écully, France. Around 230 employees from the marketing and research teams now work on a single site. In addition, the Rumilly site (France) is still the Global Innovation Center for the Cookware business: to accelerate developments in the coatings and materials sector, at the end of 2018 it gained a new tool, inaugurating the joint Research Laboratory built in partnership with University Claude Bernard Lyon 1 and the CNRS (French National Center for Scientific Research).

The Group also plans to involve all its staff in its innovation strategy. It has therefore structured relations within its innovation community of 1,400 employees, using collaborative tools that make it possible to promote the sharing of knowledge and best practices. The All innovators challenge is the cornerstone of this process; its purpose is to enable everyone to see their ideas become a reality, inventing the world of the future. Following a pilot in 2017, a new challenge was launched in France at the end of 2018: 476 applications were submitted, 63 were shortlisted and 5 winners will see their projects become reality.

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. The SEB&You community launched in December 2015 also directly involves consumers in the innovation process, inviting them to test new concepts or areas of innovation. This community has grown rapidly since late 2015, to 3,800 members, and 2,140 products have been tested.

At the same time, the Group has developed partnerships with universities, schools, engineering firms, testing laboratories, research institutes and other companies with which it cooperates on major projects. Collaboration with these research networks allow it to accelerate its innovation process, expand its scope of intervention and benefit from additional tools and expertise in a broad range of fields (materials, information and communications technologies, electrical engineering, food sciences and technologies, etc.). 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 many other companies specialized in different sectors (food industry, consumer goods, digital transition, etc.), the Group takes part in these projects by designing and marketing connected objects, developing a culinary platform with Orange, launching an online cooking platform (www.foodle.fr) and developing partnerships with both large groups and startups.

Lastly, inspired by the idea of fab labs (labs dedicated to creativity and materialization), Groupe SEB now has a SEB Lab at the headquarters, on the Écully campus, 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. A new SEB Lab was opened in 2018 at EMSA's production site in Emsdetten (Germany). This should reinforce EMSA's role as a Groupe SEB skills center for food storage (storage containers), vacuum mugs and jugs.

Introduction to the Group

A profitable growth strategy

MAJOR INVESTMENTS IN INNOVATION: €247 MILLION IN 2018

Each year, the Group invests significant amounts in strategic marketing, R&D, product design and range optimization in order to better target consumer expectations, enabling it to stand out as one of the most innovative players in its industry. In 2018, gross investment in R&D excluding CIR (research tax credit) and capitalization amounted to €144 million (€138 million in 2017). Investment in strategic marketing stood at €103 million (compared with €97 million in 2017). 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.

SEB ALLIANCE: FINANCING AND PARTNERING WITH INNOVATIVE START-UPS

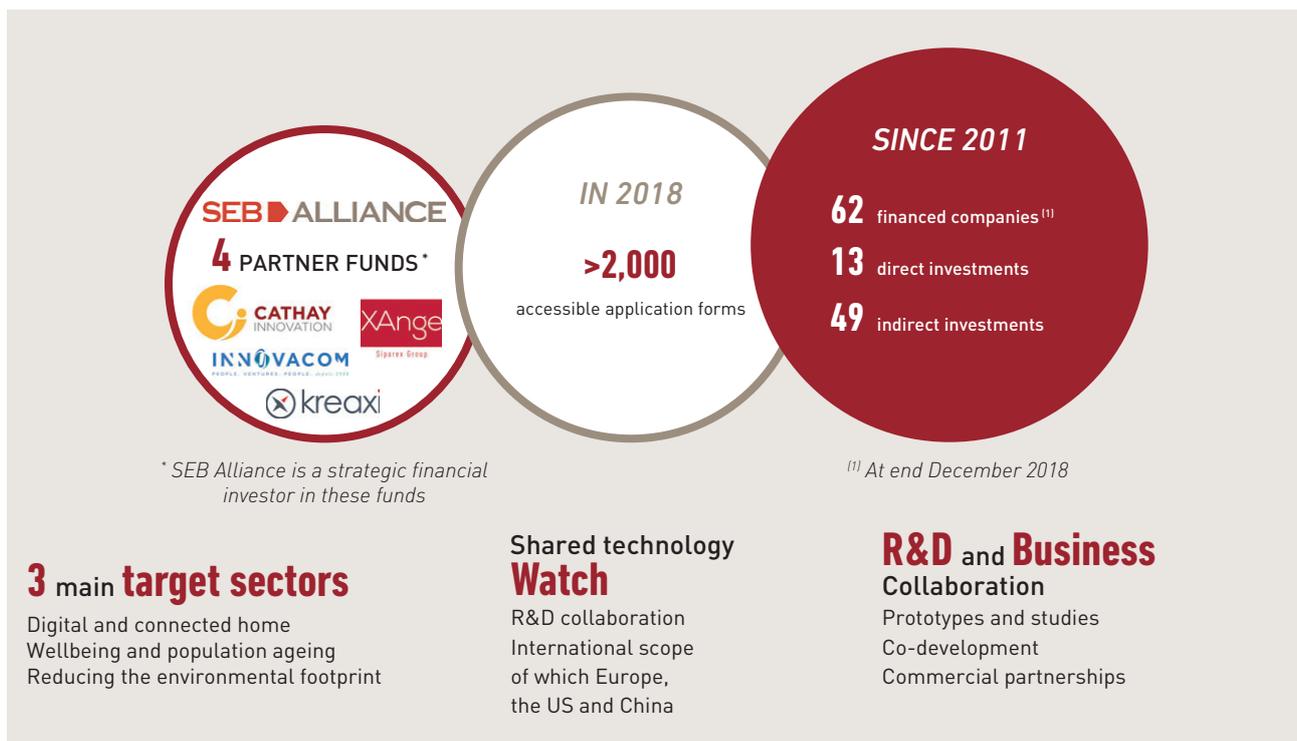
In May 2011, the Group created an investment company, SEB Alliance, to improve its technology monitoring system by investing in innovative, technology-focused companies in areas such as connected home and digital applications, robotics, well-being and population aging, and reducing the environmental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

In this context, SEB Alliance favors acquiring initial minority stakes. SEB Alliance has invested directly in around 10 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, a developer of 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 Lumi (home automation products) or robotic connected products with RobArt (smart navigation solutions);
- air purification with Ethera, which offers solutions to measure and purify indoor air;
- water filtration with Memtech, offering filtration solutions based on an innovative membrane technology;
- foodtech with Click & Grow, which develops solutions for indoor vegetable gardens.

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 United States, in China and in very specific sectors), SEB Alliance has also forged strategic partnerships with four innovation investment funds (Cathay Innovation, Technocom 2/Innovacom, Xange Digital 3, ARAC 3/Kreaxi) that the company may accompany in co-investment.



AN UNRIVALED BRAND PORTFOLIO

The Group has a portfolio of 30 brands, the largest in its industry, which is a powerful asset in its strategy of profitable growth. This multi-brand strategy gives it both broad and deep coverage of its markets.

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

- **Consumer brands** that are very well known and whose coverage is global (Tefal, Rowenta, Moulinex and Krups) or regional (Arno in Brazil, Supor in China, Imusa in Colombia, and Seb and Calor in France). These brands' coverage may vary greatly depending on the product family; from specialist brands (such as Moulinex and Krups in small electrical appliances and Cookware, and Rowenta in non-cookware electrics for example) to more general brands (Tefal and Supor).
- **Premium brands** (WMF, Lagostina, All-Clad and Silit), distributed through selective channels. These are managed in a specific way, guaranteeing strong, uniform expression of their identity and values (communication, design, pricing policy, etc.).
- **BtoB brands** (WMF, Schaerer and Hepp) are only sold BtoB to professionals. In February 2019, Wilbur Curtis joined these BtoB brands.

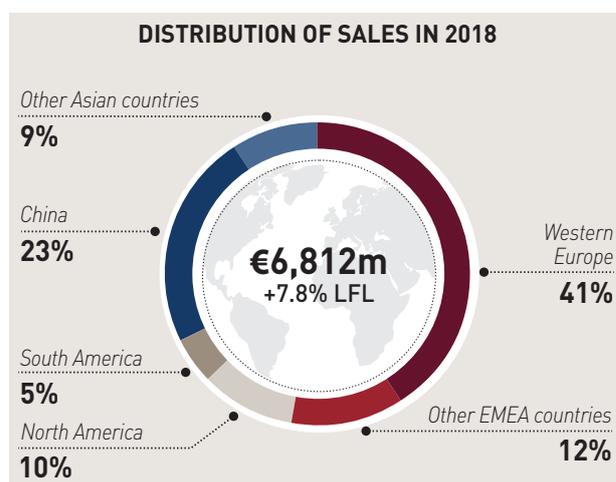
The Group's digitization strategy is fully integrated with the positioning and communication of these brands in their markets. In this context, the global Consumer brands have overhauled their platforms, websites and social networks in order to be perfectly in line with their target consumers. This project, 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 between 5% and 10% of revenue, these partnerships are major drivers of innovation and growth for the Group. Joint development agreements have also been signed with major names in the food industry, such as Nestlé for Nespresso and Dolce Gusto, and Heineken for BeerTender and The SUB, and in the cosmetics industry, such as L'Oréal for Steampod. Some partnerships also impart image, associating our products with other brands or organizations (WWF, etc.), with licensing agreements with brands such as the Elite modeling agency (Rowenta), or with endorsement contracts, like cookware lines are developed in collaboration with renowned chefs such as Jamie Oliver (Tefal) or Thomas Keller (with All-Clad in the United States).

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, Central Europe, Russia, Turkey, China, Japan, Colombia, Mexico, 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 2018, 56% of its sales were generated in mature countries and 44% in emerging countries.

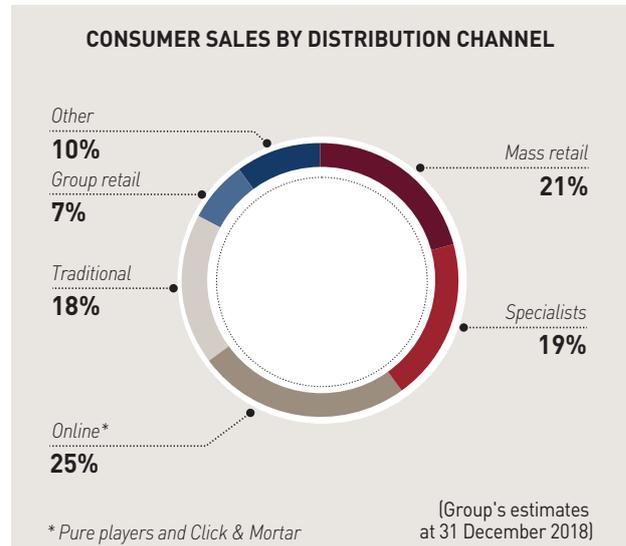


A MULTI-CHANNEL DISTRIBUTION STRATEGY

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

The network mainly comprises mass food retailers, specialist retailers as well as convenience stores or groups of independents, which are still overweighted in most emerging markets. The percentage of online sales continues to grow rapidly (around one quarter of revenue in 2018), driven by both e-commerce specialists (pure players) and bricks-and-mortar retailers, including specialist brands, as they ramp up their online presence (Click & Mortar).

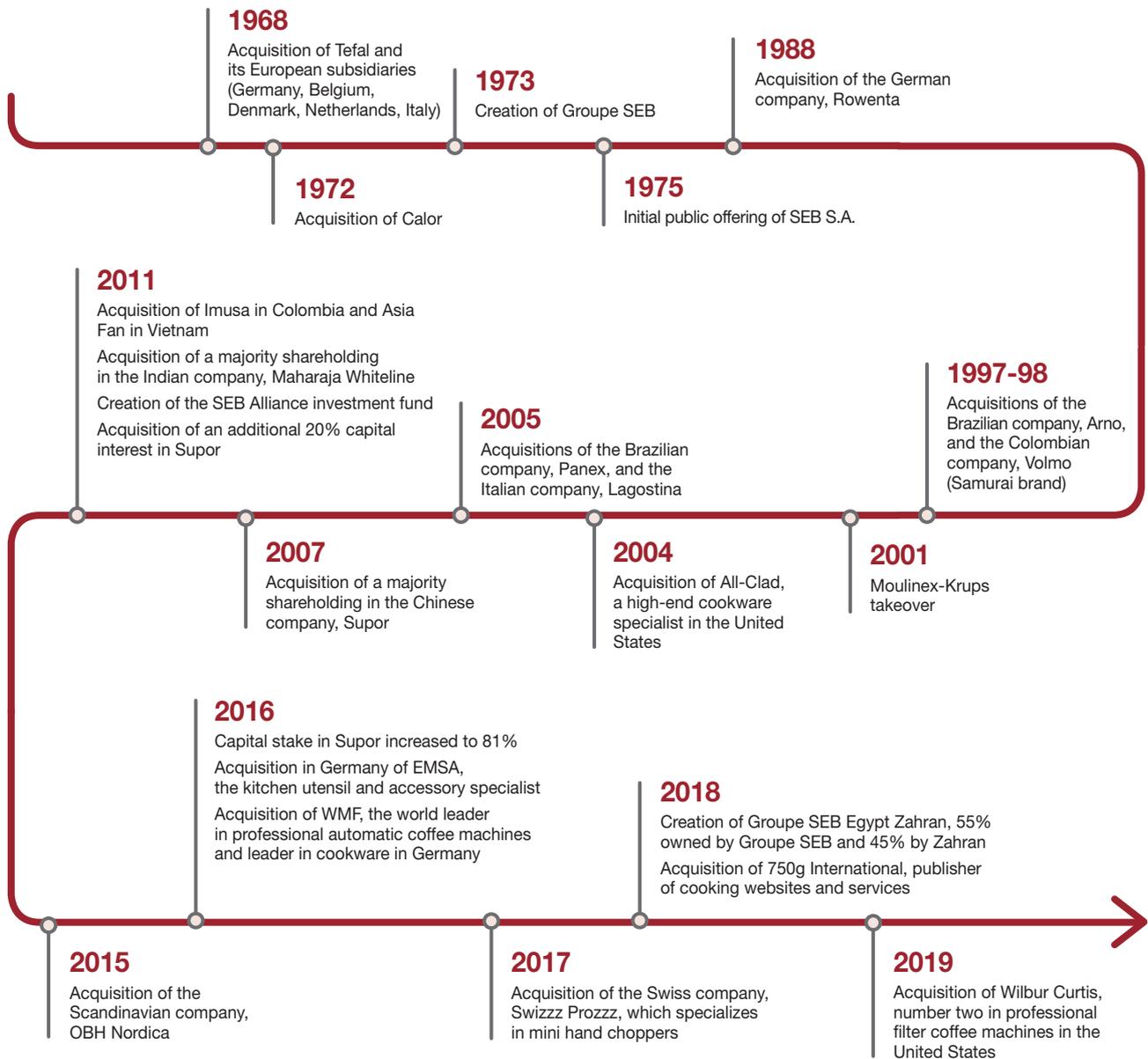
In addition, the Group also has a network of stores, either directly operated or under franchise, numbering more than 1,300 at the end of 2018: their positioning may be multi-brand (Home & Cook and Tefal Shops) or mono-brand (Supor Lifestores and, more recently, WMF). This network, which is the Group's biggest customer, represents nearly 7% of total consolidated revenue, but its contribution may exceed more than 20% in some countries (e.g. Turkey and Japan). This network allows the Group to better understand consumer expectations, to adjust offers to market trends and to optimize marketing with our distribution partners.



Customer relations is one of the Group's core concerns and it seeks operational excellence both in the supply chain, to guarantee the best levels of service, and in-store, to ensure that its products are promoted on its customers' shelves and websites. This approach is supported by investment in marketing and advertising, which has been significantly strengthened in recent years, amounting to around €430 million in 2017 and 2018. The objectives remain as follows:

- further strengthen brand and product recognition through advertising;
- continue to roll out the best in-store execution through category management, effective merchandising, the creation of dedicated shop-in-shops and promotional events;
- guide and support the launch of new products;
- accelerate digital marketing (brand websites, digital campaigns, data marketing, etc.) and support the ramp up of e-commerce sales: our media investments in 2018 were more than 40% digital.

AN ACTIVE ACQUISITION POLICY



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

In addition to accurately identifying the target company and having the necessary financial capacity, external growth requires an ability to integrate new acquisitions effectively and to generate synergies. Groupe SEB has built up considerable experience over the years in integrating new acquisitions. Following the takeover of Moulinex-Krups

in 2001-2002 after it filed for bankruptcy, it acquired All-Clad in the United States in 2004, Panex in Brazil and Lagostina in Italy in 2005, and a controlling interest in China-based Supor in late 2007. The latter stood out because of the major challenges it presented (geographical and cultural remoteness, language barrier, more complex integration, coordination of communications between two listed companies, etc.). Subsequently, the Group increased its controlling interest in several stages (+20% in December 2011, +1.6% in January 2015, and +7.91% in June 2016) bringing our current holding up to 81.18%.

Introduction to the Group

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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 thermaware and food storage containers in Germany. It is also present in the rest of Europe and the Middle East.

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

- acquired a solid worldwide leadership in the very attractive professional automatic espresso machines market characterized by strong growth, high profitability and significant recurring revenue reflecting important contributions from after-sales operations;

- considerably strengthened 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 Schaeerer, 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. 2018 was notable for two operations: firstly, the launch of a joint venture with our long-term local partner in Egypt, Groupe SEB Egypt Zahran, 55%-owned by the Group and 45% by Zahran; secondly, the acquisition of 750g International, which publishes cooking services websites, thus opening up new opportunities for the Group's digital approach.

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

THE NEED FOR COMPETITIVENESS

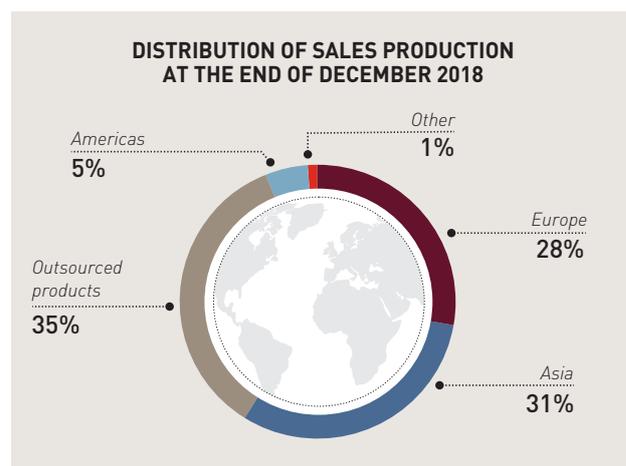
This vital element to all industrial groups is complementary to growth. The Group's competitiveness is based on a powerful and versatile manufacturing base, continuous improvement of industrial productivity, optimization of purchasing and supply chain and continual simplification of structures and processes.

A POWERFUL AND VERSATILE MANUFACTURING BASE

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

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

Following the acquisition of Wilbur Curtis in early 2019, the Group's production facilities include 41 industrial sites, producing around 65% of the products sold by the Group worldwide. The other 35% are outsourced, in particular in China.



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

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

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

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

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

In 2016, the Group undertook a significant reorganization of its industrial facilities in Brazil, combining the Brazilian production activities of Mooca and São Bernardo do Campo within a single, newly constructed industrial site at Itatiaia in the state of Rio de Janeiro. 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 same was true of the São Bernardo site (cookware), which was suffering from a lack of competitiveness.

The new plant in Itatiaias 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 transfer of operations took place in several phases and generally went very well and within the time allowed, for the small electrical appliances segment. However, it was much more difficult and much slower for cookware, delaying the ramping up of production, with significant impacts on sales in 2018.

In February 2018, the Group also announced the transfer of the linen care plastics activity from the historical Saint Jean de Bournay site to the linen care assembly site in Pont-Évêque. This project, requiring an investment of around €15 million, is currently underway and should be completed in spring 2020 with the transfer of equipment and staff, all of whom will keep their jobs. The project is intended to increase productivity by shortening flows, improve flexibility by bringing together the production teams on a single site, thus making them more versatile, and finally improve working conditions, in a modern, high-performance production environment.

CONTINUAL OPTIMIZATION OF INDUSTRIAL PRODUCTIVITY

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

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

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

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

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

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

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

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

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

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

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

All these improvement plans are systematically supported by the Group's approach to health and safety, as safety of personnel in the workplace is a key priority for the Group. A three-year plan has been launched in this regard, with the aim of steadily decreasing the number of workplace accidents. This plan must enable the Group to cut by half the number of accidents at the end of this period. For further details, refer to Chapter 3 on Corporate, Social and Environmental Responsibility on pages 141 to 144.

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

A RIGOROUS AND RESPONSIBLE PURCHASING POLICY

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

The Group's direct spend policy is based on the best possible balance of cost, quality and availability, by seeking out and selecting the most competitive suppliers at the same time as introducing suppliers to the Group's approach to innovation and its required quality standards. Amongst other things, this policy makes it possible to establish and maintain a real partnership with the best-performing suppliers and to closely involve them in the improvement process and the Group's objectives in terms of competitiveness. In 2018, the panel of direct suppliers for manufacturing supplies comprised 440 suppliers (463 in 2017) with global purchasing coverage of 70% (compared with 72% in 2017).

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 (identical to 2017). The purchasing office team undertakes to cover a very broad range of expenditures and an increasingly large international scope for sourcing. Calls for tender are launched on a regular basis and cross-functional teams thoroughly rework our specifications to optimize purchasing in new fields.

For sourced finished products, the organizational set-up strengthens purchasing quality processes by ensuring technical and methodological assistance from Group teams for suppliers. At the same time, it demonstrates the Group's desire for upstream integration of suppliers in the product development processes in order to foster greater fluidity in creating the product offering. The Group has thus ranked its finished-goods suppliers according to three categories, based on its strategic goals, performance criteria (e.g., timeliness, quality, costs) and social and environmental responsibility (environmental impact, respect for human rights, etc.), namely: (i) preferred suppliers; (ii) recommended suppliers; and (iii) non-recommended suppliers. In 2018, 65 companies represented 80% of purchases.

1.3. Organization and 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, the local ecosystem (public authorities and civil societies), etc. The Group implements a range of measures to identify risks and measure their potential impacts and probability of occurrence. These risks are then managed according to risk control plans that are regularly reviewed and involve the players concerned in the Group's various departments. As with any control system, however, it cannot provide an absolute guarantee 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.

ORGANIZATION OF CONTROL AND KEY PLAYERS



Introduction to the Group

Organization and internal control

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:

- **Defining and rolling out internal control procedures** ("Internal Control Manual"). This document covers all of the Group's control processes. It is circulated to all the Group's entities once a year, and the Audit team carries out an annual update to reflect changes in operations, regulations and management systems.
- **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 2018, the audit team covered 30 Group entities (including 9 WMF entities) and carried out 23 audit follow-up missions.
- **Coordination and oversight of risk mapping**. The Group's risk map is updated every year using the process described on p. 36 "Risk identification and control process".

The Group's audit team comprised 13 auditors as at 31 December 2018.

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:

- **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;
- **Coordination of the Group's insurance program**, described in detail on p. 51 "Insurance", allowing for an appropriate insurance program for the Group's activities;
- **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

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

- **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. * French and European stock market authorities. 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. 34.
- **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 2018, nearly 45 events were organized (roadshows, conferences, site visits), leading to more than 590 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 raw materials risks);
- Monitoring relations with banks;
- Financing projects, particularly acquisitions;
- Overseeing strategies for hedging customer risk.

Group Controlling department

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

Its key oversight responsibilities are as follows:

- **Budgeting process.** Guidelines and recommendations are circulated to the various entities for budgeting purposes. The Group Controlling department consolidates and oversees the various budgetary adjustments before a budget is approved by the Executive Committee and the Board of Directors.
- **Re-projections:** throughout the year, as the Group's 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.
- **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.

Sustainable Development department

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

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

Each of the Group's plants is organized to prevent any pollution (of air, water, or soil) or environmental accidents and to reduce its carbon and environmental impact (particularly in terms of energy, water, and waste). To achieve this, each plant complies with local environmental regulations as well as standards shared by all Group sites. The regulations, and changes in them, are monitored locally by Health, Safety and Environment coordinators. Measures to assess risks, prevent pollution and reduce environmental impact are implemented locally and coordinated at Group head office: a dedicated staff member is responsible for setting environmental goals and defining shared standards. The Sustainable Development department also ensures the implementation of performance indicators, which are then monitored and consolidated.

Environmental risk is overseen by a dedicated Group team which regularly monitors changes in regulations and transcribes these regulations into the Group's standards. The processes are then rolled out to the plants.

As part of its compliance policy, the Sustainable Development department appoints an external service provider to audit the Group's industrial sites in countries presenting ethical, social and environmental risks.

Personnel Administration department

The Group had 32,690 employees in its workforce at 31 December 2018, divided between more than 100 operational entities worldwide. The Personnel Administration department is responsible for ensuring the consistency of personnel management processes. It is organized around the following main areas:

- **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 personal 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 Administration department also reviews the standard processes for setting up outsourced payroll management.
- **Safety of people:** the Personnel Administration department is responsible for drawing up safety rules, particularly in countries identified as risky (Ministry of Foreign Affairs) and coordinates the monitoring of traveling employees with an external partner to ensure their safety.

Quality & Environment department

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

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

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

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

Purchasing department

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

- **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.

Supply Chain department

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

- **Review of our industrial footprint and global** deployment of our OPS program, **which allows** us to guarantee a high level of quality both in our processes and in our products, in an approach of excellence and continuous improvement of the performance.
 - **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:

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

Health and Safety department

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 best practices;
- acting promptly on any recorded non-compliance to address it rapidly.
- A cross-functional Strategic Health/Safety Committee is described on p. 34.

Introduction to the Group

Organization and internal control

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

GROUP EXECUTIVE COMMITTEE (COMEX)

Thierry de La Tour d'Artaise	Chairman and Chief Executive Officer
Stanislas de Gramont	Chief Operating Officer
Vincent Léonard	Senior Executive Vice-president, Finance
Harry Touret	Senior Executive Vice-president, Human Resources
Alain Leroy	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
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

Information Systems Security Committee

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

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

Information Systems Steering Committee

- Information Systems department
- Continental departments
- Products & Innovation department
- General Finance department
- General Human Resources 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 3.2 page 121.

1.4. 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.

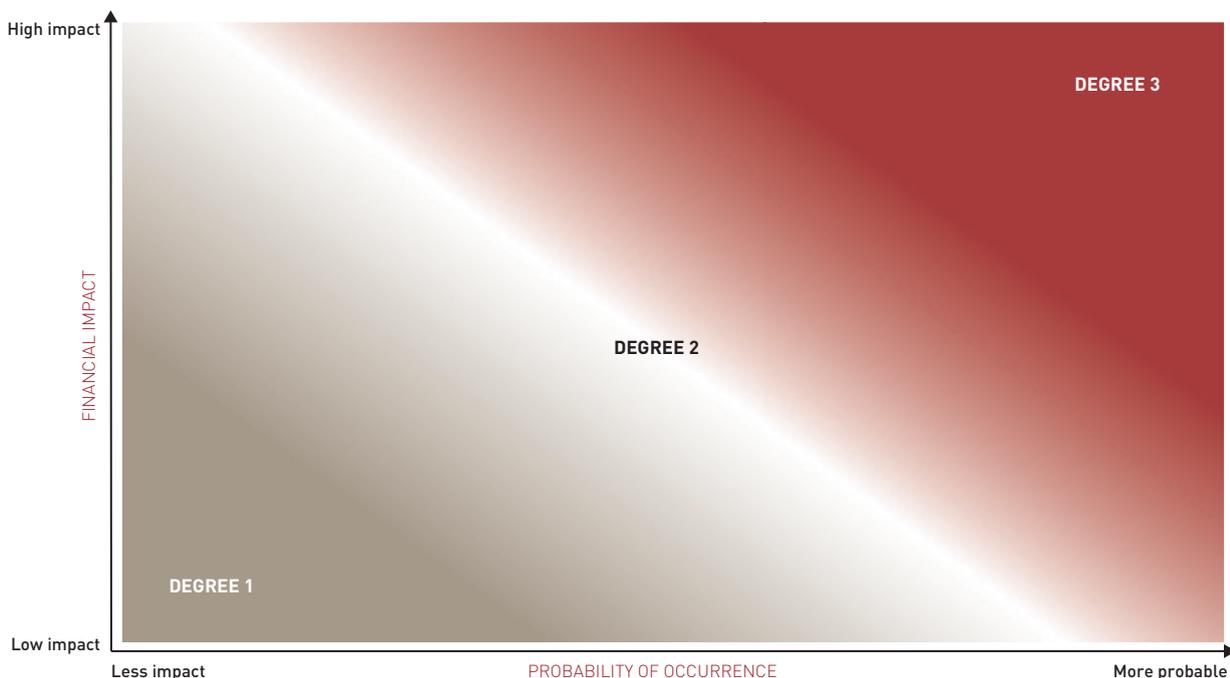
The questionnaires are then consolidated by the Audit and Internal Control department to identify the main issues by theme.

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.

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



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

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

CONSOLIDATION BY THEME

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



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

Strategic risks

Degree 2

- Digital transformation

Degree 3

- Sector concentration
- Evolution of distribution channels
- Industrial competitiveness
- Development of product offering

Operational risks

Degree 1

- Development of information systems

Degree 2

- image and reputation
- Integration of new operations
- Product partnerships
- Consumer loyalty programs
- Information systems

Legal risks

Degree 1

- Internal and external fraud
- Intellectual property
- Personal Data Protection
- Human Rights 
- Litigation

Degree 2

- Compliance
- Corruption 

Industrial and environmental risks

Degree 1

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

Degree 2

- Business continuity and dependence of suppliers
- Supply chain and seasonality
- Health, Safety and Environment 

Financial and Market risks

Degree 1

- Shares
- Country default
- Debt, liquidity and interest rates

Degree 2

- Fluctuations in currencies and raw materials

DESCRIPTION OF MAIN RISK FACTORS AND ASSOCIATED MANAGEMENT PLANS

1.4.1. STRATEGIC RISKS

SECTOR CONCENTRATION RISK

Description of risk

The Small Domestic Equipment market is still fragmented on a global level, particularly in certain sectors/geographic areas. There is a risk that one of our competitors will become active in consolidating the sector through acquisitions and therefore strengthen its positions in the relevant markets to the detriment of Groupe SEB, whether in small electrical appliances, cookware or the BtoB market (coffee in particular).

Management of risk

■ This risk can also be seen as an opportunity for the Group, which keeps an active watch on the different markets it operates in, by identifying players who could become acquisition targets. This watch prioritizes the most strategic sectors/geographic areas.

- As a result, over the decades, Groupe SEB has pursued an active acquisition policy, which has been implemented over the last five years with targeted acquisitions offering complementarity in terms of products (EMSA in 2016, Swizzz Prozzz in 2018), geographic areas (OBH Nordica in 2015) or business sectors (WMF in 2016, 750g International in 2018, Wilbur Curtis in 2019).
- To ensure this policy is a success and continue its role as a market consolidator, the Group is committed to maintaining a healthy financial situation, focused on reducing borrowings through solid generation of cashflow. This has been particularly evident since the acquisition of WMF in 2016, following which the Group set itself targets for reducing financial leverage.

EVOLUTION OF DISTRIBUTION CHANNELS RISK

Description of risk

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

Although the Specialists channel has been able to develop its online sales through Click & Mortar in consumer electronics, some of the Group's long-standing customers, mainly traditional retailers in mature markets, have not yet completed their transformation to adapt to this trend.

This transition phase can have a significant impact on footfall in stores, and on stock levels, and may be accompanied by financial difficulties: arbitrage within the portfolio of products sold, limited restocking, plans for store closures or even bankruptcies in the most extreme cases.

This profound change in distribution could negatively rebound on the Group in terms of revenue and/or market share, leading to non-recovery of debts if some customers default.

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-term partners with whom we are keen to maintain a solid, trustworthy 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 revenue), the Group has obtained insurance cover which considerably limits the risk of claims. At 31 December 2018, most of the Group's subsidiaries were covered by insurance on trade receivables that would apply in the event of non-recovery. Additional information is provided in Notes 16 and 26.4 to the Consolidated Financial Statements.

RISK ASSOCIATED WITH INDUSTRIAL COMPETITIVENESS

Description of risk

Changes in raw material prices, currencies and production costs, combined with demand and product supply, can create vulnerabilities to the Group's competitiveness and industrial structure. Similarly, our ability to optimise the productivity of our manufacturing base and the management of our industrial investment is a key element for the Group.

Management of risk

- As a manufacturing company, Groupe SEB constantly has to decide between internal or outsourced production. Against this background, around two-thirds of the Group's products are manufactured internally, particularly products with a high technological value, while more commonplace products are outsourced.
- For internal production, our local and central/cross-functional manufacturing teams continuously strive to improve the competitiveness of our sites, specifically through the rollout of the continuous improvement program such as OPS (Operation Performance SEB) and PCO (Product Cost Optimization). Each Group site therefore improves its manufacturing indicators to maintain an appropriate level of competitiveness.
- In parallel, the production teams have put in place an industrial flexibility program using diverse technological platforms (kettles, blenders, deep fryers, etc.) to improve our responsiveness and adaptability to market need, as well as to potential rapid developments in market conditions (currencies, customs fees, raw materials, etc.).

RISK ASSOCIATED WITH CHANGES IN PRODUCT OFFERING

Description of risk

The product life cycle has become shorter in recent years and agile players have emerged with short-lived product offerings (even mono-products) delivered through an innovative marketing and distribution approach, a phenomenon that is in tune with new consumer trends and rapid technological developments, especially "digital" products, connected products and related services.

These changes could have an impact on our sales and market share in the relevant sectors.

Management of risk

- Our product teams are continually improving our agility in the product development process, to shorten the time to market of product innovations.
- They continually carry out active competitive intelligence on innovations and consumer trends, to feed into discussions on how to develop our product offering.
- In addition to a strong innovation policy, the Group has anticipated these developments and focused on digitization in recent years. Innovations are now largely based on digital technology, with the development of connected products to improve consumers' daily lives, plus associated services as part of a global ecosystem (e.g. cooking recipes updated on mobile app).
- Competitive intelligence also feeds into discussions on the Group's potential acquisition targets. This was the mindset that led to the Group's acquisition of 750g International in 2018, aimed at enriching its digital ecosystem and boosting the international appeal of its brands.

RISK ASSOCIATED WITH DIGITAL TRANSFORMATION

Description of risk

New information technologies are considerably changing purchasing habits and methods of communication, rapidly increasing the amount of information to be processed and resulting in more personalized relationships with consumers. At the same time, these developments are generating new approaches to our business relationship with our customers (management of logistics, sales planning, for example). These developments represent a potential risk to sales.

Management of risk

- To respond to these deep-seated structural changes, the Group's digital transformation relies specifically on:
 - Teams of "digital native" specialists.
 - An active solution to all aspects of digital transformation (e-commerce, connected objects, digital ecosystems, GDPR) by developing new products and services, creating digital platforms, developing the personal data management process and transforming communication tools.
- In correlation with product offering and distribution channel developments, dedicated teams ensure that the approaches used respond to customer and consumer expectations.
- The Information Systems department also performs a continuous technological watch on technology developments and the impact/potential benefits for the Group, making recommendations to Group management to implement these developments.

1.4.2. OPERATIONAL RISKS

IMAGE AND REPUTATIONAL RISK

Description of risk

Groupe SEB is renowned for its 30 brands, its unique know-how and specific production methods, and for its products sold throughout the world. The reputation of our brands is based on the quality and exclusivity of our products and their distribution methods, as well as on the communication and promotion policies that we implement. Products or a communication policy that is inappropriate to the image of the brands, improper conduct by the Group's brand ambassadors, employees, distributors or suppliers, as well as the circulation of damaging information in the media could affect the brand's reputation, have an adverse effect on sales or negatively impact the brands' valuation on the balance sheet (over €1 billion at 31 December 2018).

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, at the level of a country, a region, or even globally, with repercussions on sales, income or its share price. These situations may arise due to information that is well-founded or not, 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 security).

Management of risk

Groupe SEB supports and develops the reputation of its brands by collaborating with reputable and innovative professionals in their fields (Agencies, Ambassadors, Influencers, Research, etc.), while respecting and promoting the personality of each brand.

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

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 Scandinavian countries, and more recently WMF in Germany in high-end consumer 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 integration plans, and with ensuring coordination between all stakeholders (acquired company, Business Units concerned within Groupe SEB, and markets concerned by the acquisition).
- The Group Controlling department, together with the Strategy department, integrates the new entities into the Group's reporting and decision-making processes. This ensures reliable and regular monitoring of the business plan and key indicators previously defined by the operational entities concerned.

Introduction to the Group

Risk factors

- The Information Systems department develops a plan to achieve consistency in computer tools.
- The Human Resources department assists the relevant teams (the acquired company and Groupe SEB employees concerned) in order to integrate new employees into a homogenous environment as smoothly as possible.
- The Audit and Internal Control department implements its standard processes and carries out an audit mission during the integration phase, to make an inventory of processes with shortcomings and puts the relative action plan in place.

RISK ASSOCIATED WITH PRODUCT PARTNERSHIPS

Description of risk

Groupe SEB pursues a product partnerships policy to develop new concepts and contribute to sales growth.

These partnerships can take the form of a distribution, license and co-development contract, and result in a co-branding between two well-known brands: Krups with Nespresso and Dolce Gusto, Heineken for BeerTender and The SUB, Rowenta and L'Oréal for Steampod straightener, Rowenta for Elite in hairdressing, Tefal with Jamie Olivier in cookware.

However, such partnerships can be volatile and may represent a risk to revenue.

Management of risk

- The main measure of risk management is based on sustainability of the relationship (the major partnerships are more than 10 years old) and on the diversification of partnerships that allows portfolio balancing in this activity.
- Moreover, the teams involved implement actions with our current partners to boost commercial activities and develop products, solidifying the viability of the partnerships concerned.

RISK RELATED TO CONSUMER LOYALTY PROGRAMS

Description of risk

For several years, Groupe SEB has been involved in one-off consumer loyalty programs with major distributors in a number of countries. These programs, led by the distribution retailers, consist in major promotional offers in a product category to loyal consumers who have made a series of purchases within a short period of time. The promotional programs enable distributors to boost footfall in their stores, and consumers to access our products at discounted prices. However, they cause sales volatility from one period to the next, and may dry up the market in the months following the campaign, impacting on future sales.

Management of risk

- The Group has introduced a rigorous management process for these campaigns, with prior analysis of the impact in terms of visibility of the selected products and brands, and the expected profits. This process is accompanied by monitoring throughout the campaign with the different stakeholders, to secure volumes and procurement. The relevant marketing campaigns are coordinated with the distribution retailer to ensure successful resale.
- In addition, no operations of this kind can take place without approval from management, after analyzing the operating scenarios.

INFORMATION SYSTEMS RISKS

Description of risk

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

Moreover, the sharp increase in the volume of information processed and the development of connected objects are making data management processes and tools more complex and more technical. Combined with the reinforcement of international regulations on personal data protection (particularly in Europe with the General Data Protection Regulation), this significantly increases the impact that a security breach could have on data. A specific "Personal Data Protection Risk" is detailed in the Legal Risks section.

Finally, our infrastructure and applications are constantly renewed and upgraded, which may affect operational functioning. This risk is more specifically addressed in the "Risk associated with the development of information systems" section.

Management of risk

■ A coordinated watch with several suppliers specializing in systems protection and security aims to monitor developments and actions to counter cybercrime (antivirus, firewalls, and user identification processes). The Information Systems department draws up an annual IT risk map, in collaboration with the Audit and Internal Control department.

- The Group has a highly centralized information systems management policy, 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 - Chief Information Security Officer - 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.
- 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. 51.

RISK ASSOCIATED WITH THE DEVELOPMENT OF INFORMATION SYSTEMS

Description of risk

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

Management of risk

- Firstly, the Group minimizes these changes as much as possible over the same time period or geographic area. On average, in one year, less than 20% of subsidiaries are affected by an upgrade or change in management system.
- Next, each management system rollout is supported by specialized service providers, enabling correct definition of needs and configuration of the management tools, minimizing the operational risk when the tool is launched.
- Lastly, the Group also seeks to employ extra resources internally during the start-up phases to reduce the impact on local teams and ensure the solid, stable launch of new solutions.

1.4.3. LEGAL RISKS

COMPLIANCE RISK

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 law, 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 a risk of damage to the image and reputation, in the event that a proven breach is made public, with the consequences described above, vis-à-vis our partners and consumers.

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. 34, and a specific Group action plan has been put in place (SAPIN II and Duty of Vigilance laws).
- The Group is gradually developing training courses adapted to regulatory developments within a Global 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 Assessment).

CORRUPTION RISK

Description of risk

Groupe SEB is present in nearly 150 countries, through its subsidiaries or distributors. The Group’s activities, including industrial operations, distribution and sale, are liable to risks of corruption (in relation to public or private officials). As indicated in the compliance risk, any proven corruption could have significant consequences for the Group, in terms of a potential fine from the authorities concerned, but also in terms of image and reputation.

Management of risk

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

INTERNAL AND EXTERNAL FRAUD RISK

Description of risk

The Group's expansion into new geographical areas, the development of technological resources, 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 attempted "fake President" frauds (involving, for example, the theft of identities of members of the Group's Executive Committee) are steadily growing and more sophisticated.

Management of risk

■ With respect to the fight against external fraud, a process of systematically reporting information on attempted fraud to the Audit and Internal Control department allows the Group to analyze these situations, inform all entities of the risks and respond quickly by implementing new checks (particularly updating our firewalls). A major initiative to raise awareness among financial employees

and the systematic implementation of dual checks, for example, have enabled the Group to fight against attempts of identity theft of customers, suppliers and Group senior managers through technological means.

- 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 43 provides more details on the management of computer security.

INTELLECTUAL PROPERTY RISK

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 acquisitions. Product innovations give rise to industrial patent applications (492 filings in 2018 worldwide – 542 in 2017) and the filing of designs and pattern (240 filings worldwide in 2018) 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 the technical or aesthetic construction of a product to eliminate any risk of litigation, negotiate an amicable settlement of the potential dispute or defend itself if the prior industrial property right is not a priori invalid or if the alleged infringement is not proven.

RISK RELATED TO THE PROTECTION OF PERSONAL DATA

Description of risk

As shown in several risk factors, market trends and consumer habits generate a growing amount of customer information and therefore personal data, used to communicate effectively with our consumers. This new aspect involves new responsibilities and risks to protect and use this data appropriately, in particular within the framework of European regulation (GDPR). As indicated in the compliance risk, any failure to protect personal data could have significant consequences for the Group, in terms of a potential fine, but also in terms of image and reputation.

Management of risk

The Group has established an ad hoc organization to understand the needs and constraints associated with using personal data and with its protection. This organization encompasses a number of key functions: legal department, human resources department, information systems department and marketing department. This team drew up the management rules in place within the Group for the proper management and optimization of our customer / consumer database.

Moreover, processes to respond to security breaches in our IT applications impacting personal data have also been drawn up and rolled out across the organization to ensure a rapid and effective response to the risk.

RISK RELATED TO THE RESPECT OF HUMAN RIGHTS



Description of risk

At the end of 2018, the Group counted 34,000 employees, dealing with over 4,000 suppliers. Being at the center of such a large, complex human environment means that the Group is faced with risks relating to the respect of Human Rights, which are also intrinsically linked to the Group's founding values. In terms of the Group's operations, this risk can be represented by failure to comply with the working conditions recommended by the World Trade Organization: failure to respect local labor laws or failure to respect differences in the company, in terms of gender or orientation.

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

Management of risk

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

LITIGATION RISK

Description of risk

A number of risks may arise from the Group's operations: litigation connected to our relationships with suppliers, customers and competitors. These disputes are mostly related to the Group's ongoing activities, but may have significant consequences: court costs, financial convictions, criminal convictions, operational blockages, damage to image and reputation.

Management of risk

■ The Group's approach to minimizing potential disputes and putting in place in most of our commercial relations comprehensive contracts covering precisely business relations and thus avoiding a dispute cannot be solved simply on the basis of the initial agreements.

- The Group's legal teams also review the majority of our business relationships and procurement activities, supporting operational staff in their negotiations and contract preparations.
- Finally, when necessary, the Group works with a panel of law firms, covering most of the countries where we operate, who assist us rapidly on the various litigious matters that may arise.
- Additional details on litigation the Group is currently involved in are given in Note 21.2 "Claims and litigation and other contingencies" and Note 29.1.2 "Litigation" in the Consolidated Financial Statements.

1.4.4. INDUSTRIAL AND ENVIRONMENTAL RISKS

RISK ASSOCIATED WITH 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 first aspect concerns continuity plans for our industrial operations, for each plant. All the Group's plants undergo an annual assessment of local risks and prevention plans are put in place.
- In addition, similar work is carried out at Group level, considering the different procurement sources of components, raw materials and finished products.
- Finally, 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. In 2018, the panel of direct suppliers for manufacturing supplies comprised 440 suppliers (463 in 2017), with global purchasing coverage of 70% (compared with 72% in 2017).

SUPPLY CHAIN AND SEASONALITY RISK

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, Ramadan, Singles' Day in China, etc.). A substantial proportion of revenue is therefore generated at the end of the year. Thus, both sales and earnings are traditionally heavily weighted towards the fourth quarter. Any disruption affecting our plants and/or the general environment during these periods of consumption (manufacturing problem, transport strikes, demonstrations, etc.) could therefore have an adverse effect on Group results.

Some products are marked by strong seasonality and 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.

HEALTH, SAFETY AND ENVIRONMENT RISK

Description of risk

The health and safety of its employees are among Groupe SEB's foremost concerns. Nonetheless, the risk of work-related illnesses or workplace accidents damaging physical integrity or posing a threat to human life cannot be ruled out. With 41 industrial sites worldwide 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 work-related illnesses,

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.

Management of risk

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

RISK RELATED TO CLIMATE CHANGE

Description of risk

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

Management of risk

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

PRODUCT QUALITY RISK AND RISKS RELATED TO PRODUCT LIABILITY

Description of risk

The Group is particularly vigilant in matters of consumer safety and pays the utmost attention to the safety 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 regulations) and are sometimes preceded by media campaigns about the harmfulness of certain materials. Any of these situations might generate a risk zone for the Group if one or more of the materials concerned were used in the production of our products.

Management of risk

■ The Group's quality policy is fully incorporated into the design and manufacture of all products: each stage of product design is part of a standard quality process and is subject to successive approvals, particularly with regard to the components used, the materials implemented, and the suppliers selected.

- 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 employees/technicians in these service centers receive regular and comprehensive training from the Group to ensure they can provide optimum support to consumers having difficulties with 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 consumers.
- With regard to potential health risks, the Group has set up a regulatory and technical watch process (on all media, including the internet). This ensures that standards and restrictions in 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).

RISK RELATED TO THE SAFETY OF PEOPLE

Description of risk

The Group's international presence exposes it to the risk of security for the organization: operations in high-risk countries, frequent travel by the Group's teams to different locations, sudden geopolitical changes in some areas involving physical risks to local teams. These risks, if they occur, can have an impact on the Group's human resources and, to a lesser extent, a financial impact on operations.

Management of risk

The Group has first and foremost put in place a permanent security monitoring process that triggers alerts at various levels depending on the risks and how they evolve in the various countries. This monitoring, combined with control of travel within the various countries, makes it possible to identify all risky situations and implement a rapid protection solution: repatriation of the staff in question, team travel, security of people and families.

Moreover, the program also covers those one-off situations that can occur when traveling and in particular medical issues, with coverage allowing for rapid and effective local care of teams in difficulty, up to and including repatriation where necessary.

1.4.5. FINANCIAL AND MARKET RISKS

RISK RELATED TO FLUCTUATIONS IN CURRENCIES AND RAW MATERIALS

Description of risk

Groupe SEB has a commercial presence in nearly 150 countries. With production rather concentrated in Europe and in China, 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 may thus have a significant impact on the Group's results.

Moreover, Groupe SEB uses a certain number of raw materials 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: in average over the last two years, aluminum has accounted for 13% direct purchases for manufacturing, steel and metal parts for 18%; plastic materials and parts for 20%; and electrical and electronic components for 24%.

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

Management of risk

- The Group's currency position is short in dollars and yuan and long in all other currencies. To limit its risk, the Group hedges a portion of its highly probable future cash flows, as well as almost all of its balance sheet transaction risk, by means of forward contracts and options.
- Given the sometimes sudden and significant fluctuations in exchange rates, the Group 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).
- To deal with the exposure on raw materials, 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 raw material 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.

RISKS RELATING TO SHARES

Description of risk

As at 31 December 2018, Groupe SEB held 575 888 treasury shares with an acquisition cost of €82 654 366. This treasury stock is deducted from shareholders' equity at acquisition cost.

Management of risk

- Based on the closing SEB share price on 31 December 2018 (€112.8), the market value of shares held in treasury at that date

stood at €64 960 166,40. 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.

COUNTRY DEFAULT RISK

Description of risk

The Group's presence in nearly 150 countries exposes it to currency risk (described on p. 49) 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 countries, or protectionist policies, could have a significant impact on the Group's operations, and therefore on its results, in the countries concerned.

Management of risk

- 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.

RISK RELATING TO DEBT, LIQUIDITY AND INTEREST RATES

Description of risk

The Group uses various forms of financing (bank loans, private placements of the *Schuldschein* type, bonds, commercial paper, NEU MTN, etc.), and is therefore subject to interest rate, liquidity and counterparty risk.

Management of risk

- The Group uses mostly fixed-rate loans, in euros, in particular with long maturities.

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, medium and long-terms, with commercial paper, NEU MTN, 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.

1.4.6. INSURANCE

GROUP GENERAL INSURANCE COVER (EXCLUDING INSURANCE OF PERSONS)

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

INTEGRATED WORLDWIDE COVERAGE

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

DAMAGE TO ASSETS AND LOSS OF EARNINGS

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

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

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

CIVIL LIABILITY

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

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

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

ENVIRONMENT

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

Coverage applies to:

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

TRANSPORT AND INVENTORY

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

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

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

CYBER

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

CUSTOMER RISK

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

LOCAL INSURANCE POLICIES

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

1

Introduction to the Group



2 Corporate governance

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2.1. Implementation framework for corporate governance principles

Groupe SEB adheres to the June 2018 version of the AFEP-MEDEF Corporate Governance Code for listed companies (the "AFEP-MEDEF Code"), which can be consulted on the MEDEF website (www.medef.com).

Pursuant to the recommendations of the AFEP-MEDEF Code, as well as Article L. 225-37-4 paragraph 8 of the French Commercial Code, this Chapter reports on the application of the provisions adopted and explains why some provisions were not applied. In accordance with Article L. 225-37, paragraph 6 of the French Commercial Code,

amended pursuant to order no. 2017-1162 of 12 July 2017, this Chapter includes a portion of the Corporate Governance Report, appended to the Management Report, as shown in the cross-reference table available on page 344.

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

2.2. Management structure

The company is managed by Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer. He is assisted by Stanislas de Gramont, Chief Operating Officer, who took office on 3 December 2018, replacing Bertrand Neuschwander, whose term ended, following a meeting of the Board of Directors, on 10 October 2018.

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 reappointed, 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 76.

CHIEF OPERATING OFFICER

Following its meeting of 10 October 2018, the Board of Directors, on the proposal of the Chairman and Chief Executive Officer and after studying the recommendations of the Nominations and Remuneration Committee, appointed Stanislas de Gramont as Chief Operating Officer, replacing Bertrand Neuschwander.

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

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

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

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

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

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

COMPOSITION OF THE BOARD OF DIRECTORS

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

This family heritage is reflected in the composition of the Board of Directors, on which the presence of directors from the Founder Group responds to the family 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 the increased participation of women, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, decided in 2017 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:
 - 3 directors from VENELLE INVESTISSEMENT;
 - 2 directors from GÉNÉRACTION;
 - 2 directors from FÉDÉRACTIVE;
- 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 Board of Directors strives to maintain a balance in its composition and that of its committees, particularly when it comes to diversity.

As such, the presence of six women, i.e. 46% of the members of the Board of Directors, ensures that the representation of women 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.

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

This diversity is particularly ensured by the strong complementarity between the different expertise of independent directors (distribution, finance, data, marketing), employee representation and experience, the long-term vision of representatives of family shareholding.

During the 2018 evaluation of the Board of Directors, the members were able, through various questions on this subject, to express their satisfaction with the diversity in the composition of the Board and with the resulting enrichment and efficiency.

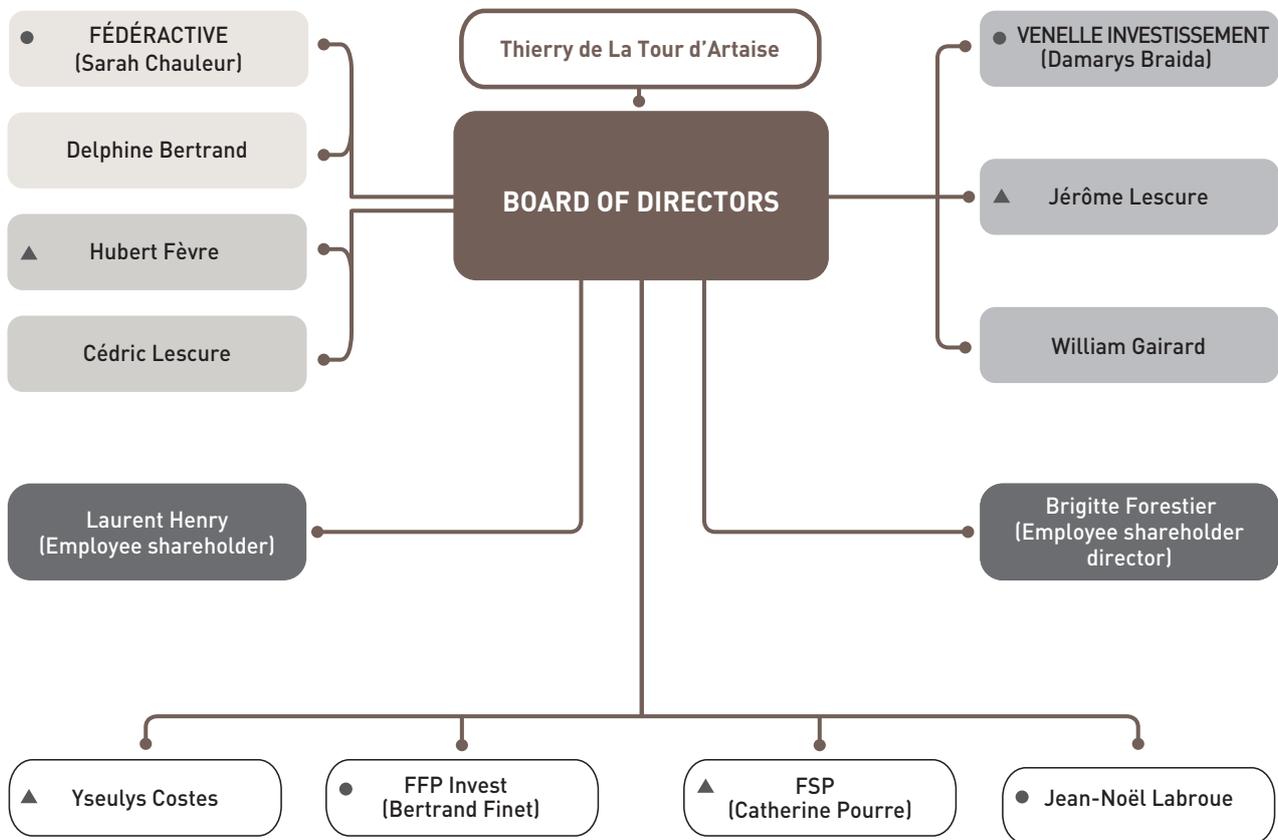
The directors together hold 19.49% of the company's share capital and 25.45% of the effective voting rights (i.e., 25.26% of the theoretical voting rights), thereby adhering to the terms of the Directors' Charter and internal rules of the Board of Directors (the "Charter and internal rules") under which 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).

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Corporate governance

Composition, organization and operation of the Board of Directors

Composition of the Board of Directors in 2018



□ Chairman and Chief Executive Officer

□ Director from FÉDÉRACTIVE

■ Director from GÉNÉRACTION

■ 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

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

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

Age: 64

Nationality: French

Committee member: No

Number of SEB shares held:
528,002

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 Officer of the French Legion of Honor.

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

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

Other current offices and positions

Company	Functions and current mandates
SEB Internationale (wholly-owned subsidiaries of SEB S.A.)	Chairman
Zhejiang Supor Co, Ltd* (China – a subsidiary 81.18% owned by SEB Internationale S.A.S.)	Chairman of the Board of Directors

Other current offices and positions

Legrand*	Director and member of the Nominations and Governance Committee
CIC – Lyonnaise de Banque	Permanent representative of Sofinaction on the Board of Directors

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

Company	Functions and current mandates
Club Méditerranée S.A.	Director

* Listed company.

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Corporate governance

Composition, organization and operation of the Board of Directors



Delphine BERTRAND

Director – member of the Founder Group, member of FÉDÉRACTIVE

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

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 53

Nationality: French

Committee member: No

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

Biography

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

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

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

Other current offices and positions

Company	Functions and current mandates
FÉDÉRACTIVE	Member of the Advisory Board

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

None



Yseulys COSTES

Independent director

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

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 46

Nationality: French

Committee member: Audit Committee

Number of SEB shares held: 750

Biography

Yseulys Costes holds a Master’s degree in Management Sciences and a postgraduate degree in Marketing and Strategy from Université Paris-IX Dauphine 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

Company	Functions and current mandates
1000mercis*	Chairwoman and CEO
Ocito (Groupe 1000mercis)	Chairwoman of the Supervisory Board
Kering S.A.*	Director

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

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

* Listed company.

Registered office:

66, avenue des Champs-Élysées –
75 008 Paris 487 544 223 RCS Paris

Number of SEB shares held:

4,257,996 (including 3 full-ownership and
4,257,993 bare-ownership shares)

FÉDÉRACTIVE**Director – member
of the Founder Group**

■ Simplified joint-stock company
with share capital of €5,084,597.85

■ **Date of first appointment:**
AGM of 11 May 2006

■ **Date of last reappointment:**
AGM of 16 May 2018

■ **End date of term of office:** 2022 AGM

INFORMATION

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

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

Other current offices and positions

None

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

None

**Sarah CHAULEUR****Permanent representative of FÉDÉRACTIVE
on the Board of Directors****Main professional address:**

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 47

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**Company**

FÉDÉRACTIVE

**Functions and current
mandates**

Member of the Advisory Board

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

None

Registered office:

66, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
535 360 564 RCS Paris

Number of SEB shares held: 2,521,522

FFP INVEST**Independent director**

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

- **Date of first appointment:**
AGM of 14 May 2013

- **Date of last reappointment:**
AGM of 11 May 2017

- **End date of term of office:** 2021 AGM

INFORMATION

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

It is represented by Bertrand Finet.

Other current offices and positions

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

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

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

* Listed company.



Bertrand FINET

**Permanent representative
of FFP Invest**

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 53

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.

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Other current offices and positions	
Company	Functions and current mandates
FFP*	Chief Operating Officer
FFP Invest	Chief Executive Officer
FFP Investment UK Limited (Royaume-Uni)	Director
LDAP	Permanent representative of FFP Invest on the Executive Committee
SPIE*	Permanent representative of FFP Invest on the Board of Directors

Other offices and positions held in the last five years and now expired	
Company	Functions and current mandates
Bpifrance Investissement	Executive Director within Mid & Large Cap Equity department
Bpifrance Investissement	Executive Director within SME Equity department
Assystem*	Permanent representative of FSI on the Supervisory Board

Other offices and positions held in the last five years and now expired (continuation)	
Company	Functions and current mandates
Bpifrance Participations SA	Director and member of the Executive Committee
Mersen*	Member of the Supervisory Board
Sequana*	Permanent representative of Bpifrance Participations on the Board of Directors
Constellium*	Permanent representative of Bpifrance Participations on the Board of Directors
Vallourec*	Permanent representative of Bpifrance Participations on the Board of Directors
Technicolor*	Permanent representative of Bpifrance Participations on the Board of Directors
Consolidation et développement gestion	Chairman of the Supervisory Board
CDC Entreprise Capital Investissement	Chairman and CEO

* Listed company.

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Corporate governance

Composition, organization and operation of the Board of Directors



Hubert FÈVRE

Director – member of the Founder Group, member of GÉNÉRACTION

- **Date of first appointment:** AGM of 13 May 2003
- **Date of last reappointment:** AGM of 12 May 2015
- **End date of term of office:** 2019 AGM

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 54

Nationality: French

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

Company	Functions and current mandates
FB Conseils & Investissements SA	Senior manager
FCL Investissements S.A.	Director & member of the Diversification Committee
GÉNÉRACTION	Member of the Executive Committee
GFA Ferme du Château à Soirans	Managing Director

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

Company	Functions and current mandates
FÉDÉRACTIVE	Member of the Advisory Board



Brigitte FORESTIER

Director representing employee shareholders

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

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 47

Nationality: French

Committee member: No

Number of SEB shares held: /

Biography

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

Other current offices and positions

None

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

None

Registered office:
47, rue du Faubourg-Saint-Honoré –
75008 Paris 753 519 891 RCS Paris
Number of SEB shares held: 2,633,876

FONDS STRATÉGIQUE DE PARTICIPATIONS (FSP)

Independent director

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

■ **Date of first appointment:**
AGM of 15 May 2014

■ **Date of last reappointment:** None
■ **End date of term of office:** 2020 AGM

Information

FSP was registered on 14 September 2012.
It is represented by Catherine Pourre.

Other current offices and positions

Company	Functions and current mandates
Arkema*	Director
Eutelsat Communications*	Director
Elior Group	Director
Neonen	Director

F&P (director of Safran*)	Director
Tikehau Capital SCA*	Member of the Supervisory Board

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

Company	Functions and current mandates
Zodiac Aerospace*	Director



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

Age: 61

Nationality: French

Committee member: Chairwoman
of the Audit Committee

Catherine POURRE

Permanent representative of FSP on the Board of Directors

Biography

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

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

Other current offices and positions

Company	Functions and current mandates
Neopost S.A.*	Director until 31 July 2018*
Beneteau S.A.*	Member of the Supervisory Board
Crédit Agricole S.A.* and its subsidiary Crédit Agricole CIB	Director
CPO Services SARL (Luxembourg)	Director

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

Company	Functions and current mandates
Comexposium Holding	Director
Unibail-Rodamco Participations	Director
Viparis Holding	Director
Uni-Expos	Member of the Supervisory Board
Union Immobilière Internationale	Director
Rodamco Europe Beheer B.V. (Netherlands)	Director
Unibail-Rodamco S.E. in the Netherlands	Director
Mfi AG (Germany)	Director
Rodamco Europe N.V. (Netherlands)	Director of the permanent establishment
Rodamco Europe N.V. (Netherlands), herself senior manager of eight Unibail-Rodamco subsidiaries	Permanent representative
U&R Management B.V. (Netherlands)	Director

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

Company	Functions and current mandates
Unibail-Rodamco S.E.*	Member of the Management Board and General Manager
Unibail Management S.A.S.	Chairwoman then Chief Operating Officer
Taynhin S.A.*	Chairwoman and CEO
Doria S.A.S.	Chairwoman
Espace Expansion Immobilière	Chairwoman

* Listed company.

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Corporate governance

Composition, organization and operation of the Board of Directors



William GAIRARD

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

- **Date of first appointment:** AGM of 12 May 2015
- **Date of last reappointment:** None
- **End date of term of office:** 2019 AGM (Reappointment)

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 38

Nationality: French

Committee member: No

Number of SEB shares held: 425,500 shares (including 135,106 full-ownership and 290,394 bare-ownership shares)

Biography

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

In 2012, he 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

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

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

Company	Functions and current mandates
None	



Laurent HENRY

Employee director

- **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

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 51

Nationality: French

Committee member: No

Number of SEB shares held: /

Biography

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

Other current offices and positions

None

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

None



Jean-Noël LABROUE

Independent director

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

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 71

Nationality: French

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.

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Other current offices and positions

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

JNL Conseil Chairman

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

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



Cédric LESCURE

Director – member of the Founder Group, member of GÉNÉRACTION

- **Date of first appointment:**
AGM of 12 May 2010 (director of SEB S.A. from 1998 to 2005)
- **Date of last reappointment:**
AGM of 12 May 2015
- **End date of term of office:** 2019 AGM

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 51

Nationality: French

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-lès-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

Company	Functions and current mandates
Clos Guillaume veterinary clinic	Managing Director
Limited company Cabinet Vétérinaire Medico-Chirurgical du Cap Vert	Managing Director
S.A.S. Vetshop 21	Member of the Executive Committee

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

Company	Functions and current mandates
FÉDÉRACTIVE	Member of the Advisory Board
Vetshop Création	Managing Director
S.A.S. Vetshop 21	Chief Executive Officer

* Listed company.



Jérôme LESCURE

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

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

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 58

Nationality: French

Committee member: Audit Committee

Number of SEB shares held: 64,052

Biography

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

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

Other current offices and positions

Company	Functions and current mandates
Lavilla S.A.R.L.	Co-Managing Director
NEOFOR S.A.S.,	Representative of Chairman Lavilla
Additio S.A.S.	Chairman
APICAP (former OTC Asset Management S.A.S.) until 30 September 2018	Chairman
APICAP	Permanent representative – until June 2018
Groupe Archimen S.A.S.	Director until June 2018
MANUTAN INTERNATIONAL S.A.*	Director

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

Company	Functions and current mandates
Trois Rivières Holding	Co-Managing Director
CAMSEL S.A.S.	Chairman
Brassac Holding S.A.S.	Chairman
Les Bois du Midi S.A.S.	Chairman
Ymagis S.A.* ; Active 3D ; Inspirational Stores S.A. ; D3T	Director, permanent representative of APICAP

* Listed company.

<p>Registered office: 72, rue du Faubourg-Saint-Honoré – 75008 Paris 414 738 070 RCS Paris Number of SEB shares held: 17,902</p>	VENELLE INVESTISSEMENT
<p>Director – member of the Founder Group</p> <ul style="list-style-type: none"> ■ Simplified joint-stock company with share capital of €3,750,736.68 	<ul style="list-style-type: none"> ■ Date of first appointment: 27 April 1998 ■ Date of last reappointment: AGM of 19 May 2016 ■ End date of term of office: 2020 AGM
<p>INFORMATION VENELLE INVESTISSEMENT is a controlling family holding company which was registered on 9 December 1997. It is represented by Damarys Braida.</p>	

Other current offices and positions
None

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

	Damarys BRAIDA
<p>Main professional address: Campus SEB 112 chemin du Moulin Carron 69130 Écully – France Age: 51 Nationality: French Committee member: Nominations and Remuneration Committee</p>	<p>Permanent representative of VENELLE INVESTISSEMENT on the Board of Directors</p>
<p>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.</p>	

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

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

SUMMARY TABLE OF DIRECTORS

Surname – First name	Nationality	Age	Start date	Independent director	Committee member	Individual attendance rate	
						Committee	Board
THIERRY DE LA TOUR D'ARTAISE	French	64	03-05-1999 AGM Ratification of co-optation	No	No		100%
DELPHINE BERTRAND	French	53	11-05-2017 AGM Ratification of co-optation	No	No		100%
YSEULYS COSTES	French ^(a)	46	14-05-2013 AGM	Yes	Audit	75%	100%
FÉDÉRACTIVE (Sarah Chauleur)	French	48?	14-05-2013 AGM	No	Nominations and Remuneration ^(b)	100% ^(b)	100%
HUBERT FÈVRE	French Swiss resident	54	13-05-2003 AGM	No	Audit	100%	87.5%
FFP INVEST (Bertrand Finet)	French	53	11-05-2017 AGM ^(c)	Yes	Nominations and Remuneration	100%	100%
BRIGITTE FORESTIER	French	47	11-05-2017 AGM	No	No		100%
FSP (Catherine Pourre)	French Luxembourg resident	61	15-05-2014 AGM Ratification of co-optation ^(d)	Yes	Audit	100%	100%
WILLIAM GAIRARD	French Resident of Mexico	38	12-05-2015 AGM	No	No		87.5%
LAURENT HENRY	French	51	Appointment by the France Works Council on 13-10-2017; joined the BoD on 14-12-2017	No	No		87.5%
JEAN-NOËL LABROUE	French	71	12-05-2010 AGM	Yes	Nominations and Remuneration	100%	100%
CÉDRIC LESCURE	French	51	12-05-2010 AGM Ratification of co-optation	No	No		100%
JÉRÔME LESCURE	French	58	19-05-2016 AGM	No	Audit	100%	100%
VENELLE INVESTISSEMENT (Damarys Braida)	French	51	27-04-1998 AGM Ratification of co-optation	No	Nominations and Remuneration	100%	100%
DIRECTORS WHOSE TERMS OF OFFICE ENDED DURING THE YEAR							
None							

(a) Yseulys Costes previously resided in the USA; she is a French resident since 27/07/2018.

(b) FÉDÉRACTIVE is represented on the Nominations and Remuneration Committee by Pascal Girardot.

(c) FFP Invest was co-opted by decision of the BoD on 23 July 2013 to replace FFP.

(d) FSP was co-opted by decision of the BoD on 25 February 2014 to replace Philippe Lenain.

RESIGNATIONS, REAPPOINTMENT AND APPOINTMENT OF DIRECTORS IN 2018

Reappointments and appointments

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

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

During the last year, the Annual General Meeting of 16 May 2018 renewed the directorships of FÉDÉRACTIVE, represented by Sarah Chauleur, Delphine Bertrand and Jean-Noël Labroue, for four years.

Resignations

No directors resigned in 2018.

SUMMARY OF HOW DIRECTORS' TERMS OF OFFICE ARE STAGGERED

DIRECTOR	2019 AGM	2020 AGM	2021 AGM	2022 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-NOËL LABROUE				•
CÉDRIC LESCURE	•			
JÉRÔME 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.

CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2019

In order to rebalance the representation of all stakeholders and to take into account the provisions relating to employee representatives, the Board of Directors, at its meeting of 19 December 2018, examined and at its meeting of 25 February 2019 approved the changes in its composition as set out below:

- Within six months following the Annual General Meeting of 22 May 2019, appointment of a new employee director by the European Works Council, pursuant to the procedure provided for in Article 16 of the bylaws.
- During the Annual General Meeting of 22 May 2019:
 - Appointment of a new independent director, Mr Jean-Pierre Duprieu,

- Appointment as a director of Mr Thierry Lescure, a member of GÉNÉRACTION, to replace Mr Cédric Lescure, whose term of office expires at that same Annual General Meeting,
- Appointment as a director of GÉNÉRACTION, represented by Ms Caroline Chevalley, to replace Mr Hubert Fèvre, whose term of office expires at that same Annual General Meeting,
- Appointment as a director of Ms Aude de Vassart, a member of VENELLE INVESTISSEMENT,
- Reappointment of Mr William Gairard for a four-year term.

In 2019, the Board of Directors will thus be composed of 17 members, compared to 14 previously.

As set out above, in agreement with the family's concerted voting block, with a view to rejuvenating and renewing their representatives, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, decided to replace Mr Cédric Lescure and Mr Hubert Fèvre, whose terms of office will expire at the Annual General Meeting of 22 May 2019.

**PRESENTATION OF THE NEW DIRECTORS WHOSE APPOINTMENT WILL TAKE EFFECT IN 2019,
SUBJECT TO APPROVAL AT THE ANNUAL GENERAL MEETING OF 22 MAY 2019**



Jean-Pierre DUPRIEU

Independent Director

Biography

Jean-Pierre Duprieu is an agronomic engineer with a Master's Degree in Food Industry from the Institut National Agronomique de Paris-Grignon. He is also a graduate of the Institut de Contrôle de Gestion de Paris and the International Forum. He joined the Air Liquide Group in 1976. He spent his entire career at Air Liquide until his retirement on September 1, 2016, holding various commercial, operational, strategic and general management positions, first as International Marketing Director, then as Sales and Marketing Director for France and then as Executive Vice-president of Air Liquide France. In 2000, Jean-Pierre Duprieu was appointed Senior Vice President and member of the Group's Executive Committee. For five years, he was based in Tokyo as a member of the Executive Committee, Director of the Asia Pacific region and of the World Electronics Business Line. Upon returning from Asia in 2010, he was named Deputy Chief Executive Officer of the Air Liquide Group.

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 66

Nationality: French

Number of SEB shares held: 25

Other current offices and positions

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

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

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



Thierry LESCURE

Member of GÉNÉRACTION

Biography

Thierry Lescure holds a Master's degree in Business Law and Taxation from the University of Paris, Panthéon Assas Faculty, and a Master's in Business Administration from IAE Paris. He also completed an Investment Strategies and Portfolio Management program at Wharton School and an Advanced Asset Management program at INSEAD. After working as a consultant at Tefal UK in London, Thierry Lescure joined Yahoo! France in 2001 as a Finance Producer in charge of the Yahoo! Finance channel, before serving as Head of E-Commerce. In 2004, he joined Yahoo! Europe where he was in charge of Yahoo! automotive channels. He left this company in 2006 to become Chief Digital Officer at Reed Business Information to create new growth drivers in France and Europe. He then went on to invest in an coach innovative start-ups as owner of Auelha. In 2016, he joined the family office of Geneva-based Premium Assets as Senior Asset Manager.

Main professional address:

Campus SEB
112 chemin du Moulin Carron
69130 Écully – France

Age: 44

Nationality: French (Swiss resident)

Number of SEB shares held: 1,250

Other current offices and positions

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

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

Company	Functions and current mandates
Auelha SARL	Managing Director

* Listed company.

Main professional address: 5 A Chemin du Pâquier, 1231 Conches, Switzerland	<h2 style="margin: 0;">GÉNÉRACTION</h2>
	Director - shareholders' association
Information GÉNÉRACTION is an association of Swiss shareholders of SEB SA, registered on 16 April 2017 in the Trade and Companies Register. It is represented by Caroline Chevalley.	

Other current offices and positions		Offices and positions held in the last five years and now expired	
Company	Functions and current mandates	Company	Functions and current mandates
None		None	

	<h2 style="margin: 0;">Caroline CHEVALLEY</h2>
	Permanent representative of GÉNÉRACTION
Biography Caroline Chevalley holds a law degree from the University of Lausanne and is Chairwoman of FCL Investissements S.A., a financial holding company. She is co-founder and Chairman of GÉNÉRACTION, an association of shareholders of SEB SA, created in May 2017.	
Main professional address: Campus SEB 112 chemin du Moulin Carron 69130 Écully – France Age: 55 Nationality: French & Swiss Number of SEB shares held: 12,164	

Other current offices and positions		Offices and positions held in the last five years and now expired	
Company	Functions and current mandates	Company	Functions and current mandates
FCL Investissements	Director and member of the Diversification Committee	GÉNÉRACTION	Chairman of the Executive Committee
Company Civile Immobilière Evermont	Manager	FÉDÉRACTIVE	Chairwoman of the Advisory Board

	<h2 style="margin: 0;">Aude DE VASSART</h2>
	Member of VENELLE INVESTISSEMENT
Biography Aude de Vassart, has an engineering degree from ISEP and an MBA from HEC Business School. She is currently Director of the Transport Business Line at IDEMIA (created by the merger of Oberthur Technologies and Morpho), where she is responsible for driving the business strategy worldwide. Previously, in 2001, Aude began her engineering career in England at STMicroelectronics, followed by a role at a start-up company. She then joined Texas Instruments where she held various R&D and Marketing positions for seven years. She was also a Marketing Manager for six years at Oberthur Technologies in charge of payment cards.	
Main professional address: Campus SEB 112 chemin du Moulin Carron 69130 Écully – France Age: 41 Nationality: French Number of SEB shares held: 39,765 full-ownership and 26,875 bare-ownership shares	

Other current offices and positions		Offices and positions held in the last five years and now expired	
Company	Functions and current mandates	Company	Functions and current mandates
Alliance OSPT (Germany)	Director	None	
VENELLE INVESTISSEMENT	Member of the Supervisory Board		

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 to bankruptcy, receivership or liquidation.

Absence of conflicts of interest

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

Service contracts

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

Regulated agreements

The existing related party agreements have been authorized in advance in accordance with the law and are described in Chapter 2.5, "Remuneration policy", as well as in the statutory auditors' report on regulated agreements. Pursuant to Article L. 225-40-1 of the French Commercial Code, agreements signed and authorized in prior years which continued in 2018 were reviewed at the Board of Directors' Meeting on 26 February 2019. The directors had no comments to make, particularly with regard to their purpose or their financial conditions.

Pursuant to Articles L. 225-38 and L. 225-42-1 of the French Commercial Code, the Board of Directors authorized a new regulated agreement entered into between the company and Stanislas de Gramont, Chief Operating Officer, on 19 December 2018, which sets out in particular his benefits in terms of pension, retirement and post-employment as well as the performance criteria governing his severance compensation and the conditions for paying any non-compete compensation. These items are described in detail in Chapter 2.5 "Remuneration policy" and in the statutory auditors' Special Report on regulated agreements. In accordance with the law, this agreement will be the subject of a resolution for approval at the Annual General Meeting of 22 May 2019.

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. It was also translated into English in order to expand its distribution.

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, nor an employee, nor an executive officer or director of a company consolidated by the company, its parent company or a company consolidated by such parent company, and has not been in such a position for the last five years (**critérian 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 (**critérian 2**);
- is not a customer, supplier, investment banker, commercial banker or adviser that is material to the company or its group, or for which the company or its group represents a material portion of the business (**critérian 3**);
- does not have close family ties with an executive officer (**critérian 4**);

- has not been a director of the company for more than twelve years (**critérian 5**);
- has not been a statutory auditor of the company in the last five years (**critérian 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 found that Yseulys Costes, Bertrand Finet (permanent representative of FFP Invest), Jean-Noël Labroue and Catherine Pourre (permanent representative of FSP), were qualified as independent directors.

Moreover, the independent status of Jean-Pierre Duprieu was examined by the Nominations and Remuneration Committee prior to its appointment proposal, which concluded that the candidate meets all the independence criteria defined by the AFEP-MEDEF Code as described above.

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
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 2018, 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 reappointed, 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 4 December 2018 and the Board of Directors' Meeting of 19 December 2018 did not reveal any conflicts of interest.

During their term of office, directors are also obliged to perform their duties in strict compliance with the corporate interest. Directors are therefore obliged to inform the Board of Directors should a conflict of interest occur when a meeting agenda is published, or during the course of a meeting. The Board must then decide, if necessary without

the director concerned being present, whether they should take part in the debate and/or vote on the agenda items in question, pursuant to the provisions of the Directors' Charter and the internal rules.

As in previous years, the Nominations and Remuneration Committee reviewed the business 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 2018, 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 2018 less than 1.8% of the consolidated revenue of 1000mercis and less than 0.03% of the consolidated revenue of Groupe SEB.

Given the above, the Board of Directors, at its meeting of 19 December 2018, found that this business relationship was unlikely to compromise Yseulys Costes' independence of judgment and ruled out the possibility of a conflict of interest, thus confirming her status as an independent director.

ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS

ROLE AND MEETINGS OF THE BOARD OF DIRECTORS

Role of the Board of Directors

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

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

With regard to decisions relating to the possible use of Annual General Meeting authorizations to increase the capital, the Board of Directors nevertheless decided, as an internal rule and in view of the importance of such authorizations, that decisions should be made by a qualified majority vote of 14/17ths of the members present or represented. Previously set at 12/14th, the Board of Directors decided to bring this majority into line with the new make-up of the Board of Directors.

A Board of Directors focused on strategy

As regards strategic matters, the Charter and internal rules state that "the Board of Directors determines the Group's strategy". It is therefore consulted and invited to give an opinion before any strategic decisions are made about the Group. This role positions the Board of Directors 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 is now 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 eight times in 2018. The attendance rate was 97%. The individual attendance rate of each director is shown in the summary table of directors included in section 2.3 of this chapter.

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 free 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. The Board of Directors met in an extraordinary capacity on 10 October 2018 to approve the change of Chief Operating Officer and on 15 November 2018 to approve the proposed acquisition of Wilbur Curtis.

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.

2

Corporate governance

Composition, organization and operation of the Board of Directors

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 Écully;
- option to take part in meetings over the telephone or by videoconference if directors are unable to attend in person.

Following the Board of Directors' evaluation, which took place between October and November 2018, the directors expressed their satisfaction with the organization of the meetings, in particular with the meeting schedule, the materials made available, the improvement in the time needed to make the documents available, and also with the annual meeting held abroad.

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 family shareholders 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 2018, 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 GÉNÉRACTION
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

4

ATTENDANCE RATE

93.75%

PERCENTAGE OF INDEPENDENT DIRECTORS

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

WORK AND POWERS

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

The work of the Audit 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 2018 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.

Since 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, particularly in the fight against corruption. The first additional meeting was held on 3 October 2018.

MAIN WORK

As is its prerogative, in 2018, the Audit Committee audited the following, as it does every year:

- the draft annual financial statements as of 31 December 2017 and the draft half-yearly financial statements as of 30 June 2018, prior to their submission to the Board of Directors;
- the Chairman's report on internal control made at the Committee Meeting of 26 February 2018;
- 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 2018;
- the proposed schedule of internal audits for 2019;
- the mapping and analysis of major risks;
- across-the-board compliance issues.

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

5

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 managers;
- 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;
- expanding the range of experience within the Board of Directors (diversity policy);
- the gender balance.

Following the evaluation of the Board of Directors in 2018, 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 2018, 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 16 May 2018;
- made recommendations on the 2017 variable and 2018 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 candidacy of the new Chief Operating Officer prior to his appointment by the Board of Directors on 10 October 2018 and made recommendations on determining his responsibilities and powers, his compensation and other conditions for discharging his duties as a corporate officer;
- reviewed the terms of office expiring at the next Annual General Meeting on 22 May 2019;
- reviewed a benchmark relating to attendance fees paid to directors of SBF 120 companies to check the company's positioning;
- compiled the responses to the evaluation of the Board of Directors as well as directors' self-assessments and made recommendations in this regard;
- reviewed the answers given by directors to the annual questionnaire designed to prevent and identify conflicts of interest, and made recommendations on the business relationship between the Group and 1000mercis, of which Yseulys Costes is Chairwoman and CEO;
- reviewed the Report of the High Committee for Corporate Governance of October 2018 and various reports on the governance theme and assessed their consequences for the governance of SEB;
- conducted the annual review of Human Resources;
- reviewed the sustainable development policy and validated the summary of actions taken and the company's plans in this regard.
- Issued a recommendation to introduce non-financial performance criteria (CSR) into the calculation of Groupe SEB's bonus awards. This recommendation was adopted by the Board of Directors on 27 February 2018 for application in 2018.
- At its meeting on 7 February 2019, 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 regularly updated and improved with new features in order to better meet the directors' requirements.

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 2018 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 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 2018 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 19 December 2018. 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:

- its composition;
- the schedule, organization and frequency of meetings;
- the contents of the meeting minutes;
- the contact with the various stakeholders;
- the longer duration of some meetings;
- the quality of information and documents posted on the directors' website, and the input from senior managers during meetings;
- the measures to prevent and deal with conflicts of interest within the Board of Directors; and
- with interactions with the Management.

2

Corporate governance

Composition, organization and operation of the Board of Directors

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 and thus leaving more time for discussions, by introducing a specific time slot for open-table discussions;
- to strengthen teamwork and exchanges of views between members by holding a Board seminar and using a new “comments” feature on the directors’ website;
- to help Directors improve their knowledge of the Group through an induction program for members who are interested;
- to increase transparency among Board members on the procedure for appointing directors.

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 19 December 2018. In particular, the comments and discussions showed that the directors have a very good understanding of the role of the Board of Directors and its duties and have complementary skills and experience that enable them to contribute in a meaningful and diverse way.

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 THE RECOMMENDATIONS OF 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
<p>Article 10.3: Board and Committee Meetings It is recommended that a meeting not attended by the executive officers be held each year.</p>	<p>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.</p>
<p>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.</p>	<p>Given the shareholder base of the company, controlled on 31 December 2018, by shareholders members of the Founder Group acting jointly, the Audit Committee and the Nominations and Remuneration Committee are made up of four members, including two independent members, and Board member representing major shareholder.</p>
<p>Article 17.1: Composition of the Compensation Committee It is recommended that the committee chair be independent and that an employee director be a member of the committee.</p>	<p>Both Committees are chaired by an independent director who leads and steers the Committee’s work. They have the deciding vote in the event of a tie. In view of the current composition of the Nominations and Remuneration Committee and in order not to increase its size, there is no employee director on this committee.</p>
<p>Article 20: Remuneration of the directors The largest portion of the total attendance fees is variable.</p>	<p>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.</p>
<p>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.</p>	<p>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.</p>

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 1st February 2019:

EXECUTIVE COMMITTEE

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

* Stanislas de Gramont took office on 3 December 2018, replacing Bertrand Neuschwander.

** Alain Leroy took office on 1 February 2019, replacing Stéphane Lafèche, who retired in March 2018.

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

2.5. Remuneration policy

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

RULES OF ALLOCATION AND AMOUNTS PAID FOR 2018

The terms of directors' remuneration are set by the Board of Directors on a proposal from the Nominations and Remuneration Committee. In 2018, 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.

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 2018, the overall attendance fees paid to Board members totaled €490,000 (gross amount before deductions and/or withholdings), compared with €507,917 in 2017, as shown in the table below:

ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY EXECUTIVE OFFICERS (IN €)

Board members	Attendance fees paid in 2016/2017	Attendance fees paid in 2017/2018
Thierry de La Tour d'Artaise	30,000	30,000
Delphine Bertrand	N/A	30,000
Bruno Bich	38,125	N/A
Tristan Boiteux	30,000	N/A
FÉDÉRACTIVE (Sarah Chauleur)	28,125	30,000
Yseulys Costes	24,375	37,500
FÉDÉRACTIVE (Pascal Girardot)	38,125	10,000*
Hubert Fèvre	40,000	40,000
FFP (Bertrand Finet as from 2017/2018)	31,041.7	37,500
Brigitte Forestier	N/A	30,000
William Gairard	26,250	30,000
Laurent Henry	N/A	15,000
Jean-Noël Labroue	45,000	45,000
Cédric Lescure	30,000	30,000
Jérôme Lescure	40,000	40,000
FSP (Catherine Pourre)	36,875	45,000
Laure Thomas	30,000	N/A
VENELLE INVESTISSEMENT (Damarys Braida)	40,000	40,000
TOTAL	507,916.7	490,000

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

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 Annual General Meeting on 22 May 2019 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 16 May 2018 when the ex-ante vote was held.

The Ordinary Annual General Meeting on 22 May 2019 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 2019.

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, Stanislas de Gramont 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 June 2018, 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 executive officers.

Motivation and performance

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

PRINCIPLES AND CRITERIA FOR THE DETERMINATION, ALLOCATION AND AWARDED 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 2019 as they are set out below will be submitted to a vote at the Annual General Meeting of Shareholders on 22 May 2019.

The components of remuneration due or awarded to each executive officer for 2018 are, for their part, subject to approval at the Annual General Meeting of Shareholders on 22 May 2019, under a specific resolution for each executive officer (see "Say on Pay" tables on pages 102 and following, below) in accordance with the recommendations of the AFEP-MEDEF Code.

The payment of variable remuneration for 2019 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 2019.

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 against a matrix composed of the following targets:

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

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

THE QUALITATIVE CRITERIA

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

TARGET AND CAP

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

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

- for the Chief Operating Officers:
 - For Stanislas de Gramont: 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.
 - For Bertrand Neuschwander: 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 Articles L. 225-197-1 et seq. of the French Commercial Code. This system replaced stock option grants, the last of these plans having been submitted to the Annual General Meeting on 10 May 2012.

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

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

These cover revenue and Operating Result from Activity targets and are assessed on an annual basis over a three-year period. The achievement rates are set each year by the Board of Directors on a proposal of the 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 2018 plan, the performance calculation depends on the rate of achievement of the revenue and Operating Result from Activity target assessed over the three-year vesting period (i.e. 2018, 2019 and 2020):

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

Awards have been made as follows:

- the total number of performance shares awarded to executive officers in one financial year amounts to 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 0.0578% of the share capital on the date that the decision to award them is made, as provided for in the seventeenth resolution of the Annual General Meeting on 16 May 2018.

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

In addition, the Board of Directors' Meeting of 27 February 2019, after examining the findings of the Nominations and Remuneration Committee, reviewed and approved the proposed performance share award plan for 2019, 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, Brazil and Germany).

Authorization for the award will be submitted to the shareholders at the next Annual General Meeting (draft twenty-second 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 above.

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 the reappointment of Thierry de La Tour d'Artaise, reviewed the situation and agreed that his employment contract should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

Stanislas de Gramont entered into an executive officer agreement on 12 December 2018 and does not have an employment contract.

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, Stanislas de Gramont and Bertrand Neuschwander were authorized by the Board of Directors to join the collective supplementary pension plan set up within Groupe SEB.

This plan for senior managers whose duties justify the application of Article L. 3111-2 of the French Employment Code, and who fall within the scope of Article 4 of the national collective agreement of 14 March 1947 on 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, Stanislas de Gramont 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.

(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.

These contributions are not included in the social security contribution base, capped at 6% of the annual social security ceiling (€2,384 in 2018) and 1.5% of the remuneration figure used, capped at 12% of the annual social security ceiling (€4,768 in 2018).

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

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

These contributions are partially excluded from the social security contribution base, including contributions paid under the aforementioned “incapacity/disability/death” insurance plan, capped at 6% of the annual social security ceiling (€2,384 in 2018) and 1.5% of the remuneration figure used, capped at 12% of the annual social security ceiling (€4,768 in 2018).

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 Stanislas de Gramont and Bertrand Neuschwander, compensation for a non-compete agreement or any other compensation paid).

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

In the event of dismissal, Bertrand Neuschwander will be entitled to severance payment equal to two years' remuneration, minus the amounts paid under the non-compete clause and 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 after four years from his appointment as an executive officer, the severance allowance will be adjusted based on actual performance in relation to targets, in said capacity, over the last four full years of service;
 - if the average percentage achieved is below 50%: no termination benefit is paid,
 - if the average actual performance represents 50% to 100% of the targets: the termination benefit is comprised between 75% and 100%, based on a straight-line calculation,
 - if the average percentage achieved is above 100%: 100% of the benefit is paid.

Furthermore, the severance allowance shall be paid since this is an involuntary termination and remains capped at two years' remuneration (fixed and variable received), including the non-compete clause and any contractual indemnities for dismissal.

This severance allowance will also be submitted to the shareholders for approval at the Annual General Meeting on 22 May 2019.

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 from working in any manner with a competitor of Groupe SEB.

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, they were submitted for approval by the shareholders at the Annual General Meeting of Shareholders on 12 May 2015, in accordance with the procedure provided for regulated agreements.

REMUNERATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Remuneration due or awarded for 2018

FIXED REMUNERATION

In 2018, 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 revenue and Operating Result from Activity targets), the variable portion is 110.5% of the fixed annual remuneration of Thierry de La Tour d'Artaise with a target of 100%;
- based on qualitative criteria, the variable portion amounted to 139.6% of the fixed annual remuneration of Thierry de La Tour d'Artaise with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on collective and individual targets such as the structural improvement of the Group's profitability, the active pursuing of the acquisition strategy and the consideration of extra-financial performance criteria (Corporate Social Responsibility).

Consequently, the variable remuneration paid in 2019 for 2018 was €1,099,238, or 122.1% of his fixed remuneration. Thierry de La Tour d'Artaise's variable remuneration for 2017 was 134.9% of his fixed remuneration, or €1,214,100.

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 2018, Thierry de La Tour d'Artaise received €30,000 as a director of the company, unchanged from 2017.

PERFORMANCE SHARES

In accordance with the authorization granted by the seventeenth resolution of the Annual General Meeting on 16 May 2018, 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 2018.

The shares granted to Thierry de La Tour d'Artaise under the 2018 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 33.2% of his reference remuneration.

Entitlements estimation at 31 December 2018:

Regime	Amount
Deferred defined-benefit pension plan	€219,628 gross per year
Supplementary defined-benefit pension plan	€222,295 gross per year
Defined-contribution pension plan <i>(the entitlements resulting from this plan have been frozen since January 2012)</i>	€11,123 gross per year

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

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

- This plan notably includes the payment of supplementary benefits for Thierry de La Tour d'Artaise, set at a maximum annual amount as follows:

In the event of incapacity	€238,392
In the event of first degree disability	€143,035
In the event of second and third degree disability	€238,392
Less social security benefits for the 3 items.	

- a death benefit set at a maximum of €1,334,995.

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 2018 totals €71,077. 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 achievement of his targets for the last four years of service:

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

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

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

Entitlement to stock options in the event of termination:

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

Retirement lump-sum payment

The total retirement lump-sum payment entitlement of Thierry de La Tour d'Artaise amounts to €559,817 due to his seniority.

Remuneration due or awarded for 2019

FIXED REMUNERATION

At its meeting on 26 February 2019, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, re-evaluated Thierry de La Tour d'Artaise's fixed remuneration. In order to take into account the higher cost of living, this remuneration, which was last revised in 2016, was set at €1,000,000, subject to the approval, by ex-ante vote, of the Annual General Meeting on 22 May 2019.

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 €1,500,000, according to the rate of achievement of his quantifiable and qualitative targets. These targets are divided, as previously stated, as follows: 60% relates to quantifiable criteria and 40% to qualitative criteria.

The performance evaluation criteria were renewed for 2019 using the quantifiable targets set by the Board of Directors' Meeting of 26 February 2019, which are based on Groupe SEB's targets for Revenue and Operating Result from Activity. Qualitative targets relate to the integration of the new Chief Operating Officer, improvement of Groupe SEB's profitability, the integration of the latest acquisitions and the consideration of Corporate Social Responsibility criteria.

In accordance with the ex-post voting principle, the Ordinary Annual General Meeting on 22 May 2019 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 22 May 2019.

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 twenty-second 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	2017	2018
Remuneration due for the period	€2,168,192	€2,053,330
Value of the options awarded over the period*	€-	€-
Value of the performance shares awarded over the period*	€2,624,924	€2,774,765
Value of the other long-term remuneration plans	N/A	N/A
TOTAL	€4,793,116	€4,828,095

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

SUMMARY TABLE OF THE REMUNERATION AWARDED TO THIERRY DE LA TOUR D'ARTAISE

Thierry de La Tour d'Artaise – Chairman and Chief Executive Officer	Amounts relating to 2017		Amounts relating to 2018	
	Due	Paid	Due	Paid
Fixed remuneration	€900,000	€900,000	€900,000	€900,000
Annual variable remuneration	€1,214,100	€1,255,500	€1,099,238	€1,214,100
Extraordinary remuneration	none	none	none	none
Attendance fees	€30,000	24 000 €	€30,000	€30,000
Benefits in kind:				
• car	€8,892	€8,892	€8,892	€8,892
• housing	€15,200	€15,200	€15,200	€15,200
TOTAL	€2,168,192	€2,203,592	€2,053,330	€2,168,192

	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 period
					Exercise price	
Thierry de La Tour d'Artaise				No options were awarded in 2018		

STOCK OPTIONS EXERCISED IN 2018 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 2018	

PERFORMANCE SHARES AWARDED IN 2018 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	16/05/2018	18,000	2,774,765	16/05/2021	16/05/2021	Achievement of Revenue and Operating Result from Activity targets

PERFORMANCE SHARES VESTED IN 2018 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	12/05/2015	18,000	12/05/2018	12/05/2020	Achievement of Revenue and Operating Result from Activity targets

MULTI-YEAR VARIABLE REMUNERATION PAID TO THIERRY DE LA TOUR D'ARTAISE

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

REMUNERATION OF THE CHIEF OPERATING OFFICERS

Remuneration due or awarded for 2018 to Stanislas de Gramont

In accordance with Article L. 225-42-1 of the French Commercial Code, the Board of Directors determined the payments and benefits to which Stanislas de Gramont would be entitled in his capacity as Chief Operating Officer, while respecting the specific procedure for regulated agreements. The agreement providing terms of Stanislas de Gramont's remuneration will be approved by the Annual General Meeting on 22 May 2019.

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

FIXED REMUNERATION

In 2018, the fixed remuneration paid to Stanislas de Gramont was €62,500 for the month of December, in accordance with the amount set by the Board of Directors on 19 December 2018.

ANNUAL VARIABLE REMUNERATION

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

- based on quantifiable criteria, the variable portion is 88.4% of Stanislas de Gramont's fixed annual remuneration with a target of 80%. The Board of Directors measured Stanislas de Gramont's performance with respect to Groupe SEB's growth targets for Revenue and Operating Result from Activity;
- based on qualitative criteria, the variable portion is 126.3% of Stanislas de Gramont's fixed annual remuneration with a target of 80%. The Board of Directors measured Stanislas de Gramont's performance based on collective and individual targets such as changes to the Group's organizational structure, the structural improvement of its profitability and the completion of specific operational projects.

Consequently, the variable remuneration paid in 2019 for 2018 was €58,400, or 116.8% of his fixed remuneration.

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

BENEFITS IN KIND

Stanislas de Gramont will have a company car as from April 2019.

As he does not have an employment contract with the Group, Stanislas de Gramont benefits from unemployment insurance for company directors and senior managers, representing an annual benefit of €1,040.

PERFORMANCE SHARES

Stanislas de Gramont did not receive any performance shares for 2018.

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

- 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 Stanislas de Gramont reaches the equivalent of one year's remuneration (fixed and target bonus), the holding requirement no longer applies.

LONG-TERM COMMITMENTS

Pension commitment

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

The value of the pension benefits that Stanislas de Gramont may enjoy at the statutory retirement age were being calculated as of the date of filing of this document.

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

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

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

This plan for Stanislas de Gramont notably includes the payment of:

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

In the event of incapacity	€238,392
In the event of first degree disability	€143,035
In the event of second and third degree disability	€238,392

Less social security benefits for the 3 items.

- a death benefit set at a maximum of €1,694,650.

In addition to the collective incapacity, disability and death insurance plan, Stanislas de Gramont is the beneficiary of an individual life insurance policy with a capital amounting to €2,239,424. The expense recorded for the year ended 31 December 2018 totals €5,935. 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 19 December 2018, will be submitted for approval by the shareholders at the Annual General Meeting on 22 May 2019, in accordance with the procedure for regulated agreements.

Severance payments

In the event of dismissal, he will be entitled to severance pay capped at two years' fixed and variable remuneration, including, where appropriate, the amounts paid under the non-compete clause.

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

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 executive officer, the severance allowance will be adjusted for the rate of achievement of his targets over the last four full years of service, as follows:
- as an executive officer, for the period following his appointment, and
- if he is dismissed after four years from his appointment as executive officer, the severance allowance will be adjusted for the rate of achievement of his targets, in said capacity, over the last four full years of service.

In both situations, performance is assessed as follows:

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

Non-compete clause

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

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

The Board of Directors may release Stanislas de Gramont from this obligation by waiving the non-compete clause.

This non-compete agreement and the terms of severance detailed above were approved by the Board of Directors on 19 December 2018. They were also disclosed as part of the permanent information related to remuneration and benefits. Furthermore, it will be submitted for approval by the shareholders at the Annual General Meeting of Shareholders on 22 May 2019, in accordance with the procedure provided for regulated agreements.

RETIREMENT LUMP-SUM PAYMENT

The total retirement lump-sum payment entitlement of Stanislas de Gramont amounts to €114,075 due to his seniority.

Remuneration due or awarded for 2019

FIXED REMUNERATION

Stanislas de Gramont's annual fixed remuneration, approved by the Board of Directors on 19 December 2018 when he was appointed, i.e. €750,000, will remain the same in 2019.

ANNUAL VARIABLE REMUNERATION

Stanislas de Gramont's annual variable remuneration will be set according to the same principles, i.e. that it can represent a maximum of 120% of his fixed remuneration, or €900,000 according to the rate of achievement of his quantifiable and qualitative targets. These targets are divided, as previously stated, as follows: 60% relates to quantifiable criteria and 40% to qualitative criteria.

The performance evaluation criteria were renewed for 2019 based on the quantifiable targets set by the Board of Directors' Meeting of 26 February 2019. Qualitative targets relate to the improvement of Groupe SEB's profitability and the consideration of extra-financial performance criteria (Corporate Social Responsibility). They will also include elements linked, in particular, to Stanislas de Gramont's performance in implementing specific Group projects.

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Gouvernement d'entreprise Remuneration policy

In accordance with the ex-post voting principle, the Ordinary Annual General Meeting on 22 May 2019 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 22 May 2019.

Should the Board of Directors be granted the necessary powers to award performance shares, it would decide to award performance shares to Stanislas de Gramont in the same proportions as previously granted, in line with the plan described in the draft version of the twenty-second resolution.

SUMMARY TABLE OF THE REMUNERATION AND OPTIONS AND SHARES AWARDED TO STANISLAS DE GRAMONT

M. Stanislas de Gramont Chief Operating Officer	2017	2018
Remuneration due for the period	€-	€121,940
Value of the options awarded over the period*	€-	€-
Value of the performance shares awarded over the period*	€-	€-
Value of the other long-term remuneration plans	N/A	N/A
TOTAL	€-	€121 940

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

SUMMARY TABLE OF THE REMUNERATION AWARDED TO STANISLAS DE GRAMONT

M. Stanislas de Gramont Chief Operating Officer	Amounts relating to 2017		Amounts relating to 2018	
	Due	Paid	Due	Paid
Fixed remuneration			€62,500	€62,500
Annual variable remuneration			€58,400	€-
Extraordinary remuneration	none	none	none	none
Attendance fees			€-	€-
Benefits in kind:				
• car			€-	€-
• housing			€-	€-
• GSC benefit in kind			€1,040	€1,040
TOTAL			€121,940	€63,540

STOCK OPTIONS AWARDED IN 2018 TO STANISLAS DE GRAMONT

	Date of the plan	Type of option	Valuation of the options based on the method used in the Consolidated Financial Statements	Number of options awarded	Exercise price	Exercise period
Stanislas de Gramont						No options were awarded in 2018

STOCK OPTIONS EXERCISED IN 2018 BY STANISLAS DE GRAMONT

	Date of the plan	Number of options exercised during the financial year	Exercise price	Year awarded
Stanislas de Gramont				No options were exercised in 2018

PERFORMANCE SHARES AWARDED IN 2018 TO STANISLAS DE GRAMONT

	Date of the plan	Number of shares awarded	Value of shares	Vesting date	Availability date	Performance conditions
Stanislas de Gramont						No performance shares were awarded in 2018

PERFORMANCE SHARES VESTED IN 2018 FOR STANISLAS DE GRAMONT

	Date of the plan	Number of available shares	Vesting date	Availability date	Acquisition conditions
Stanislas de Gramont					No performance shares were awarded in 2018

MULTI-YEAR VARIABLE REMUNERATION PAID TO STANISLAS DE GRAMONT

Stanislas de Gramont Chief Operating Officer	Financial year
	No multi-year variable remuneration paid

Remuneration due or awarded for 2018 to Bertrand Neuschwander

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 2018, the fixed remuneration paid to Bertrand Neuschwander up until the date of his termination in October of that year, was €390,660, in accordance with the amount set by the Board of Directors on 22 April 2014 until October 10th 2018, date of the termination.

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 88.4% 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 growth targets for Revenue and Operating Result from Activity;
- based on qualitative criteria, the variable portion is 126.3% 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 2019 for 2018 was €467,200, or 93.4% of his fixed remuneration. Bertrand Neuschwander's variable remuneration for 2017 was 106.9% of his fixed remuneration, or €534,600.

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 €6,029 for the year.

PERFORMANCE SHARES

In accordance with the authorization granted by the seventeenth resolution of the Annual General Meeting on 16 May 2018, the Board of Directors, at its meeting on the same day, decided to award 9,000 performance shares to Bertrand Neuschwander for 2018.

The portion granted to Bertrand Neuschwander under the 2018 performance share plan equates 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 year's 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 30.2% of his reference remuneration as set until July 2024.

Entitlements estimation at 31 December 2018:

Regime	Amount
Deferred defined-benefit pension plan	€85,934
Supplementary defined-benefit pension plan	€64,800
Defined-contribution pension plan <i>(the entitlements resulting from this plan have been frozen since April 2014)</i>	€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	€238,392
In the event of first degree disability	€143,035
In the event of second and third degree disability	€238,392

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 2018 totals €3,597. 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, and was ended on 10 October 2018, the date of his termination.

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 executive officer, the severance allowance will be adjusted for the rate of achievement of his targets over the last four full years of service, as follows:
 - as executive 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 executive officer, the severance allowance will be adjusted for the rate of achievement of his targets, in said capacity, over the last four full years of service.

In both situations, performance is assessed as follows:

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

Non-compete clause

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

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

The Board of Directors may release Bertrand Neuschwander from this 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 provided for regulated agreements.

RETIREMENT LUMP-SUM PAYMENT

The total retirement lump-sum payment entitlement of Bertrand Neuschwander amounts to €179,550 due to his seniority.

SUMMARY TABLE OF THE REMUNERATION AND OPTIONS AND SHARES AWARDED TO BERTRAND NEUSCHWANDER

Bertrand Neuschwander – Chief Operating Officer	2017	2018
Remuneration due in respect of the period ^(a)	€1,042,340	€863,889
Value of the options awarded over the period*	€-	€-
Value of the performance shares awarded over the period*	€1,312,462	€1,387,382
Value of the other long-term remuneration plans	N/A	N/A
TOTAL	€2,354,802	€2,251,271

(a) Appointment as Chief Operating Officer as from 22 April 2014, termination on 10 October 2018.

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

SUMMARY TABLE OF THE REMUNERATION AWARDED TO BERTRAND NEUSCHWANDER

Bertrand Neuschwander – Chief Operating Officer	Amounts relating to 2017		Amounts relating to 2018	
	Due	Paid	Due	Paid
Fixed remuneration	€500,000	€500,000	€390,660	€390,660
Annual variable remuneration	€534,600	€556,200	€467,200 €	€534,600
Extraordinary remuneration	none	none	none	none
Attendance fees	none	none	none	none
Benefits in kind:				
• car	€7,740	€7,740	€6,029	€6,029
TOTAL	€1,042,340	€1,063,940 €	€863,889 €	€931,289 €

STOCK OPTIONS AWARDED IN 2018 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 2018

STOCK OPTIONS EXERCISED IN 2018 BY BERTRAND NEUSCHWANDER

	Date of the plan	Number of options exercised during the financial year	Exercise price	Year awarded
Bertrand Neuschwander	15/06/2012	260	€54.12	2012

PERFORMANCE SHARES AWARDED IN 2018 TO BERTRAND NEUSCHWANDER

	Date of the plan	Number of shares awarded	Value of shares	Vesting date	Availability date	Performance conditions
Bertrand Neuschwander	16/05/2018	9,000	1,387,382	16/05/2021	16/05/2021	Achievement of Revenue and Operating Result from Activity targets

PERFORMANCE SHARES VESTED IN 2018 FOR BERTRAND NEUSCHWANDER

	Date of the plan	Number of available shares	Vesting date	Availability date	Acquisition conditions
Bertrand Neuschwander	12/05/2015	9,000	12/05/2018	12/05/2020	Achievement of Revenue and ORfa 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 2018, the total overall remuneration of Groupe SEB's current Executive Committee amounted to €9,065,000, including €4,667,000 in fixed remuneration and €4,398,000 in variable remuneration. This change in the Executive Committee's total overall remuneration is mainly due to the retirement in 2018 of Frédéric Verwaerde, Executive VP Asia, who was replaced by Vincent Tai, and the retirement of Stéphane Lafèche, Executive VP Industry, who was not immediately replaced. The new Executive VP Industry, Alain Leroy, took office on 1 February 2019. Moreover, there was the remuneration of two Chief Operating Officers for the period from 12 December 2018 to 31 December 2018 following the appointment of Stanislas de Gramont.

ANNUAL VARIABLE REMUNERATION

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

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

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

In 2018, 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 27 February 2018.

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

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

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

PERFORMANCE SHARE AWARDS

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

With regard to the 2018 plan, the performance calculation depends on the rate of achievement of the revenue and Operating Result from Activity target assessed over the three-year vesting period (i.e. 2018, 2019 and 2020):

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

In accordance with the authorization granted by the seventeenth resolution of the Annual General Meeting on 16 May 2018, the Board of Directors, at its meeting on the same day, decided to award 38,750 performance shares to the members of the Executive Committee for 2018 (excluding executive officers).

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

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

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

BENEFITS IN KIND

Senior managers have company cars.

HISTORY OF STOCK OPTION AWARDS TO EXECUTIVE OFFICERS

At 31 December 2018	Subscription plan	Purchase plan				
General 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 31/12/2018 ^(a)	0	0	0	0	0	0
At 31 December 2018	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
General 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 31/12/2018	0	0	0	0	0	0

(a) Takes into account the award of bonus shares in March 2004 (1 for 10) and the 3-for-1 stock split on 16 June 2008.

HISTORY OF PERFORMANCE SHARE AWARDS TO EXECUTIVE OFFICERS

At 31 December 2018

General Meeting date	13/05/2009	12/05/2010	12/05/2010	14/05/2013	15/05/2014	12/05/2015	19/05/2016	11/05/2017	16/05/2018
Date of Board of Directors' Meeting	12/06/2009	18/06/2010	15/06/2012	23/07/2013	22/07/2014	12/05/2015	19/05/2016	11/05/2017	16/05/2018
Number of shares granted:	50,472	58,363	63,938	233,475	169,175	169,450	171,075	193,450	185,330
Of which to executive officers	5,938	4,995	4,500	18,000	27,000	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	18,000
• Chief Operating Officer	N/A	N/A	N/A	6,750 *	9,000	9,000	9,000	9,000	9,000
Performance condition	Revenue 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	16/05/2018
Vesting date	12/06/2011	18/06/2012	15/06/2014	23/07/2016	22/07/2017	12/05/2018	19/05/2019	11/05/2020	16/05/2021
Number of shares earned by executive officers									
• Chairman and Chief Executive Officer	5,938	4,395	3,850	18,000	18,000	18,000	-	-	-
• Chief Operating Officer	N/A	N/A	N/A	6,750 *	9,000	9,000	-	-	-
Expiry of lock-up period	12/06/2013	18/06/2014	15/06/2016	23/07/2017	22/07/2019	12/05/2020	19/05/2021	11/05/2020	16/05/2021
Number of shares canceled or lapsed	0	600	650	0	0	-	-	-	-
BALANCE OF SHARES YET TO BE VESTED	0	0	0	0	0	0	27,000	27,000	27,000

* 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 as a result of termination or a change of roles		Compensation relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Thierry de La Tour d'Artaise	suspended*		X		X			X
Stanislas de Gramont		X	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 31/12/2018****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) €1,000,000 as from 2019 subject to the approval, by ex-ante vote, of the Ordinary Annual General Meeting on 22 May 2019	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. At its meeting on 26 February 2019, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, re-evaluated Thierry de La Tour d'Artaise's fixed remuneration. In order to take into account the higher cost of living, this remuneration, which was last revised in 2016, was set at €1,000,000.								
Annual variable remuneration	€1,099,238 (amount to be paid after being approved by the Ordinary Annual General Meeting on 22 May 2019 in accordance with the ex-post voting principle) (No deferred portion of this remuneration)	At its meeting on 26 February 2019, 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 27 February 2018 and the rate of achievement noted at 31 December 2018, the variable remuneration was measured as follows: <ul style="list-style-type: none"> • based on quantifiable criteria: the variable portion is 110.5% of his fixed annual remuneration with a target of 100%. The Board of Directors judged Thierry de La Tour d'Artaise's performance based on Group revenue and Operating Result from Activity growth targets; • based on qualitative criteria: the variable portion is 139.6% 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 2019 for 2018 was €1,099,238, or 122.1% of his fixed remuneration. Thierry de La Tour d'Artaise's variable remuneration for 2017 was 134.9% of his fixed remuneration, or €1,214,100.								
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: €2,774,765 (carrying amount)	In accordance with the authorization granted by the seventeenth resolution of the Annual General Meeting on 16 May 2018, 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 2018. The shares granted to Thierry de La Tour d'Artaise under the 2018 performance share plan equate to 0.0359% of the share capital. The performance criteria for the 2018 plan were assessed with regard to the rate of achievement of a matrix composed of the following: <ul style="list-style-type: none"> • Revenue growth target; and • Operating Result from Activity growth target, over the three-year vesting period (namely 2018, 2019 and 2020): <table border="1"> <thead> <tr> <th>Average achievement rate over three years</th> <th>Performance shares awarded</th> </tr> </thead> <tbody> <tr> <td>100% or more</td> <td>100%</td> </tr> <tr> <td>Between 50% and 100% inclusive</td> <td>Pro rata</td> </tr> <tr> <td>Less than 50%</td> <td>None</td> </tr> </tbody> </table> Note that Thierry de La Tour d'Artaise must hold shares resulting from option exercises and free share awards for a certain period in registered form (see page 89).	Average achievement rate over three years	Performance shares awarded	100% or more	100%	Between 50% and 100% inclusive	Pro rata	Less than 50%	None
Average achievement rate over three years	Performance shares awarded									
100% or more	100%									
Between 50% and 100% inclusive	Pro rata									
Less than 50%	None									
	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.								

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation								
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 2018, 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.								
Severance payments	None received	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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 achievement of his targets for the last four years of service:</p> <table border="1"> <thead> <tr> <th>Average rate of achievement over the previous four financial years</th> <th>Amount of benefit paid</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>If the previous year-end presents a net loss, the Board of Directors reserves the right to reduce such termination benefits by a maximum of one half, without such benefits falling below the fixed salary plus bonuses of the previous financial year, should application of the performance criteria based on the achievement of targets confer entitlement to the payment of such benefits.</p> <p>Entitlement to stock options in the event of termination: In the event that Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same terms and conditions of exercise that would have applied had he remained in office. This provision will also apply in the event that Thierry de La Tour d'Artaise's employment contract is terminated pursuant to resignation from the Group, were such resignation to arise from a change in the control of the Group. However, he will forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as executive officer should he resign on his own initiative.</p> <p>At the reappointment of Thierry de La Tour d'Artaise, 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).</p>	Average rate of achievement over the previous four financial years	Amount of benefit paid	100% or more	100%	Between 50% and 100% inclusive	Between 75% and 100%, according to a straight-line calculation	Less than 50%	None
Average rate of achievement over the previous four financial years	Amount of benefit paid									
100% or more	100%									
Between 50% and 100% inclusive	Between 75% and 100%, according to a straight-line calculation									
Less than 50%	None									
Non-compete payments	N/A	Thierry de La Tour d'Artaise has no non-compete clause.								
Retirement lump-sum payment	None received	Due to his seniority and in accordance with the Metallurgical industry collective agreement, the total retirement lump-sum payment entitlement would amount to €559,817.								

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation								
Supplementary pension plan	None received	<p>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).</p> <p>The plan complements the statutory schemes and is composed as follows:</p> <ul style="list-style-type: none"> • 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 managers, 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. <p>Entitlements estimation at 31 December 2018:</p> <table border="1"> <thead> <tr> <th>Regime</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Deferred defined-benefit pension plan</td> <td>€219,628 gross per year</td> </tr> <tr> <td>Supplementary defined-benefit pension plan</td> <td>€222,295 gross per year</td> </tr> <tr> <td>Defined-contribution pension plan (the entitlements resulting from this plan have been frozen since January 2012)</td> <td>€11,123 gross per year</td> </tr> </tbody> </table> <p>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 June 2018:</p> <ul style="list-style-type: none"> • 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 the statutory program. <p>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.</p> <p>At the reappointment of Thierry de La Tour d'Artaise, 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).</p>	Regime	Amount	Deferred defined-benefit pension plan	€219,628 gross per year	Supplementary defined-benefit pension plan	€222,295 gross per year	Defined-contribution pension plan (the entitlements resulting from this plan have been frozen since January 2012)	€11,123 gross per year
Regime	Amount									
Deferred defined-benefit pension plan	€219,628 gross per year									
Supplementary defined-benefit pension plan	€222,295 gross per year									
Defined-contribution pension plan (the entitlements resulting from this plan have been frozen since January 2012)	€11,123 gross per year									
Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance	None received	<p>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.</p> <p>This plan notably includes for Thierry de La Tour d'Artaise:</p> <ul style="list-style-type: none"> • supplementary benefits, set at a maximum annual amount as follows: <table border="1"> <tbody> <tr> <td>In the event of incapacity</td> <td>€238,392</td> </tr> <tr> <td>In the event of first degree disability</td> <td>€143,035</td> </tr> <tr> <td>In the event of second and third degree disability</td> <td>€238,392</td> </tr> </tbody> </table> <p><i>Less social security benefits for the 3 items.</i></p> <ul style="list-style-type: none"> • a death benefit set at a maximum of €1,334,995. <p>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 2018 totals €71,077. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans. At the reappointment of Thierry de La Tour d'Artaise, the continuation of this commitment was approved by the Board of Directors on 23 February 2016 and by the Annual General Meeting on 19 May 2016 (8th resolution).</p>	In the event of incapacity	€238,392	In the event of first degree disability	€143,035	In the event of second and third degree disability	€238,392		
In the event of incapacity	€238,392									
In the event of first degree disability	€143,035									
In the event of second and third degree disability	€238,392									

COMPONENTS OF REMUNERATION FOR THE CHIEF OPERATING OFFICERS SUBMITTED FOR APPROVAL BY THE SHAREHOLDERS

COMPONENTS OF REMUNERATION FOR STANISLAS DE GRAMONT SUBMITTED FOR APPROVAL BY THE SHAREHOLDERS

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation
Fixed remuneration	€62,500 (amount paid)	When Stanislas de Gramont was appointed, the Board of Directors' Meeting of 19 December 2018 set the amount of his yearly fixed remuneration at €750,000.
Annual variable remuneration	€58,400 (amount to be paid after being approved by the Ordinary Annual General Meeting on 22 May 2019 in accordance with the ex-post voting principle) (No deferred portion of this remuneration)	<p>At its meeting on 26 February 2019, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, measured Stanislas de Gramont's variable remuneration.</p> <p>Given the quantifiable and qualitative criteria set by the Board of Directors on 19 December 2018, and the rate of achievement noted at 31 December 2018, the variable remuneration was measured as follows:</p> <ul style="list-style-type: none"> • based on quantitative criteria: the variable portion is 88.4% of his fixed annual remuneration with a target of 80%. The Board of Directors measured Stanislas de Gramont's performance with respect to Groupe SEB's growth targets for Revenue and Operating Result from Activity; • based on qualitative criteria: the variable portion is 126.3% of his fixed annual remuneration with a target of 80%. The Board of Directors measured Stanislas de Gramont's performance based on collective and individual targets such as changes to the Group's organizational structure, the structural improvement of its profitability and the completion of specific operational projects. <p>The variable component can amount to no more than 120% of his annual fixed remuneration. Consequently, the variable remuneration paid in 2019 for 2018 was €58,400, or 116.8% of his fixed remuneration.</p>
Multi-year variable remuneration in cash	N/A	Stanislas de Gramont receives no multi-year variable remuneration.
Performance share awards	Performance shares: N/A (carrying amount)	Stanislas de Gramont did not receive any performance shares for 2018. Note that Stanislas de Gramont will be required to hold shares resulting from option exercises and free share awards for a certain period in registered form (see page 92).
	Shares: N/A Other securities: N/A	Stanislas de Gramont receives no other awards of shares or other securities.
Extraordinary remuneration	N/A	Stanislas de Gramont receives no multi-year variable remuneration.
Attendance fees	N/A	Stanislas de Gramont is not a director of SEB S.A.
Value of benefits in kind	€1,040 (carrying amount)	Stanislas de Gramont will have a company car as from April 2019. As he does not have an employment contract with the Group, Stanislas de Gramont benefits from unemployment insurance for company directors and senior managers, representing a benefit in kind of €1,040.

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation								
Severance payments	None received	<p>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.</p> <p>The reference remuneration used to calculate the severance allowance consists of the last two years of fixed and variable remuneration that Stanislas de Gramont received in his capacity as Chief Operating Officer.</p> <p>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:</p> <ul style="list-style-type: none"> • if he is dismissed within four years of his appointment as executive officer, the severance allowance will be adjusted for the rate of achievement of his targets over the last four full years of service, as follows: <ul style="list-style-type: none"> • as an executive officer, for the period following his appointment, and • if he is dismissed after four years from his appointment as executive officer, the severance allowance will be adjusted for the rate of achievement of his targets, in said capacity, over the last four full years of service; <p>In both situations, performance is assessed as follows:</p> <table border="1"> <thead> <tr> <th>Average rate of achievement over the previous four financial years</th> <th>Amount of benefit paid</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>This agreement, approved by the Board of Directors on 19 December 2018, will be submitted for approval by the shareholders at the Annual General Meeting on 22 May 2019, in accordance with the procedure for regulated agreements.</p>	Average rate of achievement over the previous four financial years	Amount of benefit paid	100% or more	100%	Between 50% and 100% inclusive	Between 75% and 100%, according to a straight-line calculation	Less than 50%	None
Average rate of achievement over the previous four financial years	Amount of benefit paid									
100% or more	100%									
Between 50% and 100% inclusive	Between 75% and 100%, according to a straight-line calculation									
Less than 50%	None									
Non-compete payments	None received	<p>Pursuant to the non-compete agreement, in case of termination of his appointment of office as Chief Operating Officer, by means of dismissal or resignation, he shall be prohibited for a one-year period, renewable once, from working in any manner with a competitor of Groupe SEB.</p> <p>In consideration for this non-compete clause and for its entire duration, Stanislas de Gramont will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration paid over his last 12 months of service within the Group.</p> <p>The Board of Directors may release Stanislas de Gramont from this obligation by waiving the non-compete clause.</p> <p>This non-compete agreement and the terms of severance detailed above were approved by the Board of Directors on 19 December 2018. They were also disclosed as part of the permanent information related to remuneration and benefits. Furthermore, it will be submitted for approval by the shareholders at the Annual General Meeting of Shareholders on 22 May 2019, in accordance with the procedure provided for regulated agreements.</p>								
Retirement lump-sum payment	None received	<p>Due to his seniority and in accordance with the Metallurgical industry collective agreement, Stanislas de Gramont's total retirement lump-sum payment entitlement amounts to €114,075.</p>								

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation						
Supplementary pension plan	None received	<p>Stanislas de Gramont is a member of the collective supplementary pension plan set up for Groupe SEB's French senior managers (members of the Executive Committee).</p> <p>The plan complements the statutory schemes and is composed as follows:</p> <ul style="list-style-type: none"> • 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; <p>The value of the pension benefits that Stanislas de Gramont may enjoy at the statutory retirement age were being calculated as of the date of filing of this document.</p> <hr/> <p>Executive officers are potentially eligible for defined-benefit plans after 8 years of service and attendance at Executive Committee Meetings.</p> <p>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.</p> <p>As a result, the supplementary pension plan for executive officers complies with AFEP-MEDEF Code recommendations as updated in June 2018:</p> <ul style="list-style-type: none"> • 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 the statutory program. <p>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.</p> <p>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.</p>						
Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance	None received	<p>Stanislas de Gramont continues to benefit from supplementary social protection, notably as regards the incapacity, disability and death and health insurance that covers the company's employees.</p> <p>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.</p> <p>This plan for Stanislas de Gramont notably includes the payment of:</p> <ul style="list-style-type: none"> • supplementary benefits, set at a maximum annual amount as follows: <table border="1"> <tbody> <tr> <td>In the event of incapacity</td> <td>€238,392</td> </tr> <tr> <td>In the event of first degree disability</td> <td>€143,035</td> </tr> <tr> <td>In the event of second and third degree disability</td> <td>€238,392</td> </tr> </tbody> </table> <p><i>Less social security benefits for the 3 items.</i></p> <ul style="list-style-type: none"> • a death benefit set at a maximum of €1,694,650. <p>In addition to the collective incapacity, disability and death insurance plan, Stanislas de Gramont is the beneficiary of an individual life insurance policy with a capital amounting to €2,239,424. The expense recorded for the year ended 31 December 2018 totals €5,935. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.</p> <p>This agreement, approved by the Board of Directors on 19 December 2018, will be submitted for approval by the shareholders at the Annual General Meeting on 22 May 2019, in accordance with the procedure for regulated agreements.</p>	In the event of incapacity	€238,392	In the event of first degree disability	€143,035	In the event of second and third degree disability	€238,392
In the event of incapacity	€238,392							
In the event of first degree disability	€143,035							
In the event of second and third degree disability	€238,392							

COMPONENTS OF REMUNERATION FOR BERTRAND NEUSCHWANDER SUBMITTED FOR APPROVAL BY THE SHAREHOLDERS

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation								
Fixed remuneration	€390,660 (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.								
Annual variable remuneration	€467,200 (amount to be paid after being approved by the Ordinary Annual General Meeting on 22 May 2019 in accordance with the ex-post voting principle) (No deferred portion of this remuneration)	At its meeting on 26 February 2019, the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, measured Bertrand Neuschwander's variable remuneration. Given the quantifiable and qualitative criteria set by the Board of Directors on 27 February 2018 and the rate of achievement noted at 31 December 2018, the variable remuneration was measured as follows: based on quantitative criteria: the variable portion is 88.4% 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 revenue and Operating Result from Activity growth targets; based on qualitative criteria: the variable portion is 126.3% 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 2019 for 2018 was €467,200, or 93.4% of his fixed remuneration. Bertrand Neuschwander's variable remuneration for 2017 was 106.9% of his fixed remuneration, or €534,600.								
Multi-year variable remuneration in cash	N/A	Bertrand Neuschwander receives no multi-year variable remuneration.								
Performance share awards	Performance shares: €1,387,382 (carrying amount)	In accordance with the authorization granted by the seventeenth resolution of the Annual General Meeting on 16 May 2018, the Board of Directors, at its meeting on the same day, decided to award 9,000 performance shares to Bertrand Neuschwander for 2018. The portion granted to Bertrand Neuschwander under the 2018 performance share plan equates to 0.0179% of the share capital. The performance criteria for the 2018 plan were assessed with regard to the rate of achievement of a matrix composed of the following: <ul style="list-style-type: none"> • Revenue growth target; and • Operating Result from Activity growth target, over the three-year vesting period (namely 2018, 2019 and 2020): <table border="1"> <thead> <tr> <th>Average achievement rate over three years</th> <th>Performance shares awarded</th> </tr> </thead> <tbody> <tr> <td>100% or more</td> <td>100%</td> </tr> <tr> <td>Between 50% and 100% inclusive</td> <td>Pro rata</td> </tr> <tr> <td>Less than 50%</td> <td>None</td> </tr> </tbody> </table> <p>Note that Bertrand Neuschwander must hold shares resulting from option exercises and free share awards for a certain period in registered form (see page 96).</p>	Average achievement rate over three years	Performance shares awarded	100% or more	100%	Between 50% and 100% inclusive	Pro rata	Less than 50%	None
Average achievement rate over three years	Performance shares awarded									
100% or more	100%									
Between 50% and 100% inclusive	Pro rata									
Less than 50%	None									
	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	€6,029 (carrying amount)	Bertrand Neuschwander has a company car, representing a benefit in kind of €6,029 for the year.								

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation								
Severance payments	€1,260,500 (amount to be paid after being approved by the Ordinary Annual General Meeting on 22 May 2019 in accordance with the ex-post voting principle) (No deferred portion of this remuneration)	<p>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.</p> <p>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.</p> <p>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:</p> <p>if he is dismissed within four years of his appointment as executive officer, the severance allowance will be adjusted for the rate of achievement of his targets over the last four full years of service, as follows:</p> <ul style="list-style-type: none"> • as executive officer, for the period following his appointment, and • as a salaried employee, for the preceding period; <p>if he is dismissed after four years from his appointment as executive officer, the severance allowance will be adjusted for the rate of achievement of his targets, in said capacity, over the last four full years of service.</p> <p>In both situations, performance is assessed as follows:</p> <table border="1"> <thead> <tr> <th>Average rate of achievement over the previous four financial years</th> <th>Amount of benefit paid</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>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.</p>	Average rate of achievement over the previous four financial years	Amount of benefit paid	100% or more	100%	Between 50% and 100% inclusive	Between 75% and 100%, according to a straight-line calculation	Less than 50%	None
Average rate of achievement over the previous four financial years	Amount of benefit paid									
100% or more	100%									
Between 50% and 100% inclusive	Between 75% and 100%, according to a straight-line calculation									
Less than 50%	None									
Non-compete payments	€517,300	<p>Pursuant to the non-compete agreement, in case of termination of his appointment of office as Chief Operating Officer, by means of dismissal or resignation, he shall be prohibited for a one-year period, renewable once, from working in any manner with a competitor of Groupe SEB.</p> <p>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.</p> <p>The Board of Directors may release Bertrand Neuschwander from this obligation by waiving the non-compete clause.</p> <p>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 provided for regulated agreements. It was activated in November 2018 for one year.</p>								
Retirement lump-sum payment	None received	<p>Due to his seniority and in accordance with the Metallurgical industry collective agreement, Bertrand Neuschwander's total retirement lump-sum payment entitlement amounts to €179,550.</p>								

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation								
Supplementary pension plan	None received	<p>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).</p> <p>The plan complements the statutory schemes and is composed as follows:</p> <ul style="list-style-type: none"> • 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 managers, 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 (rights frozen in April 2014). <p>Entitlements estimation at 31 December 2018 to July 2024:</p> <table border="1"> <thead> <tr> <th>Regime</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Deferred defined-benefit pension plan (rights frozen on 8 March 2019)</td> <td>€85,934 gross per year</td> </tr> <tr> <td>Supplementary defined-benefit pension plan (rights frozen on 8 March 2019)</td> <td>€64,800 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> </tbody> </table> <p>Executive officers are potentially eligible for defined-benefit plans after 8 years of service and attendance at Executive Committee Meetings.</p> <p>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.</p> <p>As a result, the supplementary pension plan for executive officers complies with AFEP-MEDEF Code recommendations as updated in June 2018:</p> <ul style="list-style-type: none"> • 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 the statutory program. <p>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.</p> <p>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. This amounts will be paid upon retirement, provided he does not take up any job between now and July 2024.</p>	Regime	Amount	Deferred defined-benefit pension plan (rights frozen on 8 March 2019)	€85,934 gross per year	Supplementary defined-benefit pension plan (rights frozen on 8 March 2019)	€64,800 gross per year	Defined-contribution pension plan (the entitlements resulting from this plan have been frozen since April 2014)	€4,795 gross per year
Regime	Amount									
Deferred defined-benefit pension plan (rights frozen on 8 March 2019)	€85,934 gross per year									
Supplementary defined-benefit pension plan (rights frozen on 8 March 2019)	€64,800 gross per year									
Defined-contribution pension plan (the entitlements resulting from this plan have been frozen since April 2014)	€4,795 gross per year									

Remuneration due or awarded for the year ended	Amounts submitted to a vote	Presentation						
Other lifetime benefits: incapacity, disability and death and health insurance and individual life insurance	None received	<p>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.</p> <p>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.</p> <p>This plan notably includes for Bertrand Neuschwander:</p> <ul style="list-style-type: none"> • supplementary benefits, set at a maximum annual amount as follows: <table border="1"> <tbody> <tr> <td>In the event of incapacity</td> <td>€238,392</td> </tr> <tr> <td>In the event of first degree disability</td> <td>€143,035</td> </tr> <tr> <td>In the event of second and third degree disability</td> <td>€238,392</td> </tr> </tbody> </table> <p><i>Less social security benefits for the 3 items.</i></p> <ul style="list-style-type: none"> • a death benefit set at a maximum of €1,694,650. <p>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 2018 totals €5,935. The purpose of this specific life insurance policy is to cover the portion of remuneration that is not covered by the collective plans.</p> <p>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. This insurance was canceled as of the termination on 10 October 2018.</p>	In the event of incapacity	€238,392	In the event of first degree disability	€143,035	In the event of second and third degree disability	€238,392
In the event of incapacity	€238,392							
In the event of first degree disability	€143,035							
In the event of second and third degree disability	€238,392							

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TRANSACTIONS IN SEB SHARES CONDUCTED BY BOARD MEMBERS AND SENIOR MANAGERS (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE) DURING 2018

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	260	€54.1200		
Cyril Buxtorf	Member of the Executive Committee	8,633	€53.860		
Luc Gaudemard	Member of the Executive Committee	1,000	€54.1200	4,338	152.7237 €
Stéphane Lafèche	Member of the Executive Committee	1,500	€54.120	1,500	158.8934 €
Vincent Tai	Member of the Executive Committee	7,300	€54.056	7,300	124.7909 €
Individual linked to Hubert Fèvre	Director	1,000	€144.326	5,000	160.0000 €
William Gairard	Director			447	162.8993 €
Jérôme Lescure	Director			10,000	113.8532 €

2

Gouvernement d'entreprise



3 Corporate Social Responsibility

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DPEF The elements related to the Extra-Financial Performance Declaration are identified in the summary using the pictogram.
DV The elements related to the Duty of Vigilance are identified in the summary with the help of the pictogram.

3.1. Commitment and management

COMMITMENT AT THE HIGHEST LEVEL

Corporate social responsibility is an essential component of Groupe SEB's strategy, and is driven by top management. For a great many years, Groupe SEB has been committed to an approach that strives to be ethical, economically profitable, socially fair and environmentally responsible. There are regular presentations on this policy to the Board of Directors and the Nominations and Remuneration Committee is responsible for monitoring it.

In line with this commitment, the Group supports initiatives designed to get a growing number of companies to begin their CSR journey. It is with this in mind that its Chairman, Thierry de La Tour d'Artaise, and four other business leaders in the Lyon region established the Mix-R network in October 2018. Mix-R aims to be an "activist for responsible companies". It offers its members various activities to stimulate collective intelligence and joint development: experience sharing, conferences, inter-company thematic programs, promotion of proven CSR initiatives, etc.

OUR EVOLVING SUSTAINABLE DEVELOPMENT STRATEGY

A JOINTLY DEVELOPED STRATEGY

From 2012 to 2018, the Group's sustainable development strategy focused on the basics: ethics and human rights, responsible employment policy, solidarity, sustainable innovation, the environment. Building on the work done in these various areas, the Group wanted to take this a step further to proactively incorporate the challenges associated with its businesses.

The new strategy, completed in 2018, is the result of a major internal consultation in 2017 that involved the various Group businesses and teams across a dozen countries. In line with the UN's Sustainable Development Goals (SDGs), it aligns the vision of all teams. It is built on 5 pillars that underpin the "business" challenges:

- **People matter:** Show our respect for everyone (employees, consumers, stakeholders) and our benefit to society on a daily basis.
- **Cooking for good:** Promote healthy and delicious home cooking that is accessible to everyone, and offer our consumers moments of sharing, products and services that facilitate day-to-day cooking.
- **Better Homelife:** Help everyone to live better in a healthier home, with appropriate products and technologies, regardless of their age and health.
- **Circular revolution:** Reinvent our products and services to make them part of the circular economy.
- **Climate action:** Help fight climate change thanks to our low-carbon strategy, within the concept of the 2°C scenario of the Paris Agreement.

STEERING AND ROAD MAPS

The sustainable development strategy is implemented under the oversight of the **Sustainable Development department**, which reports to the Senior Executive Vice-president, Human Resources, who is a member of the Executive Committee. Made up of a team of seven people, two of whom are seconded to the Fonds Groupe SEB, it coordinates and drives Group-wide participatory efforts with the support of a dedicated **Steering Committee**. In order to instill sustainable development criteria at all levels of the company and on all continents, this Steering Committee is composed of around 20 members hailing from a variety of core business areas and divisions (communications, quality/environment, innovation, purchasing, logistics, marketing, etc.) and meets twice a year. The Sustainable Development department also relies on the network of continental Human Resources Managers who act as contacts with the countries.

2018 was mainly spent rolling out the five pillars of the evolving sustainable development strategy. A dozen thematic road maps were developed together with the representatives of the relevant businesses. All functions were involved in the process: Purchasing, Quality, Environment, R&D, Marketing, Trademarks, Health and Safety, Human Resources, Production, IT and Digital, Logistics, Consumer Satisfaction, Design, etc. Each road map is built around projects with targets and quantitative indicators. Twice a year a progress report is put together by the Sustainable Development department with the "business" contributors.

In parallel, the country teams started to determine their areas of priority, in line with the direction of the new strategy. The "country" road maps are steered by the sustainable development contact, typically the subsidiary's Human Resources Manager. The Sustainable Development department also supports the local teams with project planning and aims to create a network of best practice-sharing to drive momentum.

DIALOG WITH STAKEHOLDERS

Paying close attention to the Group's "ecosystem", the Sustainable Development department has been holding a series of discussions with a panel of the Group's stakeholders since 2013, to gather their opinions and suggestions about its sustainable development policy. This panel was mainly comprised of external experts: expert in positive branding, Santé Environnement France association, expert in responsible consumption, expert in environmentally-friendly design, representative from Ademe (Agence de l'environnement et de la maîtrise de l'énergie – French Agency for Environment and Energy

Management), cooking blogger, etc. and an employee representative, member of the European Works Council. The meeting organized at end-January 2019 mainly looked at the corporate social responsibility of brands and specifically Tefal and Rowenta. At the previous meeting in 2018, panel members had discussed the Group's new strategic direction in terms of sustainable development and the vigilance plan designed to identify and anticipate risks. In 2016, they had worked on circular economy projects.

RAISING EMPLOYEE AWARENESS

The Group uses a number of communication methods to increase employee awareness of sustainable development issues, including a dedicated section on the Group's intranet, which is regularly updated with news, articles in site newspapers, telexes and events. There is also the Yammer internal social network's Sustainable Innovation community, which is a forum for discussions on sustainable innovation. Many sustainable development-related themes are also dealt with in the Group's Code of Ethics, which regularly inspires training and awareness-raising initiatives (see page 129).

Every year, a **sustainable development week** is organized worldwide and is a special opportunity to enlist the cooperation of employees. The 2018 theme was the circular economy, one of the five pillars of the Group's evolving sustainable development strategy. The activities on the program took varied forms including for example: quiz on the

circular economy available on the intranet; repair cafe and no-waste cooking workshop (France); paper recycling awareness through the installation of a "green box" (Egypt); replacing plastic cups with mugs and raising awareness about food waste (Brazil); "no print day" challenge (Chile and Argentina); educational games on the UN's Sustainable Development Goals (WMF), etc.

In 2019, the Group will roll out a major communications campaign on the Group's evolving sustainable development strategy to share it with all employees worldwide. This campaign uses a wide range of tools with a view to making it accessible to everyone: videos, website, booklet, on-site events, etc. It also provides "business" sheets giving each person a view of their personal contribution, and places great importance on education, in particular to explain concepts such as the circular economy.

CSR CRITERIA IN THE BONUSES OF TOP MANAGERS

The remuneration of all managers who have a certain level of responsibility comprises a variable portion related to the results of the Group and those of the entity in which they work. In 2018, the Group decided to include environmental, social and ethical performance criteria when calculating the bonuses awarded to its 690 top managers. The goal is to embed the Group's non-financial performance in all businesses and levels of the company, as part of an overall value creation approach. A portion of the bonus will thus be

subject to the achievement of the Group's carbon emission goals, from its plants to its logistics chain, to the number of workplace accidents and social compliance rating awarded to Group sites in the course of social audits of emerging markets.

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 131). 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 127 and Mazars' report for 2018 on page 178). Since 2010, 74 audits have been carried out on 25 different sites in seven countries (Germany, France, Italy, Brazil, Colombia, China and the United States).

AN ESTABLISHED CSR POLICY

A growing number of management companies are basing their investment decisions on the corporate social responsibility (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 by the CDP (Carbon Disclosure Project) agency, which manages the largest database of company environmental data in the world. In 2018, the Group's rating improved from B- to B in the Supply Chain category, which is above the sector.

The Group's commitments and initiatives are also assessed every two years by **Vigeo-Eiris** (1), the leading agency in Europe. Its 2018 rating, up 7 points on 2016, makes Groupe SEB the leader in its sector in Europe ranked against 32 other companies. It is also ranked 29th out of 4,159 companies globally, outpacing some main competitors such as Philips and Electrolux. With respect to human rights (+9 points), the report highlighted the Group's structured approach, in particular as part of its responsible purchasing policy, as well as its commitment to combat discrimination and encourage diversity within the company. The Group also increased its environmental score by 19 points and its community involvement score by 10 points, with a special mention for its support for combating social exclusion.

Vigeo-Eiris also published a study at end-2018 entitled "Human rights in a globalised world: why do companies need to pay more attention?", which puts Groupe SEB in the top 1% of the best performing companies in the world in terms of human rights.

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 4/5. It is listed in the Personal & Household Goods category. The SEB share also features in **Forum Ethibel's** Excellence Europe index.

When it comes to its CSR reputation, Groupe SEB was ranked 4th in the Rep Track survey, out of a panel of 200 large companies active on the French market. This survey, conducted in 2018 with 38,000 participants, is based on three aspects: working environment, governance and social commitment. The Group is also on the research panels of Gaïa Rating, Sustainalytics and Oekom, which has awarded it "Prime" status.

The Group's CSR approach won numerous awards throughout 2018 (CSR Award, École des Mines / CEGOS, LSA «Development of Environmental Responsibility» Award, Special Award at the Trophées Défis RSE 2018). The Group won the Social Responsibility and Environmental Awareness Award at the European Business Awards. Selected from 112,000 competing companies in 34 European countries, Groupe SEB stood out by virtue of its reparability policy for its Rowenta, Tefal, Moulinex, Krups, Calor and SEB brands.

Giving consideration to social and environmental issues is also a winning strategy for the brands, as shown by Havas Media Group's Meaningful Brands study, which in 2017 examined the performance of brands with regard to the quality of life and well-being of consumers (1,500 brands in 33 countries). For the first time, two Groupe SEB brands were included in the French selection (Seb and Moulinex). Both went straight to the top of the national brands most trusted by French consumers (4th and 6th place respectively).

(1) *Vigeo and EIRIS merged in October 2015.*

3.2. Non-Financial Performance Statement (DPEF) & Duty of Vigilance

In accordance with the French law no. 2017-399 of 28 March 2017 on the duty of vigilance of parent companies and ordering companies ("Duty of Vigilance") and Order no. 2017-1180 of 19 July 2017 on the disclosure of non-financial information by certain large companies and major corporate groups, the Vigilance Plan and the Non-Financial Performance Statement (*Déclaration de Performance Extra Financière*, OR "DPEF") are intended to present the measures implemented within the Group to identify risks and prevent serious harm to the human rights and fundamental freedoms, health and safety of individuals

and the environment, related to our activities as well as those of our subcontractors and suppliers.

Corporate social responsibility has been an essential component of the Group's strategy for many years, and these risks have been identified over time and form the basis for the implementation of all the Group's sustainable development actions and policies. The new legal requirements relating to the duty of vigilance therefore reflect the values and actions defended by the Group for many years.

3

BUSINESS MODEL DPEF

The Group SEB business model is presented in pages 6-7 of this registration document.

RISKS DPEF DV

MAPPING OF RISKS, IDENTIFICATION PROCESS & METHODOLOGY FOR SELECTING THE MAIN RISKS (DPEF AND DUTY OF VIGILANCE)

The Group's risk management method (see methodology described under "Risk Factors" Chapter 1 of the 2018 Registration Document) has been applied to the areas covered by the Duty of Vigilance law and the Non-Financial Performance Statement, namely: CSR risks – social, environmental, societal, human rights and the fight against corruption.

As part of this process, the Audit and Internal Control department brought together the Group's Sustainable Development, Legal, Financial Communication, Environment, Health & Safety departments to identify and integrate these risks into the company's overall mapping of risks already completed elsewhere.

Groupe SEB operates in nearly 150 countries in a variety of complex economic and socio-cultural environments. The CSR risks identified are intrinsically linked to our operations but also the risks inherent

to the countries in which our subsidiaries and suppliers operate. On the basis of this frame of reference, the Group identified that its main CSR risks are concentrated in the emerging countries. That is why the ethical, social and environmental audits are primarily done in these high-priority areas.

In order to consider both the company's vision and stakeholder expectations, this identification of CSR risks was also cross-checked against the materiality matrix. The whole thing was approved by the Group's stakeholder panel in January 2018.

RISK VALIDATION PROCESS (DPEF AND DUTY OF VIGILANCE)

The main CSR risks were presented and validated by the stakeholder panel in January 2018 and presented to the Audit Committee in October 2018.

POLICY AND KEY INDICATORS DPEF

Area	Risks	Policies	Key performance indicators	
Social and societal	Health and safety of staff	Protect and ensure the health and safety of the employees thanks to the Health and safety policy of the Group	Lost time injuries rate*	Chap 3.5 / Health and safety / p. 141
			Rate of OHSAS 18001 certified entities	
Ethics and corruption	Corruption	Ensuring ethics and transparency of our business as well as respect for the laws through the implementation of a : <ul style="list-style-type: none"> • Code of Ethics • Code of Ethics training (e-learning and classroom) • Anti-corruption e-learning module planned for H2 2019 	Rate of roll-out of Code of Ethics e-learning training *	Chap 3.5/ Ethics compliance / p. 129
Ethics and corruption	Human Rights	Ensure respect Human Rights, in our activities, everywhere where the Group is established, thanks to the implementation of : <ul style="list-style-type: none"> • a Code of Ethics • a responsible purchasing policy 	Rate of employee self-assessment Intertek audit of plants in emerging countries (Group-wide) * Proportion of plants with an aggregate compliance score of over 80% *	Chap 3.5/ Ethics compliance / Code of Ethics / p. 129
Environmental	Climate change	Réduire l'impact du Groupe sur le changement climatique grâce à la mise en place : Reduce the Group impact on climate change thanks to : <ul style="list-style-type: none"> • A Circular economy policy • the 4x20 objectives 	Rate of recycled material in new products Rate of recyclability of electrical products Rate of repairable products Rate of energy improvement of production sites Rate of improvement of energy consumption by electrical products Proportion of recycled and reused waste out of total waste* Rate of ISO 14001 certified entities Electricity consumption* Natural gas consumption *	Chap 3.8/ Using recycled materials / p. 165 Chap 3.8/ Reparability / p. 163 Chap 3.9 / Eco-production / p. 171 Chap 3.9 / Eco-logistics / p. 175 Chap 3.9 / Eco-design / p. 169
			Greenhouse gas emissions associated with product and component transportation*	
			Greenhouse gas emissions generated by our plants and logistics platforms	

* Data audited by Mazars

ACTIONS TAILORED TO MITIGATE RISKS OR PREVENT SERIOUS HARM DV

PARENT COMPANY AND SUBSIDIARIES

Code of Ethics

Over the last 10 years, Groupe SEB has more than doubled in size, acquiring several companies (including EMSA and WMF in 2016), and has continued its international expansion. It now has some 34,000 employees around the world, with around two-thirds of its workforce located outside of Europe. Since a common culture and a shared set of values are essential to a successful ethical approach, Groupe SEB has structured and formalized its policy in the form of a Code of Ethics, which was drafted in 2012. Translated into the Group's 11 main languages, it has been distributed to all employees worldwide and is now available online on the Group's intranet. This document addresses 18 key areas, including child labor, anti-corruption measures, non-discrimination, environmental protection and the prevention of conflicts of interest.

The roll-out of the Code of Ethics, in 2012, involved nearly 10,000 hours of training. In 2018, the Group launched a new training campaign to ensure that every employee understands the key concepts and knows how to deal with an ethical dilemma. 91.5% of 11,000 connected employees have done an e-learning program between December 2018 and February 2019, which is available in seven languages (French, English, Chinese, Portuguese, Spanish, German and Japanese) on the RH iGrow@SEB online platform. This six-module curriculum is both interactive and engaging. Each module includes a theoretical portion followed by a quiz and a practical example where the employee is presented with an ethical dilemma. For employees without online access, classroom training will be rolled out in 2019, facilitated by Human Resources supervisors and site managers. In order to make it as real-world as possible, this training was developed jointly by various Group departments: Sustainable Development, Training, Human Resources, Quality Standards & Environment, Audit and Internal Control, Purchasing, Legal, and Health and Safety. It is one of several mandatory training courses for all new employees.

Internal Control Manual

To ensure that the principles of the Code of Ethics are effectively implemented and complied with, the Internal Audit department has incorporated verification elements from the Code of Ethics into its Internal Control Manual.

Action plans by site:

We also have numerous action plans involving the Group's various teams to mitigate these CSR risks:

■ ISO 14001 certification of our sites:

Since 2003, the Group has adopted a worldwide environment management system. Its main objectives are the prevention of pollution, the control of resource consumption (energy and water) and the reduction of waste. 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 of its already-strong environmental performance pollution prevention. In 2017, the Group adopted the new version of this standard, which emphasizes 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, and through greater contributions from the international network of Health, Safety and Environment coordinators.

Teams involved: Industry, Environment

■ OHSAS 18001 certification of our sites:

Since 2007, the Group has set all its sites to work on the certification of its Health and Safety management system (OHSAS 18001). At the end of December 2018, 100% of the Group's industrial and logistics entities had this workplace Health/Safety certification.

Teams involved: Health and Safety, Industry, Human Resources

■ "Health in SEB" plan:

In 2016, Groupe SEB laid the groundwork for an international health plan (Health in SEB). An analysis was performed on all the industrial 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.

Teams involved: Human Resources, Health and Safety, Industry

■ "Safety in SEB" worldwide program:

Groupe SEB's approach to Safety is reflected in its worldwide Safety in SEB program. The 2020 road map emphasizes the involvement of employees as participants in their own safety.

Teams involved: Human Resources, Health and Safety, Industry

SUPPLIERS AND SUBCONTRACTORS

Groupe SEB has a great responsibility to ensure that its products are manufactured 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 been consistently reinforced since 2012. It is the subject of a shared road map between the Purchasing and Sustainable Development departments. It is implemented by teams that are well-versed in responsible purchasing: this issue is integrated into the various training courses and activities of the purchasing community, such as web forums that are regularly held on specific topics.

PROCEDURES FOR THE REGULAR EVALUATION OF SUBSIDIARIES, SUBCONTRACTORS OR SUPPLIERS WITH WHICH A COMMERCIAL RELATIONSHIP IS MAINTAINED DV

PARENT COMPANY AND SUBSIDIARIES

Respect for Human Rights forms an integral part of the Groupe SEB Code of Ethics as well as the training offered in this regard to international HR Managers. As a signatory of the Global Compact since 2003, the Group decided to evaluate its teams' practices in relation to Human Rights in subsidiaries employing more than 10 people, starting in 2007. Up until 2014, it used the HRCA (Human Rights Compliance Assessment) Quick Check self-assessment tool, developed by the Danish Institute for Human Rights and for sites operated by its Chinese subsidiary Supor, the CBSSC (China Business and Social Sustainability Check). These self-assessments, which were carried out every couple of years or so, covered almost 99% of the workforce and fostered a dynamic of improvement.

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

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.

Responsible Purchasing Charter

The Responsible Purchasing Charter, which is based on the Group's Code of Ethics, is available in French, English, German, Chinese, Spanish and Portuguese. Sent to all suppliers on the panel, it explains the Group's requirements in terms of respect for human rights and its ethical, social and environmental principles, with a specific focus on the fight against corruption. Ninety percent of suppliers are signatories or are considered to comply with the Group's requirements thanks to their own policies in this area.

Internal Control Manual

To ensure that the principles of the Code of Ethics are effectively implemented and complied with, the Internal Audit department has incorporated verification elements from the Code of Ethics into its Internal Control Manual.

SUPPLIERS AND SUBCONTRACTORS

Preliminary evaluation of new suppliers

In the preliminary evaluation of any new supplier of raw materials/ components and finished products, **25% of the score depends directly on social and environmental criteria**. 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 a minimum of 10% of the score, depending on the purchasing category.

Ethical, social and environmental audits

ETHICAL, SOCIAL AND ENVIRONMENTAL AUDIT CHARTER

In the interests of transparency, the Group has drawn up an Ethical, Social and Environmental Audit Charter for its suppliers. This Charter is shared with them, along with the points that are evaluated during the audits. To help suppliers make progress in social and environmental matters, the Group offers training sessions on this topic. It thus makes sure that they have properly understood the Group's responsible purchasing policy and the checkpoints audited as part of the WCA, especially in the areas of Health, Safety and working conditions.

(2) Risky areas as defined by the Amfori/Business Social Compliance Initiative – Country Risk Classification.

INTERNAL GLOBAL NETWORK OF SOCIAL AUDIT LEADERS

17 Purchasing Directors from Asia (8), South America (4) and Europe (5) make up the network of Social Audit Leaders, which gained 5 new members in 2017 (OBH, WMF, EMSA, Groupe SEB India and Supor Vietnam). They are responsible for the completion of audits in their areas and for progress plans undertaken by suppliers. This network is coordinated by the social compliance manager (based in Hong Kong) and through regular meetings (web conferences) attended by the Group's Purchasing Director, covering audit reviews, the analysis of results, exchanges of good practices, and so on.

A HIGHLY-FORMALIZED PROCEDURE

Ethical, social and environmental audits are carried out by the Intertek consulting firm. 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, excessive weekly working time, etc.) to minor non-compliances, with moderate and major non-compliances (no pay slip, no emergency exit signs, etc.) in between. The final score, calculated out of 100, is ranked according to four performance levels: high performance (85 to 100), average (71 to 84), poor (51 to 70) and very poor (0 to 50). The audit report is sent to the Group's Purchasing department. A single "zero tolerance" non-compliance (e.g. failure to comply with the legal working age) triggers the following actions: a letter from the Purchasing Director or Sourcing Director requiring the implementation of a corrective action plan within two weeks, immediate suspension of any new consultations and a follow-up audit (by Intertek) one month later⁽³⁾ to check that the issue has been resolved. If not, the Group ends the collaboration. With scores of less than 50, the regional Purchasing or Sourcing manager

sends a formal letter warning the company to remedy the deficiency and checks that the situation has been rectified through a follow-up audit in the months to come.

Some companies newly acquired by Groupe SEB (such as OBH in 2015, WMF and EMSA in 2016) already had a social audit procedure, based on the BSCI (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 BSCI'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.

INITIAL AND FOLLOW-UP AUDITS

Every year the Group audits about a quarter of its listed suppliers of raw materials/components 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 over 70% are audited every four years, and the others once a year or every two years, depending on the volume of business they have with the Group. In 2018, it completed 173 initial audits (177 in 2017) of suppliers in Asia (124), South America (43) and Europe (6). All suppliers that had a "zero tolerance" non-compliance level and those that scored less than 50% have taken corrective actions as part of the Group's established procedure. The 64 follow-up audits carried out in 2018 showed the effectiveness of the action plans implemented: more than three-quarters of the suppliers concerned achieved the two highest levels of compliance performance (85-100% high performance/71-84% medium performance).

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-type non-compliances. In 2018, 39 Group suppliers received the AA label (20 in 2017).

WARNING AND REPORTING MECHANISM DV

As part of the measures introduced to ensure that the Code of Ethics' commitments are properly applied, in 2012 the Group set up a **whistleblowing system** so that any employee or person from outside the Group can report situations that violate the Code. The system is also shared with suppliers through the Responsible Purchasing Charter and a clause included in supplier agreements whenever these are renewed.

This system has been supplemented by a recently updated whistleblowing procedure. This procedure sets out in detail the various steps to be followed when exercising rights as a whistleblower, the people to be contacted, the information to be provided, the way in

which reports are handled, the confidentiality rules and protection for whistleblowers, insofar as they come forward disinterestedly and in good faith. It is explained in the Code of Ethics as well as in the new Code of Ethics training program and made available to employees on the Group's intranet.

For example, when faced with an ethical dilemma, the following questions should be asked:

Is the law being obeyed? Is the situation in line with Groupe SEB's values and Code of Ethics? Am I comfortable talking to my friends and family about it?

(3) For non-compliance related to weekly working time, the follow-up audit may take place within three to six months, depending on the case.

3

Corporate Social Responsibility

Non-Financial Performance Statement (DPEF) & Duty of Vigilance

If the answer to any of these questions is negative or if there is any doubt as to how to proceed, we ask employees to discuss the matter with one of the three Ethics Advisers, namely:

- the supervisor;
- the Human Resources manager of the site, country or continent;
- the Audit and Internal Control Director via the dedicated email address ethics@groupeseb.com

The Audit and Organization Director may be contacted in the event of an exceptional situation that cannot be resolved by the first two levels of Ethics Advisers. As necessary, this person will involve the Groupe SEB Ethics Committee, of which he or she is a member, together with the Senior Executive Vice-president of Human Resources, the General Counsel, the Sustainable Development Director, and the Secretary of the European Group Works Committee, which represents the employees. The Audit and Internal Control Director is also Secretary

of the Compliance Committee of the Groupe SEB Board of Directors, which annually receives a report on the ethics warnings received and dealt with.

This whistleblowing procedure has been widely communicated through the publication of the Code of Ethics, training on the Code of Ethics and a posting on the Group's intranet site. It is also included in the Group's internal regulations.

In 2018, we had 35 returns, all of which were analyzed. Detailed action plans were prepared for 5 of them.

MONITORING SYSTEM FOR THE IMPLEMENTATION AND EVALUATION OF MEASURES TAKEN AND THEIR EFFECTIVENESS DV

COMPLIANCE COMMITTEE

To address internal and external risks and uncertainties, Groupe SEB has set up a Compliance Committee whose objective is to identify, quantify, prevent and control these risks as much as possible.

This committee includes members from the:

- Audit and Internal Control department;

- Legal department;
- Human Resources department;
- Sustainable Development department;
- Finance and Treasury department;

and meets two to four times a year to review the actions taken, discuss the challenges encountered, and formalize corrective action plans.

3.3. 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 (AAls), employee survey (<i>Great Place to Work</i>), 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, financial analysts, institutional 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, Investor Days, formal meetings, etc.

The breakdown of revenue by stakeholder is shown in our Business and Sustainable Development report.

LOBBYING ACTIVITIES

Groupe SEB sees lobbying as a positive approach that consists of communicating its opinion to the authorities about the potential consequences of an action or a decision. It provides insights through professional associations of which it is an active member and which intervene in the same way as other stakeholders such as consumer associations and other NGOs. The aim is for the authority concerned by a given subject to have all the data at hand to make the best decision with respect to the desired aim and expectations of the various stakeholders. The Group bases its analysis on its industry expertise and its market knowledge. Since 2015, it has structured its lobbying activities in the European Affairs department, reporting to its Head of Quality, Standards and Environment. The department is tasked with transmitting to the authorities the information needed to define regulations and standards that may impact the Group's product designs.

In 2018, Groupe SEB continued to act to promote the circular economy by highlighting the importance of producing products that can be repaired. In particular, it calls 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:

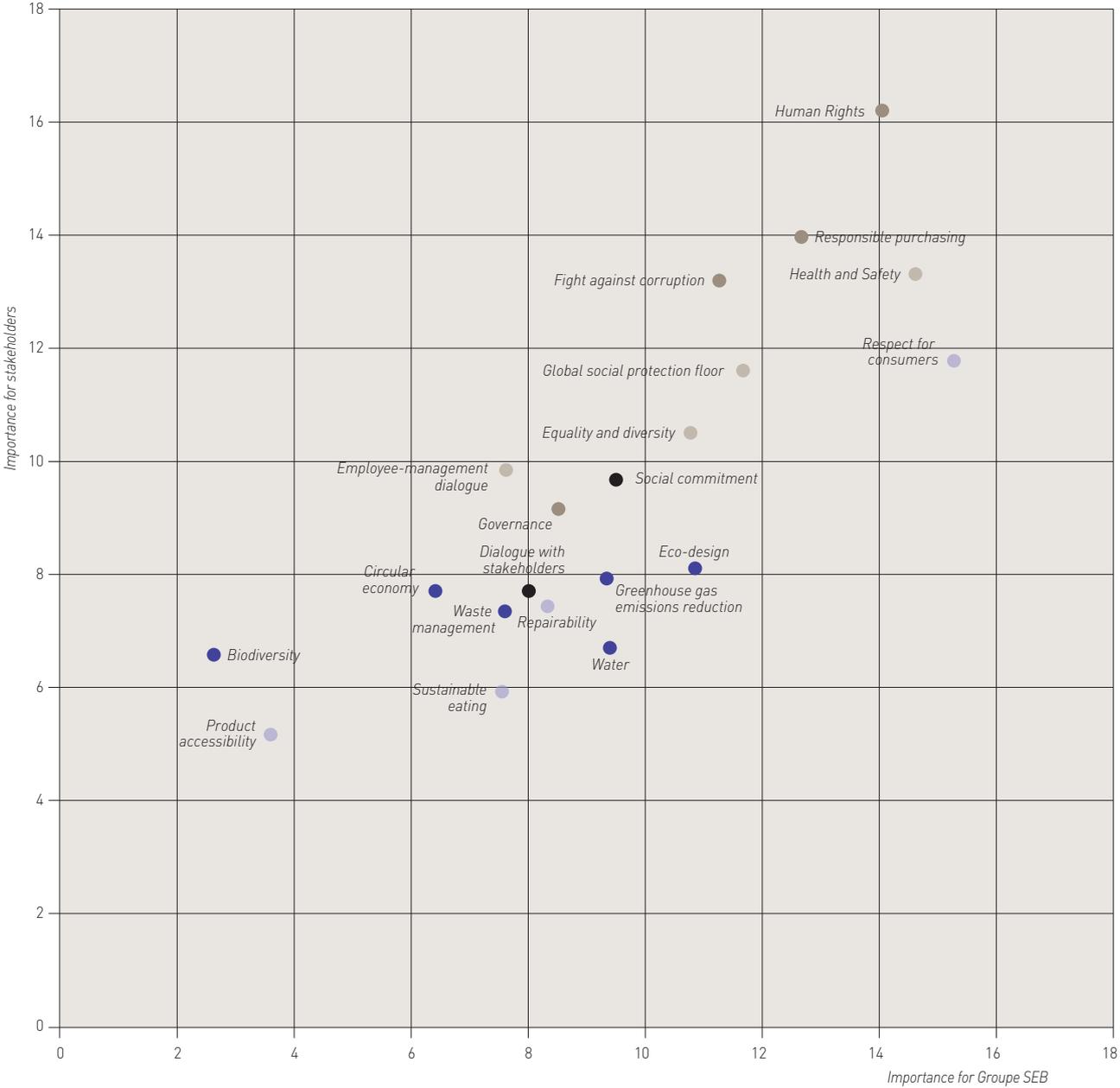
- the regulations on materials in contact with food;

- the regulations on connected products;
- the development of standards on the efficient use of materials.

To contribute to discussions about its industry, Groupe SEB plays an active role in various French and European professional associations such as:

- the AFEP – French Association of Private Sector Companies;
- FIEEC – French Federation of Electrical, Electronic and Communication Industries;
- GIFAM – French Association of Household Appliance Manufacturers;
- UNITAM – Union of Homeware Manufacturers;
- APPLiA – Professional Association of European Household Appliance Industry;
- FEC – Federation of the European Cutlery, Flatware, Holloware and Cookware Industries.

MATERIALITY MATRIX



- Environmental issues
- Ethical issues
- Social issues
- Societal issues
- Consumer-related issues

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.
PEOPLE MATTER/ETHICS		
Human Rights	Fight against any form of forced or compulsory labor, concealed work, child labor, inhuman working conditions and excessive overtime.	130
Responsible purchasing	Require our suppliers to respect Human Rights and essential ethical, social and environmental principles.	130-131
Anti-corruption measures	Prohibit strongly any kind of corruption in our relationships, not only with our commercial and institutional partners, but also with the Government.	132
Governance	Work in favor of a more responsible governance: diversity and independence of the Board of Directors, increased female participation in key positions, transparency about the pay of executive officers, etc.	Chapter 2
PEOPLE MATTER/A RESPONSIBLE EMPLOYMENT POLICY		
Equality and Diversity	Ensure equal treatment between employees. Only take into account their professional skills when it comes to their recruitment, pay and development within the Group.	138-140
Employee-management dialog	Respect for freedom of association and union representation while encouraging employee-management dialog on both an individual and collective basis.	140
Health and Safety	Provide each employee with a safe and healthy working environment.	141-144
Global social protection floor	Ensure fair pay, minimum social cover and decent working conditions for all employees.	145-146
PEOPLE MATTER/A CORPORATE CITIZEN		
Dialog with stakeholders	Take into account the expectations of all our stakeholders in the conduct of our activities: consumers, associations/NGOs, municipalities/public authorities, suppliers, customers, shareholders, employees, etc.	115
Social commitment	Fulfill our economic and social responsibilities in the territories in which we operate: creating jobs, taking part in the development of local companies and supporting local associations acting against exclusion.	151-153
SUSTAINABLE INNOVATION AND RESPECT FOR CONSUMERS		
Respect for consumers	Propose high-standard products with all the guarantees in terms of safety and harmlessness. Be very demanding about the quality of the information given to consumers through our call centers, and via our brands' websites and our after-sales service.	156
CIRCULAR REVOLUTION / A MORE CIRCULAR ECONOMY		
Circular economy	Make the circular economy central to our sustainable innovations. The circular economy requires a chain structuring approach (e.g. recycling chain and 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.	163-166
Repairability	Facilitate the repair of our products: design, availability and price of spare parts, training of approved service centers, etc.	163-164
BETTER HOME LIFE / PRODUCTS ACCESSIBLE FOR AS MANY PEOPLE AS POSSIBLE & A HEALTHY HOME		
Product accessibility	Promote the accessibility of products by as many people as possible by working on the price, ergonomics and distribution networks.	161
COOKING FOR GOOD / HEALTHY AND SUSTAINABLE HOMEMADE FOOD		
Sustainable eating	Promote consumption modes favoring healthy and sustainable eating by innovating and supporting consumers.	160
CLIMATE ACTION / REDUCTION OF ENVIRONMENTAL IMPACT		
Eco-design	Reduce the environmental footprint of products through eco-design.	169-170
Water	Limit the water consumption of our sites together with their emissions to water.	174
Waste management	Limit and recover waste from production by favoring solutions with a smaller impact on the environment.	173-174
Greenhouse gas emissions reduction	Reduce greenhouse gas emissions linked to the production process (optimization of energy consumption, use of renewable energies, etc.) and the transport of products, raw materials and components.	171-172; 175-177
Biodiversity	Promote ordinary biodiversity and limit the impacts of our processes and our products on biodiversity.	174-175

3.4. Reporting process

MEASURING OF SOCIETAL, EMPLOYMENT-RELATED AND ENVIRONMENTAL PERFORMANCE

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

SELECTION OF INDICATORS AND GUIDELINES

The indicators used by Groupe SEB to measure its performance in 2018 cover all of the items listed in Article 225 of French law no. 2010-788 of 12 July 2010, known as the Grenelle 2 law. The Group goes beyond this legal requirement by reporting other indicators that fall particularly under Global Reporting Initiative (GRI) recommendations. Based on these guidelines, which are an international standard for the reporting of non-financial information, Groupe SEB has incorporated the materiality approach within its reporting process in order to identify the main sustainable development priorities and the related indicators.

In keeping with the development of national and international requirements and the Group’s philosophy of continuous improvement, it has therefore added new indicators. It has also specified the

components of certain indicators to improve the reliability of published data, and in many areas has extended the reporting scope, including new acquisitions where possible.

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

METHODOLOGY AND TOOLS

The Sustainable Development department coordinates the Group-wide reporting of social, employment-related and environmental information. It develops formal processes for every relevant division and consolidates all the data collected in a specific non-financial reporting system.

Since 2012, Groupe SEB has used Tennaxia’s reporting system for sustainable development reporting. Its flexibility will make it easy to incorporate future developments: adding indicators, modifying reporting scopes, etc. It also makes it possible to create analysis reports and dashboard charts that are useful for management and decision-making. Its international roll-out was completed during 2013.

The processes and tools used to collect data for the various indicators vary from one theme to the next and between regions (France and World):

Theme/Region	France	World (excluding France)
Breakdown of workforce by gender, age, region and classification; external labor	Data extracted from SAP BW imported into Tennaxia (annual)	SAP BW data imported into Tennaxia (annual)
People with disabilities	Data compiled in a spreadsheet and imported into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Absenteeism rate	Data extracted from SAP BW imported into Tennaxia (annual)	Data extracted from SAP BW imported into Tennaxia (annual)
Collective agreements	Data compiled in a spreadsheet and imported into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Overtime	Data extracted from SAP BW imported into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Health	Data compiled in a spreadsheet using Winlassie software then imported into Tennaxia (annual)	Data input directly into Tennaxia (quarterly)
Safety	Data compiled in a spreadsheet using Winlassie software then imported into Tennaxia (annual)	Data input directly into Tennaxia (quarterly)
Training	Data input directly into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Corporate sponsorship expenses	Data input directly into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Environmental data excluding direct raw materials	Data input directly into Tennaxia (annual)	Data input directly into Tennaxia (annual)
Direct raw materials	Data compiled in a spreadsheet (annual)	Data compiled in a spreadsheet (annual)

The reporting of these data involves more than 200 correspondents from different divisions on all 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's auditors verified the completeness and fairness of the social, employment-related, and environmental information in this Registration Document.

3.5. People matter

ETHICAL COMPLIANCE

The top priority when it comes to ethics is to apply the laws in force in each country where Groupe SEB operates. Groupe SEB also adheres to the international standards set out by the UN, and particularly to the principles of the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization (ILO) and the OECD's guidelines for multinational enterprises. It is also a signatory of the UN's Global Compact and the APPLiA's⁽⁴⁾ Code of Conduct.

The Group's tangible commitments in terms of human rights put it in the top 1% of the best performing companies worldwide in this sphere, according to the "Human rights in a globalised world: why do companies need to pay more attention?" study published at end-2018 by the non-financing rating agency Vigeo-Eiris. This study was published to mark the 70th anniversary of the Declaration of Human Rights and looks at companies in 60 countries and 38 sectors, tracking their performance from April 2016 to October 2018.

CODE OF ETHICS

18 areas, 11 languages

Over the last 10 years, Groupe SEB has more than doubled in size, acquiring several companies (including EMSA and WMF in 2016), and has become an increasingly international group. It now has close to 34,000 employees around the world, with around two-thirds of its workforce located outside of Europe. Since a common culture and a shared set of values are essential to a successful ethical approach, Groupe SEB has structured and formalized its policy in the form of a Code of Ethics, which was drafted in 2012. Translated into the Group's 11 main languages, it has been distributed to all employees worldwide and is now available online on the Group's intranet. This document addresses 18 key areas, including child labor, anti-corruption measures, non-discrimination, environmental protection and the prevention of conflicts of interest.

A global training program

The implementation of the Code of Ethics in 2012 was backed up with close to 10,000 hours of training. In 2018, the Group launched a new wave of training to ensure that every employee understood the key concepts and knows how to act when faced with an ethical dilemma. 91.5% of the 11,000 connected employees have done an e-learning program between November 2018 and February 2019,

which is available in seven languages (French, English, Chinese, Portuguese, Spanish, German and Japanese) on the RH iGrow@SEB online platform. It consists of 6 modules designed in an interactive and fun manner. They comprise a theoretical component followed by a quiz and a case study where the employee is faced with an ethical issue. For employees who are not connected, an equivalent classroom-based training will be organized in 2019, coordinated by the Human Resources managers and site managers. In order to make it as real-world as possible, this training was developed jointly by various Group departments: Sustainable Development, Training, Human Resources, Quality Standards & Environment, Audit and Internal Control, Purchasing, Legal, Health and Safety. This is included in the mandatory training for new employees.

Whistleblowing system

As part of the measures introduced to ensure that the Code of Ethics' commitments are properly applied, in 2012 the Group set up a **whistleblowing system** so that any employee or person from outside the Group can report situations that violate the Code. It was also communicated to suppliers through the Responsible Purchasing Charter.

This system is supplemented by a whistleblowing procedure, which has recently been updated. It clearly sets out the various steps for whistleblowers to follow to exercise their right, the people to be contacted, the information to be provided, the way in which reports are handled, the confidentiality rules and protection for whistleblowers, assuming they come forward disinterestedly and in good faith. It is explained in the new training program on the Code of Ethics and made available to employees on the Group's intranet.

In 2018, we had 35 returns, all of which were analyzed. Detailed action plans were prepared for 5 of them.

The various points in the Code of Ethics are included in the **internal audit** manual and are verified during site audits.

More information about risk factors can be found from page 36 onwards.

(4) Home Appliance Europe (formerly CECED: European Committee of Domestic Equipment Manufacturers)

HUMAN RIGHTS

Respect for Human Rights forms an integral part of the Groupe SEB Code of Ethics as well as the training offered in this regard to international HR Managers. As a signatory of the Global Compact since 2003, the Group decided to evaluate its teams' practices in relation to Human Rights in subsidiaries employing more than 10 people, starting in 2007. Up until 2014 it used the HRCA (Human Rights Compliance Assessment) Quick Check self-assessment tool, developed by the Danish Institute for Human Rights and, for sites operated by its Chinese subsidiary Supor, the CBSSC (China Business and Social Sustainability Check). These self-assessments, which were carried out every couple of years or so, covered almost 99% of the workforce and drove improvements.

In 2015, Groupe SEB 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 ⁽⁵⁾, using the same specialist consulting firm (Intertek – see below).

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 2018, 6 sites were audited in the Czech Republic, India, China and Brazil. The average compliance score was 80.7%, and no zero tolerance non-compliances were identified. The 2 sites that received less than 80% implemented a corrective action plan.

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 been continually reinforced since 2012. It is covered by a shared road map between the Purchasing and Sustainable Development departments. It is implemented by teams trained in responsible purchasing: this area is incorporated into various trainings and events run by the Purchasing community, such as web forums, that are regularly run on specific issues.

Responsible purchasing charter

The Responsible Purchasing Charter, which stems from the Group's Code of Ethics, is available in French, English, German, Chinese, Spanish and Portuguese. Sent to all listed suppliers (including Supor) ⁽⁶⁾, it explains the Group's requirements in terms of respect for human rights and its ethical, social and environmental principles, with special mention for efforts to combat corruption. 90% of suppliers have signed up or are deemed to be compliant with Group requirements thanks to their policy in this area.

Preliminary evaluation of suppliers

When doing the preliminary evaluation of any new supplier of raw materials/components and finished products, **25% of the rating is directly dependent on social and environmental criteria**. Moreover, 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 at least 10% of the score, depending on the purchasing category.

Mapping of CSR issues by purchasing family

In addition to the compliance requirement, the Group is striving to strengthen the sustainable development component of its purchasing. In order to identify opportunities for improvement, it has mapped out the social and environmental issues for its main purchasing families. This study notably led to the insertion of environmental and social clauses into calls for tender. These are designed, for example, to favor suppliers offering environmentally friendly solutions or who are committed to employing disadvantaged people.

This impetus is a game-changer: for example, FM Logistic France, which manages the Group's product logistics at its Saint-Cyr-en-Val platform, near Orléans, created FMEA, a company providing work to people with disabilities, on this site in 2015. This organization employs people with disabilities to perform repackaging operations (such as adding starter kits or samples to packaging). At the end of 2018, work subcontracted to the disability and inclusive employment sector totaled more than €3 million, equal to 301 Full-Time Equivalent (FTE) jobs, across all of the Group's French sites.

(5) Risky areas as defined by amfori/Business Social Compliance Initiative – Country Risk Classification, 2018./Risky areas as defined by the firm Maplecroft in the Human Rights Risk Index.

(6) Groupe SEB's listed suppliers comprise a selection of circa 440 direct suppliers (of materials and components), and 700 indirect suppliers (non-production). Listed suppliers account for over 70% of the Group's purchases in the raw materials/components categories. These preferred suppliers are considered to be particularly effective, based on criteria of quality, cost and corporate social responsibility.

Ethical, social and environmental audits

■ Ethical, Social and Environmental Audit Charter

For the sake of transparency, the Group has put together an Ethical, Social and Environmental Audit Charter for its suppliers. It is sent to them, along with the points on which they will be rated during audits. To help suppliers make progress in social and environmental matters, the Group offers them training sessions on this topic. It thus makes sure that they have properly understood the Group's responsible purchasing policy and the checkpoints audited as part of the WCA, especially in the areas of health, safety and working conditions. In 2018, the representatives of 128 Asian suppliers (China and Vietnam) attended four sessions, along with the Group buyers responsible for monitoring them. Numbers at these sessions are continually rising (83 suppliers in 2016, 101 in 2017).

■ Internal global network of Social Audit Leaders

17 Purchasing Directors from Asia (8), South America (4) and Europe (5) make up the network of Social Audit Leaders, which gained 5 new members in 2017 (OBH, WMF, EMSA, Groupe SEB India and Supor Vietnam). They are responsible for the completion of audits in their areas and for progress plans undertaken by suppliers. This network is coordinated by the social compliance manager (based in Hong Kong) and through regular meetings (web conferences) attended by the Group's Purchasing Director, covering audit reviews, the analysis of results, exchanges of best practices, and so on.

■ A very formal procedure

Ethical, social and environmental audits are done by Intertek. A global audit management tool ensures immediate and specific listed supplier monitoring and also makes it possible to compare the results obtained by the Group's suppliers with those of companies listed in the Intertek database (more than 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, excessively long hours, etc.) to minor non-compliances, with moderate and major non-compliances (no pay slip, emergency exit signs, etc.) in between. The final score, calculated out of 100, is ranked according to four performance levels: high performance (85 to 100), average (71 to 84), poor (51 to 70) and very poor (0 to 50). The audit report is sent to the Group's Purchasing department. A single "zero tolerance" non-compliance (e.g. failure to comply with the legal working age) triggers the following actions: a letter from the Purchasing Director or Sourcing Director requiring the implementation of a corrective action plan within two weeks, immediate suspension of any new consultations and a follow-up audit (by Intertek) one month ⁽⁷⁾ later to check that the issue

has been resolved. If not, the Group ends the collaboration. With an aggregate score of less than 50, the Regional Head of Purchasing or Sourcing sends a formal letter warning the company to correct the breach and checks that the situation has been rectified through a follow-up audit in the following months.

Some companies newly acquired by Groupe SEB (such as OBH in 2015, WMF and EMSA in 2016) already had a social audit procedure, based on the BSCI ⁽⁸⁾ (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 BSCI'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.

■ Initial and follow-up audits

Every year the Group audits about a quarter of its listed suppliers of raw materials/components and finished products in terms of their compliance with its ethical, social and environmental requirements. Initial audits are paid for by the Group. Suppliers with a score of more than 70% are audited every four years, and the others once a year or every two years, depending on the volume of business carried out with the Group. In 2018, it completed 173 initial audits (177 in 2017) of suppliers in Asia (124), South America (43) and Europe (6). All suppliers with a "zero-tolerance" non-compliance and those with a score under 50% took corrective actions in line with the procedure set out by the Group. The 64 follow-up audits carried out in 2018 showed the effectiveness of the action plans implemented: over ¾ of the suppliers in question achieved the highest compliance performance levels.

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 2018, 39 Group suppliers received the AA label (20 in 2017).

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 ⁽⁹⁾ and REACH ⁽¹⁰⁾);

For further information on how purchasing is organized within Groupe SEB, see page 28.

(7) With respect to non-compliance regarding weekly working time, the follow-up audit may take place within 3 to 6 months as the case may be

(8) Business Social Compliance Initiative (2003).

(9) Restriction of the use of certain Hazardous Substances.

(10) Registration, Evaluation and Authorization of Chemicals.

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 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.

Lastly, the various points of consideration of the SAPIN II Act were taken into account, in particular with the strengthening of the whistleblowing system, the establishment of an e-learning program that will include an anti-corruption module and finally a focus on supplier management.

A RESPONSIBLE EMPLOYMENT POLICY

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

In the 2019 Best Employers in France awards run by the Capital magazine and Statista institute, Groupe SEB was ranked no. 1 in the electrical equipment sector for the second year running, with special mention of CSR (Corporate Social Responsibility) and Quality of Life at Work (QLW). All sectors combined, it is in the Top 20 of 2,100 companies with over 500 employees best rated by their employees (survey of 20,000 employees). It is 17th, up three places on 2018 when it had already surged 50 places on 2017.

The data given below are for a worldwide scope, excluding EMSA ASIA and excluding WMF Heshan. Data concerning new acquisitions will be included progressively, as and when they are integrated into the various Group processes.

GLOBAL HUMAN RESOURCES MANAGEMENT

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

The Managerial Competency Model, rolled out in 2016 in every country ⁽¹¹⁾, was integrated in 2017 into the framework of the Annual Appraisal Interview (AAI). It was incorporated into the Group's leadership training programs and is used to evaluate the managerial competency of external and internal candidates when hiring or moving

internally. 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. To help managers implement it day-to-day, in 2018 the Group organized workshops for various entities' Management Committees: Egypt, South Korea, Hong Kong, Brazil, Cookware business, Group's Health and Safety department, various French industrial sites, etc. This operation will continue in 2019. Moreover, a special e-learning module is available to all employees to enable everyone, from the moment they join the Group, to share these core managerial practices and become familiar with this shared language.

Of the 5 personal targets defined in an AAI, 1 or 2 are linked to the personal development of the manager, directly linked to the Managerial Competency Model. In 2017-2018, 95.33% of the 2,900 or so managers eligible for an AAI received such an interview worldwide. For the second time, the managers were given the opportunity to self-assess ahead of the AAI with a view to improving the discussion at interview-time.

After managerial skills, in 2018 Groupe SEB completed the mapping of 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 now incorporated into the AAI as a basis for assessing job competency. At the end of 2018, some 250 generic job descriptions were available to all employees, including via the intranet.

(11) Excluding Supor, which already had a managerial competency model

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.

Professional development

Internal promotion remains a priority for the Group: in 2018, most managerial positions were filled by Group employees, both in France and worldwide, and 80% of key positions, succession plans being driven internally. Internal job offers are published on the iMove@SEB website accessible on the intranet, which employees can use to apply for jobs. Geographic and job transfers are a component of internal promotion. The Group reviewed its international transfer policy in 2017 to clarify and formalize the rules.

The Group launched a mentoring program in 2017, to develop and retain talented individuals while promoting women's access to positions of responsibility, initially in France. 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. In 2018, this program was rolled out internationally with three cohorts of 20 pairings (EMEA; Asia; Asia/EMEA/Americas). Since its inception, a hundred or so managers benefited from it.

The digital sphere helping recruitment

When it comes to external recruitment, the Group relies heavily on digital tools. It is increasing its presence and activity on targeted social media/networks, led by LinkedIn, but also Twitter, JobTeaser, Instagram, YouTube, Glassdoor, SlideShare and Wikipedia. Its followers continue to grow. At end-2018, they totaled 87,000 on LinkedIn (+22.5% compared with 2017) and close to 3,000 on Twitter (+18%). On Instagram (#InsideGroupeSEB), the popularity of stories led to a 54% increase in followers. 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 30,000 applications in 2018, a figure

that is constantly growing (15,000 applications in 2015). In France, North America and Scandinavia, 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.

Attracting young talent

To widen its pool of young talent, the Group maintains close ties with specific higher education establishments, specializing in Marketing/Business and Engineering. It has in particular partnered with the ESSEC's Chair of Fast-Moving Consumer Goods (Paris) and, since 2018 AgroParisTech's Chair of Food, Nutrition and Eating Behavior. In addition to strengthening its "employer brand", these partnerships give it access to the work of researchers in these fields that are vital for its growth strategy.

To make itself more attractive to students of engineering schools and scientific universities, the Group established the Tech Challenge in September 2018. As part of this international challenge, 179 teams submitted innovative projects on the theme of "Home Robotics". 10 of them were pre-selected to present their project in March 2019 on the SEB Campus in Écully, prototypes in hand.

Groupe SEB's ties with students are also firming up internationally through the partnership with the CEMS Global Alliance, which brings together some 30 leading management and business schools (30 countries, 1,000 students, 65 nationalities).

In 2018, the Group took another step in the on-boarding of talented young graduates by launching its first Graduate Program. It targets young people graduating from business and engineering schools and from universities and offers them the chance to join a dedicated program within the Group involving three successive assignments: an initial 12-month assignment in France, followed by two six-month international assignments in the subsidiaries. There are various programs: Manufacturing, R&D, Marketing, Finance or indeed IT. The recruitment of the second class began in January 2019. On average, the Group takes in about 300 interns and work-study trainees every year. In 2018, for the fifth year running, it was awarded the Happy Trainees (France) label, which recognizes excellence in its commitment to these students. Groupe SEB was then ranked one of the Top 10 companies awarded the label in the category of 100 to 499 interns/work-study trainees. The Happy Trainees survey, based on the responses of 280 students, revealed that 9 out of 10 would recommend Groupe SEB as a place to carry out an internship or work-study training. This is based on six criteria: professional advancement, work environment, management, motivation, pride and friendliness.

This "Young talents" policy, which includes interns, work-study trainees and participants in the Graduate Program and VIEs ⁽¹²⁾ is producing results: the Group recruits nearly 70% of its young graduate employees by drawing on this pool.

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

Starting in 2018, as part of measures to hire interns, the Group worked 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 deployed more widely in 2019.

The prizes and awards received by the Group are also measures of its appeal. In 2017, the Reputation Institute included it in its “Reprtrak France” ranking for the first time. This index assesses the reputation of companies operating on the French market. In the 2018 awards of the top 100 companies, Groupe SEB was in 4th position behind Décathlon, Lego and Google.

BREAKDOWN OF TOTAL WORKFORCE BY GEOGRAPHIC REGION

Worldwide (excl. EMSA Asia, WMF Heshan)

<i>(number of individuals)</i>	2018	2017	2016
France	5,882	5,771	5,716
Other EMEA countries	9,711	8,170	2,768
Americas	2,707	2,736	2,773
Asia	14,390	14,266	14,728
WORLD	32,690	30,943	25,985

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 2018, Groupe SEB had 32,690 employees based on the scope defined in the introduction in page 132. Including WMF Asia, EMSA Asia and the total headcount of Groupe Seb Egypt Zahran, the Group has around 34,000 employees.

BREAKDOWN OF CHANGES IN THE WORKFORCE

Worldwide (excluding EMSA ASIA, WMF ASIA, SSEAC, GS BRASIL RETAILING, SCHAERER CH, WMF CH, WMF EMEA (excluding DACH), GROUPE SEB EGYPT, SCHAERER USA, WMF USA)

(number of individuals)	2018	2017	2016
FRANCE			
Recruitment ^(a)	710	645	536
Fixed-term contracts	357	340	271
Permanent contracts	353	305	265
Departures ^(a)	603	562	558
Economic redundancies	6	1	5
Terminations for other reasons	55	70	29
AVERAGE STAFF TURNOVER RATE ^(b) (%)	1.08*	1.33	1.17
OTHER EMEA COUNTRIES			
Recruitment ^(a)	2,423	816	546
Fixed-term contracts	1,247	397	298
Permanent contracts	1,176	419	248
Departures ^(a)	1,978	553	476
Economic redundancies	49	50	54
Terminations for other reasons	151	54	117
AVERAGE STAFF TURNOVER RATE ^(b) (%)	6.93*	9.42	6.86
AMERICAS			
Recruitment ^(a)	661	1,342	703
Fixed-term contracts	129	256	268
Permanent contracts	532	1,086	435
Departures ^(a)	751	1,367	714
Economic redundancies	270	646	302
Terminations for other reasons	121	182	62
AVERAGE STAFF TURNOVER RATE ^(b) (%)	8.09*	8.18	6.09
ASIA			
Recruitment ^(a)	8,546	10,163	10,582
Fixed-term contracts	8,347	9,591	9,918
Permanent contracts	199	572	664
Departures ^(a)	8,476	10,540	10,409
Economic redundancies	62	37	2
Terminations for other reasons	12	9	17
AVERAGE STAFF TURNOVER RATE ^(b) (%)	13.5*	12.2*	15.76*
WORLD			
Recruitment ^(a)	12,340	12,966	12,367
Fixed-term contracts	10,080	10,584	10,755
Permanent contracts	2,260	2,382	1,612
Departures ^(a)	11,808	13,022	12,157
Economic redundancies	388	734	363
Terminations for other reasons	337	315	225
AVERAGE STAFF TURNOVER RATE ^(b) (%)	5.57*	5.48*	4.62*

(a) Excluding internal transfers and the return of expatriates.

(b) Number of resignations of permanent contract employees/Average number of permanent employees.

* Turnover rate scope: ASIA FAN, SUPOR ASIA, EMSA ASIA, WMF ASIA, SSEAC, GS BRASIL RETAILING, SCHAERER CH, WMF CH, WMF EMEA (except DACH), GROUPE SEB EGYPT, SCHAERER USA, WMF USA.

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 2018, the turnover rate was 5.57% (5.48% in 2017).

In Brazil, in 2016, Groupe SEB began transferring its industrial electrical product (Mooca) and cookware (São Bernardo do Campo) activities to Itatiaia, a new plant in the state of Rio de Janeiro, 350km north of São Paulo. The Mooca and São Bernardo site closures took place at the end of 2017, and were prepared for and carried out in line with the Group's values. The redundancy plans, which affected 498 and 188 people (50 key jobs were transferred), were approved by the union organizations and 90% of employees. These plans go far beyond the regulations and local practices, as they were announced eight months before the first production line was transferred and are accompanied by a large bonus in addition to the statutory redundancy compensation (nearly nine months' additional pay for a worker). They also provide for the maintaining of the meal allowance for eight months and health insurance for six months after departure, although this is not required by law.

This move is part of Groupe SEB's industrial investment program in Brazil, whose aim is to revive its activity and restore its competitiveness in this country. The location of the Itatiaia plant, which is a modern and competitive production facility, means it is able to serve its customers in the best possible conditions. The new teams have received many hours of training, including quality, safety, continuous improvement and professional technical training.

In France, the consolidation of all the small electrical appliance innovation teams at the SEB Campus in Écully began in 2017, with a view to improving efficiency. This implies transferring the electrical cooking business's strategic marketing teams from their current base in Selongey. This transfer, affecting 71 jobs, began in September 2017 and was completed in the summer of 2018. It was covered by a company redundancy plan unanimously approved by the employee representatives. The Group has done everything possible to ensure that non-mobile employees are not left without a solution.

BREAKDOWN OF WORKFORCE BY TYPE OF CONTRACT

Worldwide

	2018	2017	2016
FRANCE			
Permanent contracts, fixed-term contracts or other short-term contracts	5,590	5,512	5,489
Full-time	89.9%	89.7%	89.6%
Part-time	10.1%	10.3%	10.4%
Work-study trainees ^(a)	292	259	227
OTHER EMEA COUNTRIES			
Permanent contracts, fixed-term contracts or other short-term contracts	9,482	7,956	2,759
Full-time	75.2%	75.3%	85.3%
Part-time	24.8%	24.7%	14.7%
Work-study trainees ^(a)	229	214	9
AMERICAS			
Permanent contracts, fixed-term contracts or other short-term contracts	2,623	2,680	2,732
Full-time	99.6%	99.4%	99.5%
Part-time	0.4%	0.6%	0.5%
Work-study trainees ^(a)	84	56	41
ASIA			
Permanent contracts, fixed-term contracts or other short-term contracts	14,339	14,266	14,728
Full-time	99.8%	99.9%	99.9%
Part-time	0.2%	0.1%	0.1%
Work-study trainees ^(a)	51	0	0
WORLD			
Permanent contracts, fixed-term contracts or other short-term contracts	32,034	30,414	25,708
Full-time	90.8%	91.6%	96.1%
Part-time	9.2%	8.5%	3.9%
Work-study trainees ^(a)	656	529	277

(a) Working under apprenticeship/professional training contracts.

Worldwide, 62.8% of the workforce are on permanent contracts, 35.2% on fixed-term contracts and 2% are work-study trainees. Excluding Supor, where fixed-term contracts are normal and often for long periods, particularly for manual workers, 89.7% of the workforce are on permanent contracts.

DIVERSITY

Because diversity is a source of vitality, creativity and innovation, the Group promotes it in all its aspects: gender equality, social and cultural mix, age-group balance, inclusion of people with disabilities, etc. Groupe SEB has a non-discrimination policy to ensure that all employees are treated equally as regards their recruitment, pay and career development within the Group, in accordance with our Code of Ethics. In France, the Human Resources teams received awareness-raising training in stereotypes, diversity and gender equality in 2017. This approach was pursued in 2018 with a session dedicated to the Group Executive Committee. More specific training was developed on the theme "Recruiting and managing without discriminating, harassing or slandering" for Human Resources Managers and people responsible for recruitment. It will continue in 2019 and 2020 and will be rolled out to all managers and social partners.

In France, Groupe SEB has been a signatory of the Diversity Charter since 2005. Numerous actions have been implemented to support this policy at local sites and raise employee awareness. Diversity is monitored by specific committees covering signed collective agreements on this issue. More specifically regarding gender equality, a Group committee tasked with monitoring the collective agreement (France) analyzes the actions taken in this regard. Moreover, the sites must roll out local action plans on various issues: professional development, access to training, equality in terms of remuneration, work-life balance and recruitment.

To improve the diversity of work-study trainee applicant profiles, and particularly increase the share of young people from poor districts, in 2017, in France, the Group began a partnership with recruitment firm Mozaïk RH, a specialist in the promotion of diversity. In 2018, this relationship made it possible to hire some 20 young work-study trainees using a new job dating format during which managers met candidates without having first reviewed their CVs. The partnership will continue in 2019.

Gender equality

A KEY AGREEMENT

Gender equality in the workplace is an integral part of the non-discrimination and diversity promotion policy followed by Groupe SEB. In France, it was the subject of a collective agreement, which was renewed at end-2018. It details and amplifies actions already taken, in particular to reflect societal developments, and includes tools and methods for achieving the targets set. Firstly, the Group reaffirms its commitment to guarantee wage equality between men and women from hiring, to maintain it over time and not to penalize employees on maternity leave, adoption leave or child-care leave. Equal opportunity in terms of recruitment, professional development and training represents another avenue of attack, in particular to encourage the diversity of the businesses and expand access for women to managerial positions. The agreement also defines various areas for improvement in terms of working conditions and the work-life balance. For the purposes of implementing this agreement, every French site is required to put together an action plan that includes at least one action per annum that is specific to the local situation. The

results of these actions are included in the Comparative annual report, which measures actual progress.

WORK-LIFE BALANCE

Among the measures taken to help people balance their work and personal lives, employees were given the option of flexible work scheduling, and several sites introduced child-care or concierge service arrangements (Rumilly and Écully). In France, the agreement on quality of life at work, 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 child-care costs during training, under certain conditions. (See Quality of Life at Work on page 140).

ACCESS TO MANAGERIAL POSITIONS

The Group is also endeavoring to improve the balance between men and women in management worldwide: in 2018, 37.5% of managers were women (29% in 2007) and 40% of the external new hires in this category (51% in France). Some entities are performing particularly well in terms of equality, like the Southern Central Europe cluster: women hold 5 of the 11 seats on its Management Committee, 19 of the 28 managerial positions and represent 50% of employees. In France, they accounted for 60% of managerial hires in 2018. They also accounted for 30% of expatriate managers. They still only make up 18.5% 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, page 133), as is the joint development program tested in France in 2018. This collective coaching (groups of 7 to 8 people) is intended for "high potential" women and places great importance on the ideas of trust and solidarity. In 2018, the Group also decided to bring on board Alliance pour la Mixité en Entreprise (AME). This association brings together the networks of some 20 large companies with a view to encouraging experience sharing, benchmarking and mutual assistance on this matter.

DIVERSITY OF THE BUSINESSES

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. 21 women took such training over the past three years. The Group is also doing its bit to promote gender equality in the workplace by being a partner in the digital platform Egalités.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). Since 2018, it has also been part of the Femmes@Numérique group,

which brings together some 40 associations and as many large French companies to increase female representation of the digital businesses.

MEASURES TO COMBAT HARASSMENT

Groupe SEB pays very close attention to the issue of sexual harassment, an issue on which many countries have passed specific laws. In the Scandinavian countries, for example, it updated its policy in this area in 2017, and disseminated it to all its employees through the intranet. In India, where the government also legislated against sexual harassment in the workplace, 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. In France, the updating of the internal rules of all sites makes it possible to raise awareness and to reflect, in all entities, the new legislative provisions designed to combat all forms of harassment.

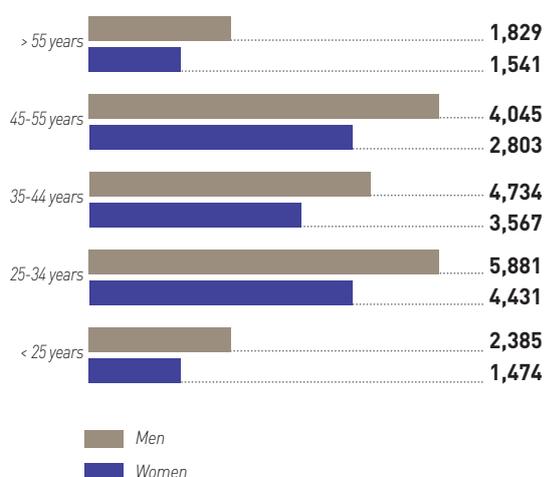
GENDER BREAKDOWN BY CLASSIFICATION WORLDWIDE

(in %)	2018	2017	2016
MEN			
Manual workers	29.5	32.2	34.9
Employees	20.4	18.5	17.7
Managers	7.9	7.5	7.5
TOTAL	57.8	58.1	60.1
WOMEN			
Manual workers	17.2	18.5	20.4
Employees	20.2	19	15.1
Managers	4.8	4.3	4.4
TOTAL	42.2	41.9	39.9

At the end of 2018, 46.7% of the Group's workforce were manual workers, 40.6% were employees and 12.7% were managers, 37.5% of whom were women. Excluding Supor, manual workers, both male and female, represented 32% of the workforce, while the percentage of managers totaled 19%.

Breakdown of employees by age

Worldwide



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.

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)

	2018		2017		2016	
	World	France	World	France	World	France
Number of disabled employees	405	312	439	311	453	326
% of disabled employees ^(a)	1.6	5.36	1.42	5.39	1.77	5.70

(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 2.0% in 2018 (2.3% in 2017).

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. 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 WMF, EMSA, GS India, GSE Morocco, GSE Israel, GSE Ivory Coast, Tefal-OBH Nordica Group China and GSE BRASIL RETAILING)

	2018	2017	2016
France	38	38	51
Other EMEA countries	24	35	32
Americas	19	12	12
Asia	41	37	38
WORLD	122	122	133

A total of 122 collective agreements were signed in 2018. 41.0% of these agreements related to remuneration (50), 21% to health and safety (26), 6% to diversity (7) and 22% to employee-management dialog (27).

The Group signed three major agreements in France in 2018. The first covers employee-management dialog. It supplements the agreement signed in 2007 to encourage the exercise of trade union rights and the new operating guidelines for employee representative bodies included in the 2017 orders. It specifically strengthens the measures

for safeguarding and promoting careers of social partners. The second agreement renews for a period of 4 years (2018-2022) the gender equality agreement (see page 138). The third covers disability and death and emphasizes fairness with in particular a single contribution rate regardless of the status and remuneration of the employee, and harmonization of death benefits.

At the end of 2018, 67% of Groupe SEB's workforce was covered by a collective agreement signed in the course of the year.

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, such that it covered around 40 countries in 2018. It is

done every two years. In 2018, 13 entities responded to the survey, with a higher average completion rate of 80% (76% in 2017). Over the 2016-2018 period, 68% of employees felt Groupe SEB was a good place to work (i.e. 4 points above the industry average) and 71% of them said they were proud of working for the Group. Based on the detailed results of the survey, each entity puts in place an action plan

to improve its weak areas, by actively involving the teams. Progress is in fact being made: in 2018, countries that carried out the survey for the second time improved their overall score by 3 points on average. The best improver was **Canada**, which rose 19 points, with 75% of employees broadly satisfied, followed by **Austria** (+13 points, overall satisfaction rate of 92%). This country is in the DACH zone (Germany, Austria, Switzerland) where the 2016/2017 survey had found a sense of lack of recognition of certain teams for the work they had done. In 2018, the Group responded to this expectation by introducing a profit-sharing system for people not receiving a bonus.

Managers are invited to get involved so that the actions produce results and ultimately employees' perceptions improve. In **France**, for example, the sales subsidiary included the Great Place To Work survey in the management and monitoring tools for its company-wide project Be One. In this country, numerous actions have been undertaken since 2015 to improve managerial communication and information about career development. Several sites have launched initiatives to present the various businesses to encourage transfers and raise knowledge between teams.

The actions carried out by subsidiaries to improve the Quality of Life at Work differ according to local priorities. A number of subsidiaries emphasize health. Thus, in the **US**, the Living Healthy program is run by the Well-being committees, which relay more than 100 initiatives, such as weight-loss competitions, online stress management seminars, sports activities, cooking and health workshops, help giving up smoking, etc. **Poland** also pushes the adoption of a healthy lifestyle with its Get healthy, stay healthy program, which includes among other things a sports challenge per team. In 2018, over 100 employees participated in it. **Colombia** has developed a well-being at work improvement plan named "Groupe SEB te consiente" (Groupe SEB takes care of you) along three main lines: "care for myself, other people and the world around me". In **Scandinavia**, the teams felt a little unsettled following the integration of OBH Nordica in 2015

and the resulting reorganization, as was evidenced in the Great Place To Work 2017 survey. Management focused efforts on six priority areas, involving employees in the action plans and carrying out satisfaction surveys to confirm progress. Within 12 months, the average satisfaction rate in the six areas went from 45% to 59%.

The Great Place To Work Institute picks out certain entities because of their score. This happened to Groupe SEB **Korea** in 2018 when it was awarded the Grand Prix. This subsidiary undertakes a series of internal communication actions and social activities. They foster team motivation, which can be seen in ongoing sales growth.

A **collective agreement** on Quality of Life at Work was signed in **France**. Signed in 2016, it took practical form with the introduction of various measures such as tele-commuting, which has been a real success with employees: at end-2018, close to 500 of whom had already adopted it. The actions taken also include a social assistance hotline rolled out to all the sites, or indeed, on some sites, physiotherapy, osteopathy and occupational psychology services, as well as easier access to intercompany nursery facilities and the offering of concierge/personal services. Another 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). Moreover, the improvements to break rooms continued in 2018, particularly for production staff.

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. Over the past three years, 37 employees contacted the counseling office, which is less than the national average according to 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. This network met at end-October 2018 in Germany for the second EHS Net international seminar. Over three days, the participants discussed the Group's strategies in this field, shared some 50 best practices and worked on the managerial stance and the professional skills of the EHS coordinator. These annual seminars make it possible to strengthen the international dynamic of the network, something that is also supported by the Yammer community (Groupe SEB social network). The Group has also undertaken to certify its health and safety management system (OHSAS 18001), with 100% of its industrial and logistical entities certified at the end of 2018.

SAFETY

Groupe SEB's safety approach is reflected in the worldwide Safety in SEB program. The 2020 road map emphasizes the involvement of employees as participants in their own safety. At the plants, for example, safety is one of the points that is reviewed daily by the production teams as part of the OPS (Operation Performance SEB) initiative, via Frequent Events. The Group has set itself a target of halving the number of accidents (LTI - Lost Time Injuries) between 2017 and 2020, while including temporary employees. All accidents occurring within the Group are summarized monthly in a newsletter sent to all managers (including the Executive Committee) and the Health and Safety community.

In 2018, 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. Internal audits are conducted to ensure their application. At end-2018, 23 standards were operational, the most recent one covering the applicable rules in the event of exposure to noise. Of the new standards rolled out in 2017-2018, the new version of the behavior-based safety inspection (VCS) standard is of particular importance. As more than 75% of accidents could be avoided by making behavioral changes, the aim of the VCS is to eliminate dangerous practices and conditions on the basis of a discussion between the employee "inspected" and a line manager. The health and ergonomic aspects of the new VCS standard have been strengthened, notably by including new checkpoints relating to postures. Every industrial or logistics site employee is inspected twice a year on average for risky sectors. In 2018, WMF and Emsa continued to roll out VCS and the "inspector" training plan.

In 2018, security specific checkpoints were incorporated into day-to-day field visits by local managers. It feeds into the Safety Pyramid. This is a tool designed to detect hazardous situations ahead of time to quickly remedy them so as to anticipate accident risks. No initiative is off the table when it comes to raising the alarm: in Colombia, for example, in 2018 the industrial sites launched a mobile app to encourage the teams to report safety risks and environmental hazards.

The number of VCSs and the number of reports in connection with the Safety Pyramid are used by the Group as safety policy management indicators, along with the accident rate.

Any accident where feedback can be helpful to the action plan is communicated to all managers and to the Groupe SEB safety community (Safety Vigilance Flash system). In 2018, noting that 40% of accidents were linked to non-compliance with rules, the Group decided to review the definition of "mandatory rules" required at each manufacturing and logistics site and on the SEB Campus (Group HQ), to make them more exact and better suited to the reality on the ground. Developed together with the operating teams, the new "mandatory rules" are now defined per business. Their review started on the French sites in 2018 and is being progressively extended to other countries. These supplement the six universal "golden rules" that are designed to ensure that everyone within the Group contributes to the safety of all. The golden rules, illustrated through a cartoon, are available in 10 languages.

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 of products and processes as well as the carrying out of 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 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. This is particularly true of ergonomics where the indicator measures improvements that are deemed significant using specific analysis methods, scoring grids, a decision-making tool developed by ergonomists and the person's experience. All industrial and logistics sites worldwide have taken steps to improve workstation ergonomics in order to achieve the target of 25% of workstations to be improved in 2018.

In France, the Group launched the Health Plan 2 (2017-2020) in 2017, following on from the first health plan in 2009. Its aim is to pass a new milestone by combining health with performance and prioritizing prevention and the well-being of employees. It has three focal areas: reducing physical and psychological risks (and especially MSDs); making health dashboard charts more reliable and developing communication; and improving safety management. A multidisciplinary Health Steering Committee makes it possible to share best practices and the focal areas for development of the Group's health policy, to monitor health-related issues in the workplace, and manage the measures taken, with the promotion of investments that combine health with performance.

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 hard-pressed workstations. In 2018, the Group had 42 MSD Specialists in France. Ergonomic improvements of workstations, training and staff rotations, warm-up and cool-down exercises, as well as a quick response whenever an employee indicates discomfort while working are all actions that 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, WMF and EMSA)

	2018	2017	2016
FRANCE			
Number of workplace accidents with days lost	41	40	48
Number of days lost	2,217	2,160	2,588
LTIR ^(a)	4.9	4.8	5.8
Severity rate ^(b)	0.26	0.26	0.31
Number of workplace fatalities	0	0	0
OTHER EMEA COUNTRIES			
Number of workplace accidents with days lost	13	9	6
Number of days lost	131	143	101
LTIR ^(a)	2.6	2	1.4
Severity rate ^(b)	0.03	0.03	0.02
Number of workplace fatalities	0	0	0
AMERICAS ^(c)			
Number of workplace accidents with days lost	8	12	11
Number of days lost	147	362	436
LTIR ^(a)	1.6	2.5	1.9
Severity rate ^(b)	0.03	0.07	0.07
Number of workplace fatalities	0	0	0
ASIA			
Number of workplace accidents with days lost	14	21	34
Number of days lost	1,382	1,113	2,357
LTIR	0.4	0.6	0.9
Severity rate ^(b)	0.04	0.03	0.06
Number of workplace fatalities	0	0	0
WORLD			
Number of workplace accidents with days lost	76	82	99
Number of days lost	3,877	5,482	5,482
LTIR ^(a)	1.4	1.5	1.8
Severity rate ^(b)	0.07	0.07	0.10
Number of workplace fatalities	0	0	0

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

All the data shown in the table exclude temporary employees.

The frequency rate of workplace accidents (TF1), used by the Group until 2013, corresponds to the number of occupational accidents with days lost per million hours worked. It counts all types of accidents with days lost including those that are not directly related to working conditions. In 2014, Groupe SEB adopted a new system of accounting for accidents that includes the idea of a link with work. This is the one used by the Occupational Safety and Health Administration of United States of America (OSHA) and is applied in many large groups. Accidents which have no direct causal link with work are no longer counted in the Group's Lost Time Injury Rate (LTIR). The internal recording system has no effect on local legal declarations, which remain unchanged.

It should be noted that beginning in 2018, the Group's Health and Safety targets include temporary employees as well as the whole WMF and EMSA scope.

Accordingly, the 2018 target for LTIRi (Lost Time Injury Rate including temporary employees) was 2.5 Worldwide, 5.5 in France and 7.1 in WMF.

The 2018 results were: 2.6 Worldwide, 6.0 in France and 7.6 in WMF.

France recorded 59 lost-time injuries with temporary replacements, as well as 184 work-related accidents with and without days lost, including temporary employees. The LTIRi is 6.0 and the severity rate is 0.24.

WMF recorded 59 LTI, as well as 109 work-place accidents with and without days lost, including temporary employees. The LTIRi is 7.6 and the severity rate is 0.16.

These two Group entities, France and WMF thus account for close to 65% of the total number of workplace accidents with days lost.

Lastly, overall including GS India and EMSA, Groupe SEB recorded 182 workplace accidents with lost time injuries and 221 workplace accidents without lost time in 2018, including temporary employees. The LTIRi is 2.6 and the severity rate is 0.08.

Even if the targets are not met, the Group's results are once again on the right track. Thanks to the multiplication of global prevention efforts, standards and tools, Groupe SEB recorded 10 fewer workplace accidents with days lost than in 2017, and 39 fewer than in 2016, including temporary employees.

The lower severity rate reflected a 3,193 reduction in days lost compared with 2017 and 8,459 days lost compared with 2016.

A worldwide survey of occupational illnesses has been conducted since 2013. 28 new cases of occupational illnesses were recognized throughout the Group in 2018, excluding temporary employees. This number is significantly lower than the 66 and 62 cases reported in 2017 and 2016.

Number of new occupational illness cases recognized in the year	2018	2017	2016
France	27	55	57
Other EMEA countries	0	0	0
Americas	1	11	4
Asia	0	0	1
WORLD	28	66	62

Groupe SEB is aware of the importance of the issue of occupational illnesses, especially Musculoskeletal Disorders (MSDs), and has taken health measures in France, such as ergonomic improvements to workstations on production sites, with the introduction of an indicator monitored monthly, training in manual handling, for example, staff

rotations where this is permitted by the organization of the workstation, warm-up and stretching exercises and a quicker response when an employee reports that they are experiencing pain. Several sites in France also pay for visits to a physiotherapist and offer a hotline to an osteopath.

OHSAS 18001 CERTIFICATION

(Worldwide)

	2018	2017	2016
Number of certifiable entities	4	35	36
Entities holding OHSAS 18001 certification ^(a)	100%	97%	92%

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

Since 2007, the Group has set all its sites to work on the certification of its health and safety management system (OHSAS 18001). At the end of December 2018, 100% of the Group's industrial and logistics entities had this workplace health and safety certification.

Egypt and India EMSA sites were recently included in the scope of certifiable sites. The certifications are planned for 2020 and 2021.

The WMF sites were certified in 2018.

GLOBAL SOCIAL PROTECTION FLOOR

SOCIAL PROTECTION

In terms of social protection, in 2017 the Group launched an initiative designed to offer its employees, throughout the world, a high level of coverage compared to the local context, beyond regulatory obligations. A worldwide inventory of practices, produced in 2016 in the 73 countries where the Group has employees, already showed that 85% of them had death insurance cover. In 2018, the Group started to roll out the global social protection floor, which is built on three pillars:

- life insurance: 12 months' salary paid to the family of the employee in the event of work-related death;
- healthcare costs: coverage of hospital stays (70% of actual costs) and mandatory preventive medical visits;
- parenthood: maternity leave (14 weeks) and paternity leave (2 weeks).

Every employee, regardless of his/her country and level, will enjoy this coverage at the very least. This will be progressively rolled out by 2020,

with life insurance being effective for all as of 1 January 2019 (except for WMF, which will be covered from January 2020).

The Group also looks 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.

<i>(in € millions)</i>	2018		2017		2016	
			World	France	World	France
Remuneration ^(a)	951.3	252.3	921.1	244.8	601.7	242.7
Payroll taxes ^(b)	181.3	66.3	185.8	69.0	125.9	68.0
Pension and other post-employment benefit plan costs	70.4	43.8	56.9	42.7	55.5	41.3

(a) Excludes bonuses and profit-sharing – includes provisions for paid holidays, excludes employee benefits.

(b) Includes provisions for payroll taxes on paid holidays.

WMF and EMSA joined the consolidation scope in 2017. "Worldwide" data include "France" data.

STATUTORY AND DISCRETIONARY EMPLOYEE PROFIT-SHARING

In the area of profit sharing, Groupe SEB has been a pioneer: for over 50 years it has tied employee pay to the company's financial performance and does so in most countries in which it operates. In France, 50% of the total bonuses paid by the Group is distributed evenly across all employees in France. In addition, since it was

(France)

<i>(in € thousands)</i>	2018	2017	2016
Provision for bonuses	16,117	19,058	19,337
Provision for profit sharing	17,500	18,498	17,458
TOTAL	33,618	37,556	36,795

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

In 2019, the amount paid in profit-sharing and bonuses will amount to €33.6 million in respect of 2018. Please note that figures include the employer's social tax contribution.

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 2018, there were 804 direct employee shareholders (shares managed by the Group's shareholder department directly), plus 1,486 former employee shareholders.

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 and Personal Development 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 2018, the Group continued to enhance the training part of its digital HR platform iGrow@SEB, translated into five languages (English, French, German, Spanish and Portuguese). All connected employees worldwide included in the SAP HR databases (excluding Supor) now have access to this platform and to the 160 e-learning modules offered, regardless of their job or place in the reporting line. New training courses were added to it, such as the Compliance program, which already includes three modules on the Code of Ethics, followed

by 91.5% of the 11,000 connected employees (see page 129), on IT security and anti-competitive practices, followed respectively by 75% and 88% of the 8,000 employees targeted. This will shortly be supplemented by anti-corruption, personal data protection and internal control modules. Another new program offered on iGrow@SEB: SEBOPOLY, which allows people to become familiar with the Group's economic environment and its specific language.

Aside from this free access for all to e-learning modules, iGrow@SEB now allows connected employees at various entities and countries to access a personalized training catalog and 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 service is operational in France, the United States, Mexico, Hong Kong and at WMF. Moreover, since 2018, line managers can, in just a few clicks, assign certain training to their team members and query their past trainings via reports and dashboards. Lastly, special algorithms have been developed to automatically assign certain mandatory trainings to newcomers.

TRAINING (WORKFORCE AND TRAINING HOURS)

(Worldwide, excluding WMF and EMSA)

	2018	2017	2016
	World ^(c)	World ^(b)	World ^(a)
Number of training hours	507,870	489,628	401,810
Number of employees trained	29,316	29,954	25,015
Number of women trained	11,010	12,954	8,663
Number of men trained	18,305	16,999	16,352

(a) Excluding Groupe SEB Korea

(b) Data updated to correct a calculation error

(c) Excluding GS Belgium

Of the total hours of training completed in 2018 including Supor (and excluding WMF and EMSA), 44% was for manual workers, 36% for office employees and 20% for managers. WMF entities in Germany organized 54,825 hours of training and trained 2,626 people in 2018.

In addition to the training referred to above, 7,477 connected employees (excluding Supor, Vietnam Fan, non-managers, Groupe SEB Hellados, WMF and EMSA) spent more than 22,000 hours on the iGrow@SEB platform through the various e-learning modules.

Forward planning of employment and skills

Groupe SEB management and the social partners are cooperating on the Forward Planning of Employment and Skills (GPEC). The goal is to anticipate business trends and foster skills development in light of changes in Groupe SEB's environment and strategic direction.

At end-2017, Groupe SEB management and the Trade Unions renewed this commitment by means of an agreement, designed to give employees some control over their professional development, to maintain and increase their employability. From training to mobility-career zones, not forgetting gateways between professions, a broad range of tools is available to Group employees. To ensure a shared vision of the employment and skills transformation challenges and ensure the fairness of the opportunities given to employees, the Social partners and Management attend twice yearly Career Centers.

There was fresh impetus in May 2018. All French sites did the same forward-looking analysis, involving the HR teams, Management

Committees, operational staff and the elected members of the Career Centers. On the basis of Group jobs mapping, each site was able to identify emerging jobs, those under pressure (recruitment difficulties) and those in transformation. On the basis of this, specific measures were defined across all French sites and presented at the Career Centers in October and November.

In terms of training, Groupe SEB added operational and structural tools to:

- Increase technical mentoring to facilitate greater passing on of expertise as part of an initiative to keep expertise in-house;
- Support the digital transformation of Groupe SEB by investing in training programs that are open to everyone and reflect the special nature of certain professions (factory of the future);
- Formalize and promote gateways between professions by offering concrete paths to give employees a role in their professional development within the Group.

In 2019, the addition of the training component to the Forward Planning of Employment and Skills (GPEC) initiative will include the creation of Jobs Schools while the number of technical mentors is expected to double within a year. Technical mentoring allows an experienced employee to pass on his/her knowledge to a mentee, over a period of a number of months. 15 pairings were in place in 2018. The other mentoring systems in place within the Group are work-study training (355 pairings in 2018) and the on-boarding of new employees (514 in 2018).

TRAINING BUDGETS ^(a)

(Worldwide, excluding WMF and EMSA)

<i>(as a % of payroll)</i>	2018 ^(c)	2017 ^(b)	2016
France	4.63	4.33	3.90
Other EMEA countries	1.74	1.52	2.15
Americas	2.4	2.73	0.89
Asia	1.54	0.88	1.03
WORLD	2.88	2.59	2.38

*(a) Teaching costs + expenses, wages for interns.**(b) Excluding All-Clad.**(c) Excluding GS Belgium.*

The Group's training expenses represented 2.88% of its payroll in 2018. For the Supor subsidiary, these expenses amounted to 1.64% of its payroll for this year. WMF's training expenses for the German entities accounted for 2.70% of its payroll.

GROUPE SEB UNIVERSITY (UGS)

(Worldwide, excluding WMF and EMSA)

	2018	2017	2016
Number of trainees	1,294	1,112	900
Number of training sessions	186	157	95
Number of training hours	32,710	31,681	25,306

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 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 2018.

2018 saw the introduction of 3 digital training campaigns covering various different aspects of compliance: Code of Ethics, IT security, Competition law. The training teams were actively involved in these campaigns in 2018, in close cooperation with the business teams, which jointly developed these modules in 7 languages. From February to December, over 7,000 employees took at least two of these trainings in 28 countries. The content on the Digital Academy platform has also been expanded. It offers over 80 e-learning modules covering 10 different themes: Digital culture, Well-being at work, Future of work, Future of Sales, Management and Leadership... In 2018, over 900 employees took at least one course on this platform, which is available on a self-service basis.

On the theme of leadership, the UGS training range was expanded in 2018 with a new program for middle managers: Management & Leadership in Action. Offered in five languages, it takes 5 months, alternating between face to face and e-learning. Following two pilot sessions in 2018, it started its international roll-out in January 2019 and should involve some 1,300 Group managers over 4 years. Two other programs supplemented the 2018 leadership training: Developing Your Leadership Impact and Developing Our Talents, which both target talented young people (its content was extensively reviewed in 2018). More than 150 people completed one of these three programs in 2018.

Within the Sales & Marketing School, the UGS developed new trainings in 2018 including a module focused on new marketing approaches (classroom based) and a cooking course (e-learning + face to face) intended for the Marketing and Innovation teams working on food issues.

The program on the OPS (Opération Performance SEB) initiative for the local management of industrial sites, launched in 2017 in France, is being progressively extended to other countries.

DIGITAL AND COMMUNICATIONS UNIVERSE

THE DIGITAL SPHERE IMPROVES THE “EMPLOYEE EXPERIENCE”

The Group is stepping up its digital transformation in every field, including to optimize the “employee experience” of its employees: after having rolled out Microsoft Office 365 in all entities worldwide in 2017, in 2018 the Group began developing a **customized and personalizable interface**. This will allow its 11,000 connected employees to, from a single welcome page, access all the collaborative tools and functionality of Office 365, their Yammer communities and the business tools and information needed in their work. This single welcome page will be customized to reflect the user’s profile and personalizable on the basis of their interests, regardless of their location and the device that they use. The Group is also examining the potential of digital technology to offer improved access to Group information and services for employees in the field and on the production floor. The first version of this new work environment was launched in early 2019.

Aside from the e-learning platform which is constantly seeing new modules on the digital sphere, the Group’s digital transformation is going hand-in-hand with various communications initiatives targeted at employees: “Chroniques du Digital” (Digital Chronicles) on the Intranet publishing articles and video interviews on digital developments within the Group; “Digital Digest” offering a twice monthly review of key digital events in the market; themed conferences in the “Digital Room” on the SEB Campus, refurbished and expanded in 2018 to accelerate the digital assimilation of its employees and allow them to experiment with new ways of working.

ABSENTEEISM RATE

(Worldwide excluding EMSA ASIA, WMF, GS BELGIUM, SSEAC, GS BRASIL RETAILING, SEB SERVICOS BRASIL, GSE ISRAEL)

	2018		2017		2016
	World	France	World	France	France
Absenteeism rate ^(a)	4.2	3.49	4.0	4.4	4.0

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

INFORMATION AND COMMUNICATION

The almost daily publication of “télex” on the Intranet 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 Guide to Social Media Best Practices. The in-house press also plays an important role. Tempo, the magazine published by the Corporate Communication department, is provided in electronic format to all of the Group’s connected employees. In parallel, many sites and subsidiaries publish their own in-house newspaper.

SEB Campus, in Écully, where circa 1,200 people work, saw very active local communication in 2018: cycle of conferences with well-known speakers (“SEB Talks”), management workshops to share best practices between team managers, a job and internal transfer week, a Quality of Life at Work week, and other events.

On the external communications front, in addition to the usual publications (Business and Sustainable Development report, Group business card, etc.) and social media work where the pace has picked up even more (see page 133), 2018 saw the launch of the Group’s **new website** www.groupeseb.com. Offering enhanced content – news feed, infographics, visuals, testimonials, videos, etc. – it was completely overhauled, in particular to offer improved navigation and smartphone and tablet compatibility.

OVERTIME

(Worldwide)

	2018		2017		2016	
	Worldwide excluding Supor	Supor	Worldwide excluding Supor	Supor	Worldwide excluding Supor	Supor
Number of overtime hours <i>(in thousands)</i>	587	11,796	652	11,268	874	10,469
Full-time equivalent <i>(in persons)</i>	264	5,646	291	5,400	381	5,014

For the Chinese subsidiary Supor, these figures reflect the local context, where work is highly seasonal, and there are pressures on the recruitment of labor in eastern China. France accounted for 56,610 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)

	2018	2017	2016
France	639	851	635
Other EMEA countries	175	651	441
Americas	627	699	1,560
Asia	3,491	431	406
WORLD	4,932	2,632	3,042

(a) Temporary full-time equivalent employees.

A corporate citizen

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

CORPORATE PHILANTHROPY: LOCAL COMMITMENT, GLOBAL DYNAMIC

COMBATING EXCLUSION

Groupe SEB's corporate philanthropy policy is an integral part of its corporate social responsibility approach. Its objective is to harmonize the various subsidiaries' philanthropic commitments and encourage employee involvement. The Fonds Groupe SEB endowment fund team is tasked with implementing the corporate philanthropy policy, ensuring the coherence of the various projects worldwide and coordinating the Group's community actions.

The Group formalized and clarified its corporate philanthropy policy in a document disseminated in 2017 to all the Corporate Philanthropy Correspondents (one correspondent per subsidiary). This document sets out the corporate philanthropy mission and strategic focuses, the participants involved (subsidiaries and Fonds Groupe SEB), their roles, and the various possible forms of contribution. These include financial

donations, donations of products, philanthropy based on providing expertise, and cross-partnership or product-sharing operations. To encourage employee involvement, the subsidiary may give every permanent employee one day a year of working time to work on a public interest project linked to the fight against exclusion.

The social purpose of Groupe SEB's corporate philanthropy policy is the fight against exclusion, in four areas of action:

- inclusive employment;
- education and training;
- supplying household equipment and providing access to a healthy diet;
- help for people with health issues.

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

3

TOTAL CORPORATE PHILANTHROPY EXPENSES

(Worldwide)

<i>(in €)</i>	2018	2017	2016
Financial donations	2,345,656	2,165,756	1,925,452
<i>including Fonds Groupe SEB</i>	345,000	352,000	360,000
Product donations	561,944	509,309	551,184
<i>including Fonds Groupe SEB</i>	356,142	308,065	246,955
TOTAL CORPORATE PHILANTHROPY EXPENSES	2,907,599	2,675,064	2,476,636

Overall, the Group allocated €2.91 million to corporate philanthropy activities in 2018, up over €230,000 compared with 2017. This change is mainly due to the increase in financial donations by the SEB Développement subsidiary and 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.

Local initiatives

CHARITY WEEK

Every year, the **Charity Week**, which is coordinated by the Fonds Groupe SEB, is a high point of employees' worldwide involvement in community actions. In 2018, the theme of the event, held at end-November/early December, was "**Working together to combat exclusion**". It resulted in the participation of employees from 53 sites and 32 countries in a wide range of actions. Some teams participated for the first time, like the ones from WMF, Emsa and Thailand. Each entity was able to share its initiatives with the whole Group thanks to the Charity Week community on the internal social network Yammer.

In France, the SEB Campus organized a series of actions including 10 **team solidarity days** involving 122 employees: a painting workshop in an accommodation center, furniture refurbishment with employees of an integration workshop, day of sharing with refugees, etc. Most sites worldwide did **collections** of food, toys and clothing, and "homemade" cake sales for local voluntary associations.

Many actions targeted support for **children in need**. In Brazil, for example, employees in Recife rebuilt a struggling small neighboring school; in Mexico, the subsidiary supported the Fondation Renaissance, which helps street children; in Germany, employees did up the garden of a school teaching children in difficult circumstances.

Various initiatives were also undertaken for people with **disabilities** and social events with Group employees, often involving the preparation of meals or snacks. This happened in Turkey, the Czech Republic, Poland... In the United Kingdom, 40 volunteers restored an activity center for young people with disabilities.

During Charity Week, many Group employees also chose to **share in the day-to-day work of an association that supports the poorest and weakest in society**. In Hong Kong, for example, 24 SEB Asia employees prepared over 2,000 hot meals with the Food Angel association, while volunteers from Tournus and Lourdes also spent a day with Restos du Cœur and Secours Populaire, respectively.

Another example of team solidarity: in Colombia, at the initiative of Fondation Imusa Samurai, 60 employees helped build 7 houses for poor families in the vicinity of Bogota and Medellin, in partnership with Fondation Techo.

THE SUBSIDIARIES COMMIT

The Group's subsidiaries also directly support and initiate projects all over the world outside Charity Week.

In **China**, for example, since 2006, **Supor** has pressed ahead with a vast construction program, **building schools** for disadvantaged children in rural areas. 22 schools have opened since the project's launch (including two in 2018 in the Hubei and Yunnan provinces) and four 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, including in particular during Charity Week.

In **South 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. They receive individual financial support and school books, food products, leisure activities, etc.

In **France**, 150 employees participated in March 2018 in the first Charity Days event run by Groupe SEB France, which came out of the Be#One company-wide project. Goal: to get to know each other better, join together in a community project. More than a third of the subsidiary's employees took part in the national collection for Restos du Cœur and many other actions: clothes sorting, furniture refurbishment, painting or gardening as part of integration projects, landscaping of green areas, events in social housing, distribution of foodstuffs, etc.

Moreover, as part of measures to hire interns, the Group worked in France with the social start-up "Vendredi" to offer shared internships with charitable organizations. Interns spend four days a week at the company and one day working for a charitable organization, on an assignment with a high social impact.

In **Egypt**, during Ramadan, the subsidiary supported various charitable organizations in partnership with Fondation Misr el Kheir which helps a series of causes. The teams worked on five initiatives: distribution of 25 tons of food parcels, preparation of 600 meals, assumption of the debt of two poor families and handing out of clothing to 100 people for the Aid-el-Fitr holiday, which marks the end of the month of Ramadan. These actions were publicized every month on the local Facebook pages of Moulinex and Tefal.

CAUSE-RELATED MARKETING PRODUCTS

Cause-related marketing products represent another form of philanthropy performed by Groupe SEB. In France, Tefal and Carrefour did something along these lines in 2018: for every product purchased, another product was gifted to Agence du Don en Nature, an association supported by Fonds Groupe SEB (see next page). By the same token, Groupe SEB partnered with Camif, an online sales specialist, for the "Acheter, c'est aussi donner" campaign. Every purchase of a Seb pressure cooker resulted in an item of Group cookware being gifted to Banque Solidaire de l'Équipement, run by the Emmaüs Défi association.

In Poland, the 15 Group stores, operating under the Home&Cook brand, took an original initiative: for 6 months, they suggested that buyers add €1.2 to the price of a frying pan in the Expertise range to help fund a charitable association chosen by each store.

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 2018, the Fonds Groupe SEB supported 18 projects from a support budget that amounted to €400,000 in cash and €356,000 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;
- **Chantal Monvois:** Managing Director of Fondation AgroParis Tech;
- **Véronique de Montlivault:** former Managing Director of Fondation Emergences.

The Operational Committee reviews and selects the projects submitted to the Fund. It monitors their implementation, thereby contributing to the steering and improvement of future philanthropic programs.

It has 10 members, who are Group employees, selected for the diversity of their skills (management, HR, communication, union representatives, etc.) and their commitment to solidarity.

An operational team of two people delivers and assesses the projects and develops the network of employee volunteers.

PROJECTS SUPPORTED

In France

Since 2007, the Fonds has supported 413 projects in France aimed at "better living for all", conducted by charitable organizations with which it has close links, such as Emmaüs Défi, the Agence du Don en Nature (ADN), Énergie Jeunes, the Institut Télémaque and others.

Énergie Jeunes, for example, works to encourage children to continue with their studies at priority assisted schools in disadvantaged areas through input from volunteers primarily from the corporate world. These volunteers instill in young people the desire to learn, using highly interactive teaching methods. Since 2013, around 20 employees have taken part in initiatives in the Lyon, Isère and Burgundy regions. 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 2018, 12 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 invited in October to a participative cooking workshop run by the La Légumerie association on the SEB Campus. They also prepared remarkable recipes with local, organic and seasonal products.

In the area of household equipment and providing access to a healthy diet, the Fonds renewed its support, in 2018, 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 281,000 products, financial assistance totaling €255,000, and the provision of skills.

The new projects supported in 2018 included one on exclusion because of illness. It is run by the **Clubhouse** association that helps vulnerable people suffering from severe mental illness socialize and get back into the workforce thanks to day centers. Fonds Groupe SEB supported the development of the center opened in Lyon in 2017. Another new project designed to combat the isolation of people living in areas defined as priority by the French City Ministry: the **VoisinMalin** association works through a network of residents who inform and support, basically by knocking on doors, to reconnect and build some positive momentum. Fonds Groupe SEB supports this project in the Lyon region.

The Fonds also runs programs to encourage employees to get involved in community projects. For the sixth 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 2018, the Fonds supported 16 projects selected by the sites' local juries. The Fonds also started the "Défis Solidaires en Équipe" (Team Community Challenges) in France in 2017, again to get employees involved. The movement continued in 2018 in various guises: solidarity days during Charity Week on SEB Campus, Charity Days at Groupe SEB France, selection day for Institut de l'Engagement prizewinners for the Group Finance department, a day in the Emmaüs bric à brac for the Linen Care Marketing department... All Group subsidiaries are encouraged to set solidarity challenges for their teams.

On an international level

Fonds Groupe SEB has been in partnership with the **Life Project 4 Youth** association since 2014, firstly in Vietnam and then in India from 2016. It supports the development of occupational training centers (3 in Vietnam and 4 in India) to help marginalized young people create a life plan. Aged from 17 to 24, they go on an 18-month employment program. Beyond developing their basic knowledge, they 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 Vietnam, one of the training centers is in Ho Chi Minh City, close to the Asia Fan site. Called **Lanterns & Lights**, it makes lanterns from recovered materials. At end-2018, the association hosted 541 young people in India and Vietnam. Since 2009, it has supported close to 2,000 young people in Asia, more than half of whom are now in employment.

A responsible participant in the economy

SOCIAL AND SOLIDARITY ECONOMY

Groupe SEB fulfills its economic and social responsibilities in the regions where it is located. In addition to the jobs it generates, it supports the development of local businesses, especially players in the non-profit and social sectors. Whenever possible, it favors the use of companies that support disadvantaged people looking for employment. Social clauses have been added to calls for tender to extend this responsible purchasing policy (see page 130). 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 over 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 head office in Écully. 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 2018, the work subcontracted to the disability and inclusive employment sector totaled more than €3 million, equal to 301 FTE (Full-Time Equivalent) jobs, across all of the Group's French sites.

In Colombia, the Group works through its Imusa brand to support *tinteros* who live and work in impoverished conditions. These street vendors of coffee and snacks are Group customers because they mostly use Imusa vacuum flasks. To help them, 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. Through its "Tinteros de corazón" program, Imusa also takes various steps to improve their circumstances. It particularly offers them training on the management of their activity and health and safety. Following each course, the *tinteros* are invited to visit the Rionegro plant where the flasks are manufactured. Every year, Tintero's Day is an opportunity for Imusa teams to show solidarity with the *tinteros*, for example by providing school supplies. Imusa has supported around 2,000 *tinteros* for many years.

LOCAL ROOTS

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 3,800 employees work at six sites: Écully, Pont-Évêque, Mions, Saint-Jean-de-Bournay, Saint-Priest and Rumilly. Internal promotion and skills development are priorities for the Group, whose commitment to the Lyon area is shown particularly in its membership of the "Alliance et Territoires" network, led by the Maison de Lyon pour l'Emploi. The aim of this network is to bring down barriers between member companies and create an intercompany GPEC (Forward Planning of Employment and Skills) and regional GPEC dynamic in the Lyon area.

More generally, the Group is an active member of the community in every region in which it operates. It maintains a number of links with local operators, and particularly with educational establishments, providing classroom talks and inviting students to take part in site visits or work experience programs. In the US, for several years 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 events on topics related to its business or commitments. In November 2018, it participated in the Journées de l'Economie conference in Lyon, where 40,000 participants contributed to around 60 seminars and discussions. Thierry de La Tour d'Artaise took part in the round table discussion "Is there a model for Asian business development?" using the example of the acquisition of Supor. At another round table discussion on the circular economy, Joël Tronchon, Sustainable Development Director, presented the Group's strategy in this area.

Groupe SEB regularly takes part in discussions on social issues, such as nutrition, health and aging. These topics are also handled by its Research and Development teams (see page 160).

Sustainable innovation and respect for consumers

Joint introduction to the Cooking for Good, Better Homelife, Circular Revolution sections.

INNOVATION

Since the outset, Groupe SEB has always placed innovation at the heart of its strategy, in order to better meet and anticipate consumer expectations. Innovation also helps consumers move towards more responsible habits, an idea that increasingly strikes a chord with many consumers, especially in terms of nutrition, health and ecological footprint. The convergence between innovation and sustainable development is gradually becoming a reality.

COLLABORATION AND PARTNERSHIPS

The Group's innovation teams are currently opening up to new methods, incorporating new skills and taking on technological challenges in fields such as materials, energy consumption and ergonomics. They are making particular progress with **circular economy** solutions, designed to save the planet's resources (see pages 163 - 166).

This strong innovation policy relies on frequent and extensive discussions between the Research, Marketing, Design, Development, Quality, Consumer Support and Sustainable Development teams. It also draws on external collaborations, particularly through collaborative research programs in which public and private partners share their skills to achieve a common target (see page 21). "Open innovation" also includes start-ups, in which the Group acquires stakes through the SEB Alliance Fund (see page 22). It invests in emerging businesses that offer disruptive technologies and/or new business models. The sectors targeted match the Group's strategic areas of innovation, with applications in three main fields: well-being (protecting health and beauty, solutions for an aging 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, reduction of carbon footprint).

SOCIAL IMPACT PROJECTS

The Group sees social issues as an opportunity for exploring new business models that deliver social utility. In this spirit, in 2017 it launched the **BiiS ("Boost innovation with a Societal impact")** program, led by the Research and Sustainable Development departments. The program gives multidisciplinary teams of six to eight volunteer employees the chance to experiment with an **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 solutions enabling people to remain at home and a set of breakfast products specially adapted for people with specific needs (people with disabilities, elderly people, etc.) (see page 161). In addition to the societal focus of these research areas, the relevance of the BiiS program lies in its assimilation of agile methodologies similar to a start-up strategy, with multidisciplinary teams, following a user-centered (design thinking), pragmatic (test & learn), iterative approach with regular validations (scrum). These methods and tools are innovation accelerators and are implemented across the Group's Research teams, in addition to the tools already offered by SEB Lab.

ALL STAFF ARE INVOLVED

As innovation is one of Groupe SEB's key values and all employees are users of its products, the Research department, via SEB Lab, launched the All Innovators Challenge in 2017, inviting all staff to put forward product and/or service innovation ideas related to the Group's business. Following an initial test edition on the Écully Campus in 2017, the challenge was extended to all the French sites in 2018. Of the 476 ideas proposed, 169 were chosen by staff votes, 63 were selected by a preliminary panel of Research and Marketing managers and 5 were chosen by the Innovation panel at the end of 2018. During 2019, the five winners will see their ideas turned into reality, with the help of SEB Lab, and the All Innovators Challenge will be rolled out globally.

(For more information on Groupe SEB's innovation strategy, see Chapter 1.2, page 21)

RESPECT FOR CONSUMERS

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

QUALITY

Groupe SEB's **Quality Management System (QMS)** describes the steps to be taken, at every level, to ensure the quality of products and related services. The QMS covers all Groupe SEB activities, processes and sites throughout the world. Every Group operation, 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.

For products, the Group controls quality **at each stage of the design and manufacturing process**, including with subcontractors. The first quality tests are carried out from the design phase, on all products (excluding purely aesthetic variants): pre-production runs are tested in testing rooms close to the design teams. For endurance tests, products are subjected to an intensive sequence of operating cycles in standard conditions of use, which may be spread over several weeks, without interruption. At the Shaoxing (China) site, for example, endurance tests on kettles 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.

Commencement of new product manufacturing is preceded by a Pilot Run Validation. This involves the pre-production of an additional 100 or so products, with extremely demanding quality criteria, so as to reduce the scrap rate as much as possible. In four years, the number of products not considered "good the first time round" has fallen by 36%, 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 consumer 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 more than 2 in 9 years. Finished product quality indicators are also continuing to improve, such as the percentage of potentially faulty products, which has decreased by 60% in five years (Group and subcontractors' plants, excluding WMF).

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

PRODUCT SAFETY

Product safety is ensured by a rigorous set of procedures implemented at every stage of product development and production. During development, each project review (RP1 to RP4) includes formal checking of product compliance via a series of validations listed in the EMQS (Environment, Marketing, Quality and Standards) reference document. Several of these validations make a direct contribution to product safety, such as robust design analysis or field tests which validate the design under real conditions. During the production phase, lots of tests are carried out on the production lines (electrical insulation, sealing tightness, etc.) and samples are taken on a regular basis for accelerated functional testing which could reveal possible anomalies not detectable on the new product. A final check is made at the end of the production line, after packaging (test of finished product quality), when sample products are unpacked and tested to check that all the production tests have been carried out.

HARMLESSNESS AND UNPOPULAR SUBSTANCES

With regard to product harmlessness, the Group is particularly vigilant when it comes to selecting component materials, going beyond regulatory requirements. As part of its commitment to quality, the Group has introduced a "Health & Environment" notice which has been in use for several years now on Tefal/T-fal non-stick cookware. This commitment gives a guarantee that there is no PFOA ⁽¹⁾, Lead or Cadmium and therefore that the coatings are safe for both the consumer and the environment.

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

(1) PFOA: Perfluorooctanoic acid is a substance used as an aid to polymerization in many polymer manufacturing processes.

(2) Restriction of the use of certain Hazardous Substances.

FEEDBACK AND SERVICE

To answer consumers' questions, Groupe SEB has **multi-channel contact centers** (telephone, e-mail, brand websites, social media, etc.) 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 2018 for its quick responses and the quality of its customer relations on all communication channels.

Keen to help the consumer in all circumstances, the Group continues to expand the services it offers. Since 2015, it has developed new product use and maintenance **videos** (on average, 3-4 a month), which are posted on YouTube and can be accessed via brand websites. Consumers can also access a large **mutual assistance community** via the brands' websites. In France, this community now numbers over 700,000 users of the Group's products, willing to exchange advice and tips.

3.6. Cooking for good

The “Cooking for Good” pillar of the Group’s Sustainable Development strategy is driven by its ambition to make homemade, healthy, tasty food accessible to everyone, via products and services that make everyday cooking easier and promote sociable dining. All over the world, we help people answer the question “what’s for

dinner?”, knowing that they can offer a balanced, tasty, healthy meal, with easy, stress-free preparation. Our solutions are also designed to promote a more responsible diet, encouraging practices with a lower environmental impact.

MAKING HOMEMADE FOOD EASIER FOR EVERYONE

Nutritionists all agree: reducing our intake of ultra-processed food and eating homemade dishes, where possible using fresh ingredients, plays a significant part in achieving a balanced diet. Nine out of ten French people think that “cooking healthy, balanced meals” and “sharing meals with family or friends” are the activities that contribute the most to their general well-being⁽³⁾. At the same time, however, 50% of them say they don’t have the time to prepare meals. By their very nature, the Group’s products and services make homemade cooking easier, with solutions that simplify life, save time and produce recipes that help people eat well and enjoy their food.

Over the years, thanks to its innovations, the Group has proved that home cooking does not need to be complicated or time-consuming. For example, the famous Super Cocotte Seb pressure cooker (1953) was the first in a long line of pressure cookers, including Nutricook and its four cooking programs that preserve vitamins and other nutrients. More recently, in 2012, Cookeo enabled time-strapped cooks to put together dishes quickly, with hundreds of step-by-step recipes that could be made in less than 20 minutes. Cuisine Companion then raised the bar even higher: as well as cooking, it makes the preparation of ingredients, pastry or sauces easier, using a range of accessories for chopping, mixing, beating, kneading or grating. Now connected, all these products are continually receiving digital enhancements, to offer consumers an infinite quantity of recipes and a variety of delicious meals.

SEB, TEFAL AND MOULINEX SIGN UP TO THE MALIN PROGRAM

It was with this in mind that in September 2017 it got involved in the French Malinqui program designed to help very young children from poor families get access to a balanced diet and good quality food, as well as influence family eating habits. This program is run by a pediatric society partner organization (AFPA, SFP), the French Red

Cross, Blédina and Danone Communities (Danone), Lesieur, Accenture and Groupe SEB through its Tefal, Seb and Moulinex brands.

The Malin program is part of the French government’s Strategy to Combat Poverty, officially launched in September 2018. Many studies show that healthy eating from a young age helps to significantly reduce diet-related diseases such as diabetes and obesity. As part of this program, the Group is offering a whole series of cookware and electrical appliances at affordable prices for families who would not be able to purchase them at the usual price (30-60% discount). It also helps by providing advice on healthy eating, good deals and tips.

The objective is to offer a useful range of family products while reinforcing family home cooking habits and developing a sustainable business model. At end-2018, the Malin program had already helped over 12,000 families since its launch and ultimately hopes to roll out the Program to the 480,000 eligible families throughout France with the goal of reaching at least 160,000.

(3) BVA survey conducted for Groupe SEB in July 2018, on a sample of 1,104 people representative of the French population, aged 18 and over

HEALTHY, TASTY MEALS

To promote healthy eating, in 2018 the Group began working on a “Healthy Recipe Charter”, based on recommendations from France’s National Health and Nutrition Program (PNNS – France). This Charter, which is due to be finalized in 2019, will be used as a benchmark for increasing the number of healthy meals in the hundreds of recipes offered to consumers via the product apps.

Groupe SEB is also involved in raising awareness about nutrition among the general public. It is in this spirit that, in 2018, it became a partner of the “Diet, nutrition and eating behavior” Chair at the AgroParisTech University (France). This Chair develops innovative, fun food education activities using new educational tools, often based on digital technologies.

SOLUTIONS COMBINING PRODUCTS AND SERVICES

Eating quality food is the key focus of the Group’s brands, which develop new solutions to promote healthy eating and enjoy food at the same time. Tefal and Moulinex are the Group’s international brands most involved in this area.

Tefal

Since its early days, Tefal’s innovations have always focused on healthy eating. It all began with the invention of the non-stick frying pan, meaning that people could cook using very little oil, or even none at all. In the cookware section, the Preserve frying pans range, launched in France in 2018, is specifically designed for cooking at low temperature, conserving up to 30% more Vitamin C than cooking at high temperature.

In electrical products, the Actify fryer (sold under the Seb brand in France and Belgium), in which healthy, tasty meals can be made using only a spoonful of oil, has been developed to make the consumer experience even easier with the **My Actify application**. As well as providing “step by step” help to make dishes successfully, it also offers several hundred recipes so that people can vary their menus and enjoy a healthy, balanced diet. It encourages consumers to eat fresh produce, particularly fruit and vegetables. In 2019, My Actify will go even further with a new customized nutritional coaching service. In many countries, Actify is at the heart of operations to raise awareness of healthier ways of living and a better diet.

Optigrill, another flagship Tefal product designed for 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

The iconic “homemade” brand, Moulinex has strengthened its support to help consumers move towards better diets by offering services related to its connected products. In early 2019, a new app, **Cookeo Healthy**, was launched for the Cookeo multicooker, providing detailed nutritional information on recipes made using the appliance. It classifies recipes into food groups – vegetables, animal proteins or starches for example – indicating the number of daily portions they offer. The aim is to help consumers know whether their diet is meeting their needs. This service is now available for 400 existing Cookeo recipes. The range of recipes will soon be expanded, placing greater emphasis on vegetables.

Moulinex also trialed a program to get children interested in taste, named **Kiddy Cookeo**, in 2016. The brand intends to roll it out on a wider scale very soon. Kiddy Cookeo gets children, along with their parents, to prepare recipes using the Cookeo multicooker. It also offers introductory workshops on textures and flavors and includes educational content for parents.

Supor

In 2017, Supor introduced vacuum technology to its blenders: by removing air from the bowl while mixing, **Vacuum Nutrition Plus** reduces the oxidization of food, conserving its full nutritional value. Moulinex followed suit in 2018 on the European market with Freshboost, using the same technology.

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. To demonstrate the importance it places on the issue of diet and eating well, in 2017 the Group created a Food Sciences unit within its Research department, bringing together agro-food engineers and a nutritionist, who joined the team in 2018.

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 regular use of connected

kitchen appliances through an extensive program of clinical trials (monitoring of 30 health parameters). The most recent wave of trials, which ended in October 2018, covered 160 people whose daily cooking habits, at home, were monitored over one year (France and United Kingdom). The aim is to demonstrate the value of personalized assistance in changing behavior towards a healthier diet, with the goal of prevention. The results of the study will be revealed in 2019.

In France, Groupe SEB is involved in the Proveggas (Gastronomic Vegetable Proteins) research project focused on leguminous plants. These foods are attracting growing interest with a view to stabilizing, or even decreasing, the consumption of animal proteins. The aim of the program is to make pulses more appealing to consumers, through simpler preparation (faster cooking), easier digestion and improved sensory properties. Supported by French public funds, the project was launched in 2017 for a three-year period.

SUSTAINABLE COOKING

In addition to the impact on health and well-being, the preparation and choice of food has an impact on our ecological footprint. Growing awareness of this has led to new dietary trends, to which Groupe SEB has contributed. For example, **Multicook & grains** (Moulinex/Tefal) offers specific cooking programs for pulses. This food group is becoming popular again with the rise of flexitarianism⁽⁴⁾, based on the fact that the production of plant proteins has a lower environmental impact than the production of animal proteins. The Group also supports people who want to grow their own herbs or vegetables: with the **Click & Grow** (EMSA) indoor vegetable gardens, they can pick vegetables and herbs all year round, whenever they need them. The correct combination of water, oxygen and nutrients guarantees optimum growth. Other advantages include no transport, less waste, and 100% natural food. This home farming concept is one of the areas of innovation being explored by the Group.

Another trend that demonstrates awareness of responsible consumption is the **prevention of food waste**, an issue of growing concern in many countries. Groupe SEB contributes to this through its core business, promoting "homemade" meals, which by their nature

tend to limit waste, as the food is prepared when needed. The Group also offers advice on how to make maximum use of food, through the recipes it offers with its products. The recipe book included with the Moulinex juicers (Juice & Clean, Juiceo, Power Juice) for example gives lots of ideas on how to cook the pulp instead of throwing it away. Several subsidiaries also carry out awareness-raising actions on the topic of food waste. For several years now, Groupe SEB Brazil, for example, has held cooking classes showing how to use fruit and vegetables in their entirety, including peelings. The Group's product range also includes food storage boxes.

The Group also promotes more responsible everyday habits: for example, its range of thermo cups and mugs (EMSA, Supor brands) offer an alternative to plastic cups and other containers that pollute the planet.

The impact of the Group's products on the environment has long been one of the Group's priorities. A specific chapter of this document is dedicated to its policy in this area (see pages 166-167).

(4) A flexible vegetarian diet (or semi-vegetarianism).

3.7. Better homelife

This pillar of the Group's Sustainable Development strategy concentrates on offering solutions to enable everyone to enjoy a better homelife, whatever their age or physical condition.

INCLUSIVE-DESIGN

As well as permanent disabilities, anyone, at any time of their life, might experience limited sensory, physical or cognitive ability, due to injury, illness or old age. As part of its commitment to make its products accessible to as many people as possible, in 2018 the Group launched a Good Design Guide, which will be completed in 2019. The guide sets out the rules to be followed when designing products or services, such as legibility (print size and color/contrast) based on recognized rules or standards. This guide also includes good practices aimed at improving the ergonomics of products for which no standards exist. With the aim of going even further in this area, the Design department has been working with the internal BiiS team, which uses its innovative methodology to produce innovation projects with a social impact (see page 155). One of the 2018 projects focused on inclusive design, looking at how to improve the ergonomics of breakfast products to make them accessible to people with temporary or permanent disabilities. The team worked in partnership with the Humanity & Inclusion association. The groups of people chosen by the association tested the use of existing products to identify the "friction points" that could make them complex to use. The project resulted in prototypes that will be used for future product development and

recommendations to be included in the Good Design Guide. Following on from this project, at the end of 2018 the Group and APF France Handicap were selected by the Caisse Nationale de Solidarité pour l'Autonomie (National Disability Autonomy Fund) as part of a call for proposals on "Disability and loss of autonomy: innovation through design."

In addition to this design work, in 2018 the Group also organized inclusive communication training for the Brand department teams. These training sessions raised awareness about all kinds of stereotypes related to age, gender, origins or culture.

Although the Group placed a stronger emphasis on product accessibility in 2018, this issue was already a part of its product design. Of the most recent examples, the Air Force Flex vacuum cleaner, launched in spring 2019, easily vacuums under furniture without the user having to bend down, something that is much appreciated by people with back pains. It is also very easy to maneuver, wireless and all the controls are on the upper part of the machine.

3

A HEALTHY HOME

BETTER INDOOR AIR QUALITY

A better homelife also means a healthy environment, starting with the quality of the air we breathe. This can be damaged by multiple pollution sources such as animal hair, dust and pollen, which cause respiratory allergies, as well as volatile organic compounds including formaldehyde, specifically found in paint or glue used in furniture, and recognized as one of the most dangerous pollutants in the home. Since 2015, the Group has responded to this need for air purification with the Intense Pure Air range, an ultra-effective filtration system containing four filters. The Allergy+ filter, for fine particles, captures allergens, while another filter equipped with exclusive NanoCaptur™ technology, definitively destroys formaldehyde. Thanks to its intelligent purification system, the appliance automatically starts working once it detects pollution. It can also be connected to an app that lets you view the indoor air quality and manage the appliance remotely, providing more information on air pollutants.

In 2018, the Alyatec Research Center, located in the new Strasbourg hospital, conducted a world first with Groupe SEB: a clinical trial aimed at demonstrating the effectiveness of the Intense Pure Air purifiers on respiratory allergies. Twenty-four patients suffering from allergy-related asthma spent two sessions, a maximum of two hours each time, in a sterile exposure chamber. Air containing extremely fine particles of cat allergens was introduced into the chamber, firstly in the presence of placebo purifiers (no filtration), then with active Intense Pure Air purifiers. During the first test, all the participants had allergic reactions, causing them to leave the room before the end of the session. By contrast, the results of the second test showed that the use of Intense Pure Air purifiers could reduce the risk of allergic reaction by a factor of 10. The results of this trial were presented in May 2018 at the European Academy of Allergy and Clinical Immunology (EAACI) Conference in Munich. In 2019, they are also due to be published in the Journal of Allergy and Clinical Immunology, a leading publication from the American Academy of Allergy, Asthma & Immunology.

CLEAN FLOORS WITHOUT DETERGENTS

With regard to home cleaning, a growing number of consumers are looking for ways to limit their use of detergents, which cause chemical pollution. Here again, Groupe SEB has come up with an innovative solution for keeping floors clean without using these products. The

Clean & Steam vacuum cleaner, launched in 2017, vacuums and steam cleans the floor in one go. Besides saving time, cleaning in this way eliminates up to 99% of bacteria, which are destroyed by the heat. This is especially good for people suffering from allergies and parents of young children.

TAKING CARE OF YOURSELF AT ANY AGE

As part of its focus on personal care, in addition to its existing product range, the Group wants to develop products and solutions that help people stay fit and in good health, for better homelife at any age.

In France in 2017, **Tefal** launched the **Body Partner**, smart bathroom scales that incorporate a unique and exclusive body shape tracker device. As well as measuring the user's weight and fat mass/lean mass ratio, Body Partner shows their hydration rate and integrates body shape data captured by a smart tape measure. All of this information is sent to a smart phone application, where it generates dashboard charts that allow the user to track the various parameters over time.

In 2018, the Group worked on fall prevention as part of its BiiS program (see page 155), in partnership with the Research and Marketing teams. This project led to a prototype solution related to balance, which will soon enter the development phase.

Through the Group's open innovation approach, it has also invested in the SeniorAdom start-up through its SEB Alliance fund (see page 22). SeniorAdom offers a new-generation, non-intrusive remote assistance solution that detects falls and illness without the user having to wear any particular device. In this way, it helps elderly people or people with reduced mobility stay in their own homes.

3.8. Circular revolution

The Group is increasingly making more of its products and services part of the circular economy. The aim is to save the planet's resources by operating on several levers: extending product life and re-use, promoting recycling and the use of recycled materials, and prioritizing product use rather than product ownership.

To reinforce this approach, in 2016 the Group signed a three-year partnership between the **WWF** (World Wide Fund for Nature) and its Rowenta brand, extending the joint actions that began in 2014. Two of the three working areas relate specifically to the circular economy: reparability and use of recycled materials in products and packaging. The third covers energy efficiency. The WWF's support covers both

technical issues and measures to raise the awareness of consumers and other stakeholders.

The Group also contributes to the development of the circular economy through several initiatives involving various stakeholders. Since 2018, for example, it has been director of the **Urban Mines Chair**, founded in partnership with three French "Grandes Écoles" universities (Arts et Métiers, Chimie ParisTech and Mines ParisTech) and the environmental organization Éco-Systèmes. The Chair focuses on implementing a circular economy model that is profitable for everyone – citizens, manufacturers, recycling organizations and local authorities.

3

REPAIRING PRODUCTS

OVER 90% REPAIRABLE PRODUCTS*

Product reparability is a vital aspect of the circular economy, as by increasing the lifetime of products it helps to reduce both the resources consumed and waste, and therefore preserve the environment. It is also beneficial for consumers (economic advantage) and keeps users of the Group's products loyal by extending service lives as much as possible.

Reparability is an approach that ensures:

- That a product can be readily disassembled and reassembled;
- That the spare parts are reasonably priced, and readily available for an extended period of time;
- That a significant network of repairers are trained while ensuring optimal regional coverage;
- The overall idea is to streamline the customer experience and ensure the effective repair of products for many years.

The Group is a pioneer in this field. Its reparability policy, initiated in 2008, reached maturity in 2015 with its **"10-year repairable product" commitment**. 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. In 2018, in Europe, the logo appeared on 98.7% of the electrical appliances released on the market, excluding Personal Care. In early 2019, the commitment was extended to all new ranges of WMF small electrical appliances. Extension to the OBH Nordica and Arno brands is currently under examination.

Product reparability starts from product design, and is one of the priority areas in the Group's Eco-design Guide. Right from the start, products are designed to be easily disassembled and reassembled so that only the worn parts have to be replaced. In 2016, the Group adopted a stringent method for calculating of the level of reparability of its electrical appliances. In addition to the criteria of availability and price of parts, this definition now includes the percentage of repairable

faults. The Group considers a product to be **mostly repairable** if at least 80% of faults are repairable (one or two parts at most are not available or cost more than half of the product's price, and this/these part(s) account for less than 20% of the risk of faults). A product is **fully repairable** (100% of faults are repairable) if all the components that can be replaced are available and none cost more than half the price of the product.

In 2018, 93.1% of the total volume of electrical appliances sold worldwide were repairable (75.3% fully and 17.8% mostly). In parallel, the **repaired products rate is increasing** in approved centers: in Europe for example, for products under warranty, it increased from 70.3% in 2012 to 82.10% in 2017, and for products not under warranty, it increased by 39% over the same period.

A NEW SERVICE TO ENCOURAGE REPAIRS

In 2018, Groupe SEB introduced a new initiative to encourage more consumers to repair their products after the warranty period, when they are responsible for the cost of repair. To remove the main obstacles, the fear of a high repair cost or the risk of paying for a quote "for nothing", the Group has introduced a **fixed repair offer** with a single, fixed rate for each product category. The consumer has the assurance that they can get their product repaired for less than a third of the price of an equivalent new product from the brand, whatever the malfunction, age of the appliance (the reparability guarantee lasts for up to 10 years) and the spare parts needed. They also benefit from a guarantee covering the whole appliance for six months after the repair has been done. This offer was launched in September 2018, initially in France for the Rowenta brand. Consumers can purchase the repair package directly on the Rowenta.fr website then follow the instructions to send the product or take it to an approved repair center. The service will be extended to other brands in France during 2019 and will gradually be rolled out in other European countries, starting with Spain, Portugal and Italy.

* *mostly repairable, on small electric appliances.*

REPAIR CENTER AND SPARE PARTS NETWORK

To ensure that repairs are of optimum quality, Groupe SEB uses a network of approved repair centers, which has gained in strength over the last 10 years. There are now over 6,200 worldwide, including 2,800 in China. The Group's local after-sales service teams in the different countries are responsible for training and supporting the repair centers.

The Group guarantees the repair centers that some 40,000 listed spare parts will be available for as long as 10 to 15 years after products cease to be manufactured, including sourced products, at the cheapest possible price (this price has not increased since the 30% reduction in 2012). In Western Europe, spare parts are delivered to repair centers within 24 to 48 hours, rising to a maximum of four days in other parts of the world.

Nearly six million spare parts are stored at the Group's central warehouse in Faucogney (15,000 m²) 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. In 2018, direct orders were possible on 57 brand websites across the world. Since 2016, the Group has used a second spare parts and accessories warehouse in Hong Kong to deliver parts to repair centers or consumers in Asia more quickly.

The Group 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 underway with initial repairs for volunteer "pilot" consumers. These consumers

regularly provide the Group with information about how the parts hold up over time. At the end of 2018, 50 3D-printed parts were being tested by consumers in Western Europe. This program will continue in 2019.

RAISING AWARENESS AMONG CONSUMERS AND OTHER STAKEHOLDERS

Whether or not products are under warranty, the Group encourages consumers to have them repaired instead of exchanging them by directing them to the approved repair centers using several information methods: product documentation, brand websites, explanatory videos, etc.

More generally, since 2016, Groupe SEB has intensified its communication on the reparability policy to all stakeholders in European countries (press, NGOs, consumer associations, public bodies, etc.). Its "10-year repairable product" commitment is now largely relayed on social networks in Spain, Portugal, Romania, Poland, and other countries. As the Group is considered to be the European leader in reparability, it has been invited to present its approach at conferences organized by various public institutions, such as the Belgian Senate, the European Court of Justice and the Métropole du Grand Paris.

This commitment to reparability has won the Group many awards. In May 2018, it won the award for "Social and Environmental Responsibility" at the European Business Awards in Warsaw, having been selected from 112,000 companies from 34 European countries.

POOLING PRODUCT USE

The Group is at the forefront of new, more sustainable, consumer models similar to product-service systems, and since 2015 has been testing an innovative **kitchen appliance rental service** in France to respond to ad hoc consumer requirements. Christened "Eurêcook", it was initially rolled out in the Dijon area in partnership with a network of public and private sector operators such as Ademe, the ENVIE association and Groupe Casino. In October 2018, it was launched in Paris, this time in partnership with ENVIE and Monoprix, the leader in city center shopping. The principle is simple: the consumer reserves their Seb, Tefal or Moulinex appliance on the www.eurecook.fr website or in one of the five Parisian Monoprix stores initially participating in the campaign. They choose the length of the rental (from a weekend to a

week) then pick up the appliance at one of the collection points or with their shopping delivery. Once they have been returned, the products are systematically cleaned, checked and re-packaged.

The Eurêcook service is part of our sustainable consumption initiative for more than one reason. From an ecological perspective, it is in keeping with the optimization of natural resources (a single product is used more often) and the packaging is re-usable and eco-designed (cellular polypropylene). From an affordability perspective, due to its lower cost of use, Eurêcook makes appliances more affordable for economically vulnerable people. Lastly, it uses a local inclusive employment company (ENVIE) to take care of product cleaning, testing, repackaging and logistics, from its workshop in Trappes.

GIVING PRODUCTS MORE THAN ONE LIFE

RECONDITIONING

The **All-Clad** brand extends the lifetime of products with an unprecedented product line. Since 2015, it has offered its catering customers secondhand 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. 2,098 pans were reconditioned in 2018.

RE-USE

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 recycle them under a partnership concluded in 2017. ENVIE

Anjou, an inclusive employment operator, collects faulty products at the Alençon site, and disassembles and repairs them at its workshop near Angers before reselling them at a modest price in its store with a one-year warranty. Through this partnership, the association has already created three permanent jobs and taken on three people on short-term contracts under its inclusive employment scheme.

In the United States, the Group has introduced a similar scheme, which it manages internally. After checking and any repackaging, products without defects are put back into stock for sale through the traditional channels, whereas products classed as seconds are resold through specialist channels (e.g. wholesalers) and products that cannot be repaired are given to disassembly/recycling companies.

COMBATING TECHNOLOGICAL OBSOLESCENCE

Again with a view to extending the lifetime of products, this time in terms of combating technological obsolescence, the Group offers owners of a Cuisine Companion food processor (Moulinex) the opportunity to enhance their appliance with the new i-Companion functionalities, the connected version of this product. This is for a cost limited to the difference between the prices of the two products, with no additional transport costs.

3

REINFORCING THE RECYCLING LOOP

DESIGNING RECYCLABLE PRODUCTS

Improving product recyclability is included in the Group's eco-design guide and all products are assessed for their potential recyclability using a standardized method. When designing a product, the Group gives preference to materials that can be recycled (metallic components, certain plastics like polypropylene), seeking to reduce the number of different materials to facilitate sorting. It also makes sure that products can be disassembled quickly and easily. 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. In 2018, the recyclability of Linen Care products continued to improve, for example in Erbach (Germany), with a new co-injection process that removes the use of non-recyclable glue.

The average potential recyclability rate for new electrical product families designed in 2018 reached around 85%.

USING RECYCLED MATERIALS

Groupe SEB uses more and more recycled materials in its products. It focuses its efforts on plastics, particularly for electrical products. Cookware (non-electrical) already contains a high level of recycled materials, mostly metals (aluminum and steel). The Resource frying pan range (Tefal), launched in 2018, is made from 100% recycled aluminum. The recycled plastics strategy began in 2009 with the Enjoy utensils, made from 95% recycled PET. For several years, the Group has intensified its efforts in this area, led by the Purchasing, Quality, Standards and Environment and Research departments, in liaison with the Industry and Marketing departments. This has involved collaboration with recyclers to improve the quality of plastics, checking their compliance with regulations, performing injection and prototype testing, launching pre-production runs, and so on.

In 2015, it set up the first circular economy loop in France for small electrical appliances, with Veolia and Éco-Systèmes. This cooperation led to the marketing of a steam generator (Silence Steam) with a casing made of **polypropylene** recycled from electrical and electronic devices. Compared to plastics from oil, the use of recycled plastics has reduced the impact on global warming by nearly 70%. In 2018,

Rowenta extended use of this material to the Silence Force Compact vacuum cleaner bases, through specific investment in production lines at the Vernon site. Preparations are also being made to integrate this same recycled material in the steam irons produced in Erbach (Germany). Since 2016, other products integrating recycled plastics have been produced, including a raclette grill and a coffee machine, and a dozen new projects are underway.

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 2018, for products manufactured in-house, it had already exceeded its target set in 2013 of incorporating 20% recycled materials in new products by 2020, with a rate of 38%. It has therefore made a new **voluntary commitment** to maintain this momentum: doubling the annual use of recycled plastics in France by 2025 compared to 2017 (subject to any changes in applicable regulations that might impact this strategy).

The use of recycled plastic also extends to the bags offered by the Group's stores to their customers. In Europe, in 2018, these were reviewed from an ecological and economic point of view. Made from 80% recycled plastic and 100% recyclable, the new bags have been awarded the Blue Angel environmental label. In addition to the use of recycled plastic, the reduction in the number of suppliers (from 10 to 4, including 1 covering 75% of needs) also helps to reduce the carbon footprint involved in transporting the materials. In early 2019, these bags were available in nearly all countries in the EMEA zone where the Group has stores (Home&Cook and WMF). Extension of the program to other countries is being examined.

In recognition of all its efforts in recycled plastics, the Group received the LSA Award for "Development of environmental responsibility" in France, beating around 100 other candidates.

END-OF-LIFE RECYCLING

What happens to products once they come to the end of their life? In Europe, 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 (6,000 tons per year), even though they are 80% recyclable. Since 2012, Groupe SEB has introduced even more initiatives to promote the **recycling of end-of-life cookware**, in Europe especially (France, Netherlands, Norway, Turkey, etc.) with the Tefal brand. The operations involve a partnership between the Group, specialist recycling companies and partner distributors. Consumers are encouraged to bring their old products back to the store, in exchange for a discount voucher to purchase a new item. In 2018, the offer was extended for the first time to recycled aluminum items (Resource and So Recycled ranges). The used products are collected before being sorted and crushed. The main materials (aluminum, stainless steel and plastic) are separated, then recycled to manufacture new products, including cookware.

In 2018, in France, this campaign was organized on two occasions in 550 Leclerc stores (a campaign partner since the beginning). The 225 tons of collected and processed cookware produced around 80 tons of recycled aluminum, all of which was used to make new Tefal products. Several Galeries Lafayette and BHV stores also participated in the campaign. Since 2012, all these campaigns have resulted in the collection and recycling of over one million cookware items. In the Netherlands, 430 stores (Blokker and Marskamer) have taken part in the campaign, collecting around 40 tons. Norway has also contributed, via a hundred or so stores. In Asia, Thailand has been running similar campaigns since 2013. In this country, the products collected are given to a local association which makes prostheses (artificial legs), mostly from aluminum.

3.9. Climate action

From the design of a product to the end of its life, the Group takes measures to limit its environmental footprint (eco-design, eco-manufacturing, eco-logistics, recycling, etc.) and contribute to combating climate change. It does so by 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 258.

The data given below are for a worldwide scope for ISO 14001-certified entities⁽⁵⁾. They include the Vietnam Binh Duong and Seb Do Brasil Jaboatão plants, certified in 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.

3

ANALYSIS OF THE GROUP'S GREENHOUSE GAS EMISSIONS

In 2017, Groupe SEB launched an assessment of the greenhouse gases (GHGs) emitted along the entire length of its supply chain. This analysis was performed according to data for 2016 with the help of the consultancy firm Deloitte. It distinguishes scope 1 and 2 greenhouse gas emissions that are directly linked to the Group's 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 tCO₂eq

Scope 2: emissions caused by the consumption of electricity bought on the Group's certified industrial and logistics sites.

ISO 14001

Scope 2: 149,106 tCO₂eq

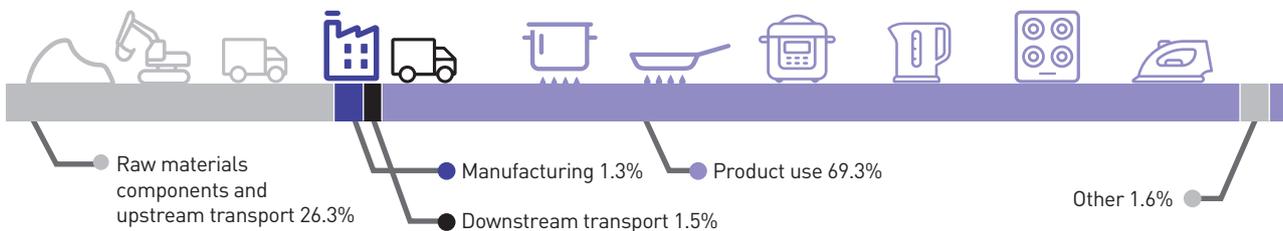
Scope 1 and 2 emissions (207,155 tCO₂eq) consist of the Group's emissions from its industrial and logistics sites (see eco-manufacturing section on page 167).

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 tCO₂eq

Groupe SEB's total emissions in 2016 amounted to 15.7 million tons of CO₂ equivalent. These break down as follows:

BREAKDOWN OF GROUPE SEB'S ANNUAL GREENHOUSE GAS EMISSIONS



(5) 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 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-manufacturing" section, and the GHG emissions linked to logistics presented in the "Eco-logistics" section, are monitored by a dedicated reporting system.

Products that have contributed to GHG emissions account for 94% of sales by volume and 98% by revenue. This assessment confirmed that the main priorities for improving the Group's carbon footprint are:

- products and their use;
- raw materials;
- the transporting of products and components;
- product manufacture.

SHORT AND LONG-TERM TARGETS

Groupe SEB has set itself ambitious targets to reduce its carbon footprint:

2020 TARGETS

In 2013, the Group set out an initial series of 2020 targets:

- **20%** lower energy consumption by electrical products (base year: 2013).

Progress at the end of 2018: **-5%** compared to reference products. The Group is involved in the international Science-Based Target initiative to reduce the environmental footprint of its electrical products during use. Eco-design projects and developments in technology will enable significant reductions in product energy use. This has already been done with steam generators and hair dryers and will continue in 2018 with kettles, for example;

- **20%** lower energy consumption by production plants (base year: 2010).

Progress at the end of 2018: **20.5%** reduction at constant scope ⁽⁶⁾;

- **20%** minimum recycled materials in the new products and their packaging.

Progress at the end of 2018: **38%** 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 2018: **26%** reduction.

(6) Covers all the industrial and logistics sites within the 2010 sustainable development reporting scope.

LOW-CARBON SCIENCE-BASED TARGETS

In 2016, as part of its commitment to strengthen its contribution to combating climate change, Groupe SEB joined the Science Based Targets initiative launched by the WWF, alongside the Global Compact (UN), the WRI (World Resources Institute) and the CDP (Carbon Disclosure Project). This initiative encourages large companies worldwide to align their greenhouse gas emission reduction targets with the IPCC's recommendations for limiting the average global temperature rise to below 2°C by the end of the century. In 2018, therefore, the Group set out its own short and long-term SBT targets, validated by the SBT Initiative (SBTI). These follow on from the 2020 Targets and include:

- By 2023:
 - 40% fewer greenhouse gas emissions per manufactured product in tons of CO2 equivalent, scopes 1 and 2, reference year 2016);
 - 15% fewer greenhouse gas emissions from the energy consumption of our products (scope 3, reference year 2016) ⁽⁷⁾.
 - by 2023: reduce by 15% scope 3 greenhouse gas emissions per product;

To reinforce its environmental approach, the Group is also working with the **WWF**, which is supporting it through a partnership with the Rowenta brand (see page 163 – Circular Economy chapter) and on several specific projects such as the formalization of the eco-packaging policy in 2018 (see page 170).

ECO-DESIGN

ECO-DESIGN GUIDE

Groupe SEB's eco-design policy aims to reduce the environmental footprint of the Group's products throughout their life cycle. To move forward with this policy, it is supported by an **eco-design guide** that clearly incorporates every stage of the life cycle of products and their packaging (extraction of raw materials, manufacturing, transport, use and end of life). It is structured around the Group's eco-design priorities: energy efficiency, recyclability, 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 Group's environmental targets. It has been distributed to the entire innovation community, i.e. the Marketing, R&D, Design, Purchasing, Quality and Legal teams. Its introduction was underpinned by a major training initiative in 2014/2015, and additional training is regularly organized for the development teams. 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 2018, training of this kind was organized for the Personal Care Marketing, Quality and Development teams and the Linen Care Marketing teams, complemented by three webinars for the whole of the Quality and Development community.

LIFE CYCLE STUDIES AND ENVIRONMENTAL PROFILES

The Group regularly updates its **product life cycle studies**. These significant studies ⁽⁸⁾, which measure the various impacts of products on the environment, enable us to focus our research on reducing their ecological footprint. In 2018, 83% of the 48 product families defined as the most significant by the Environment department were covered by a life cycle study. The studies of kettles and toasters 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 Éco-Systèmes, the main French eco-organization for Waste from Electrical and Electronic Equipment (WEEE).

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. Two new fact sheets, covering kettles and toasters, were disseminated in 2018 with the support of an e-learning module (in French and English) and are available on the Intranet. This raises the number of environmental profiles produced to date to 10.

(7) Carbon offsetting solutions, for example reforestation.

(8) 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.

ENERGY EFFICIENCY

Over the whole product life cycle, three-quarters of the energy impact comes from their energy consumption during the use phase, which far outstrips the figure for the manufacturing phase. Aware of the importance of the energy issue, 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, 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. 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.

In 2018, the Group concentrated more specifically on kettles, one of the product families with the highest energy impact. Several areas of action have been identified so that new generations of this product family can gradually be introduced. Hair dryers were also studied in a specific session at SEB Lab, focusing on energy efficiency. At the same time, the Group is continuing its research work, particularly on new motor technologies.

In previous years, the Group had focused on vacuum cleaners, making significant progress: in three years (2014-2017), the Marketing and R&D teams redesigned all the cylinder vacuum cleaner ranges, reducing energy consumption by 70% with no trade-off in terms of cleaning power or noise level. 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 below 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. Other product families such as hair dryers and fans have also improved their energy profile. For example, the Air Protect Eco (Samurai) fan uses 50% less energy than the benchmark model, achieving the same performance.

In terms of energy consumption on standby, all the Group's products are below the thresholds set by the European regulations, applicable since 07/01/2013 (0.5 W on standby 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.

ECO-PACKAGING

The Group's eco-design policy also includes product packaging, aimed at ensuring that it correctly fulfills its protective, storage, transport, information and handling functions while minimizing its environmental impact. In 2018, the Group standardized and formalized its responsible packaging policy with the support of the WWF (WorldWide Fund for Nature). The policy has 10 targets and was produced and co-signed by the Sustainable Development department and the Purchasing department.

With regard to materials, the target is to use at least 90% recycled fiber in all packaging by 2023 and to stop all use of expanded polystyrene by the same date, using alternative materials for padding. Suppliers are also strongly encouraged to use FSC certified cardboard sources. The packaging must be designed along with the product, minimizing empty space and the amount of materials needed, while guaranteeing product quality. Packaging that is difficult to recycle must be limited and any superfluous packaging avoided. For printing, inks must be water or plant based, without mineral oils. With regard to inserted documents (user instructions, safety recommendations, etc.), the Group wants to make these paperless and so reduce the amount of paper used. Consumers will be made more aware of waste sorting and recycling, through information given on the packaging.

Formalization of the eco-packaging policy backs up an approach that has already started on the Group's industrial sites. Rowenta vacuum cleaners made on the Vernon site are not padded with polystyrene but with cardboard and "honeycomb" packaging. Likewise, a study is being carried out on the packaging of Tefal frying pans made in Rumilly, to remove plastic bags for shipments to distributors or consumers.

RECYCLABILITY AND USE OF RECYCLED MATERIALS

See page 165.

REPAIRABILITY

See page 163.

UNPOPULAR SUBSTANCES

See page 156.

ECO-MANUFACTURING

Since 2003, the Group has adopted a worldwide environment management system. This system aims, first and foremost, to prevent pollution, control the use of resources (energy and water) and reduce waste. The 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 of good environmental performance and pollution prevention. In 2017, the new version of this standard was adopted, which 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 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 second time with all the international coordinators, in Germany in October 2018 (see page 119).

ECO-INNOVATIVE PROJECTS: SHARING GOOD PRACTICES

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 environmental impact. Five areas of action are identified: reducing energy consumption and using renewable energy; energy and environment management; reducing waste and recycling; reducing water use; biodiversity protection.

At the end of 2018, there were 42 projects from 27 sites and entities, over half of which related to energy. Four projects were judged to be particularly remarkable for their innovative and reproducible nature, the significant environmental benefit that they offer and their quick return on investment. Two are energy-related. In Selongey, optimization of the dust suction system from the sanding of pressure cooker pots has significantly reduced **energy use**, both from the electrical energy used by the three suction units and the savings on heating related to the reduction in external air flow during winter. The operation has therefore significantly reduced both CO₂ emissions and energy bills. In the same way, in 2018 the WMF/Silit de Riedlingen site (Germany) installed a new **energy-saving** ventilation system that captures the warm air going out, reducing the need for heating. The combination of the two has enabled the site to significantly reduce its energy use.

In Vietnam, the Binh Duong (Asia Fan) site has focused on reducing **waste**. It has removed all the plastic covers used to package the fan components stored in the warehouse. At the same time, it has fitted storage installations that are more ergonomic, more efficient and of higher quality, whilst lowering costs. In China, the Hangzhou site has produced a **practical guide** on Environment/Health/Safety matters to be used at daily meetings with production line operators (OPS approach, see page 27).

REDUCING THE SITES' CARBON FOOTPRINT

When it comes to energy, the Group's strategy for reducing its carbon footprint involves two areas: reducing energy consumption and using renewable energy. Energy is one of the components of the Plant of the Future project launched by the Group in 2016. A cross-functional working group, led by the Sustainable Development department, manages the action plans and explores the implementation of neutral or positive energy solutions, with a two-fold economic and ecological objective. In 2017, an Environment (energy and waste) component was incorporated in the industrial sites' dashboard charts, alongside Safety, Quality, Cost, Time and Commitment indicators.

Using less energy

In early 2019, the Group formalized an energy management standard, based on the essential requirements of ISO 50001. It will be gradually applied to all the sites, harmonizing practices in terms of organization, energy monitoring and training. Several of the Group's sites that are already ISO 50001 certified have made considerable advances in this area: Erbach (Germany), Rumilly and Tournus (France), most of WMF's European sites and the EMSA site in Emsdetten.

On the Group's sites worldwide, the search for energy efficiency has led to a multitude of actions that can be shared as good practices. In China, for example, the Supor site in Shaoxing has around 170 plastic injection machines. These usually use a highly energy-intensive heating collar. The local teams have opted for 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. At the end of 2018, all the presses were equipped with this strip and other Group sites are experimenting with the adoption of the solution.

Another remarkable initiative is in Omegna (Italy), where the site has taken advantage of two existing 80m wells (used for its industrial processes) to introduce a reversible cooling/heating system for its offices. The system is based on the fact that, at that depth, water remains at a stable temperature (around 10°C), whatever the season. Passing through a circuit which does the rounds of the site premises, the water cools the buildings in summer and can heat them in winter. Meanwhile, the new site in Itatiaia (Brazil) has incorporated environmental considerations from its construction (natural ventilation and lighting and mist cooling system, etc.).

Generally speaking, all the sites are continuing to gradually replace their existing lights (particularly including fluorescent tubes) with LED systems (50% to 75% lower consumption). This operation will not only reduce the energy footprint, but also generate significant savings.

Developing renewable energy

The Is-sur-Tille site (France) was the first in the Group to install a solar power-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 when

these units are not in use, it is used for other purposes. This initiative improves working conditions using a carbon-neutral solution.

Several green energy generation experiments are in progress in the Group: solar panels will be installed in 2019 at the SEB Campus in Écully, and other projects are under review, including in France, Egypt, Colombia and Brazil.

Since 2010, the Group has reduced the energy consumption of its industrial and logistics sites by 20.5%, at constant scope. It is therefore on its way to achieving the target of a 20% reduction that it has set itself for 2020.

ISO 14001 CERTIFICATION

Groupe SEB's goal is for all of its industrial and logistics entities to be ISO 14001 certified worldwide.

(Worldwide)

	2018	2017	2016
Number of certifiable entities	34	35	36
Entities holding ISO 14001 certification ^(a)	100%	97%	94%

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

The Groupe SEB Brésil sites in Mooca and São 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)	2018	2017	2016
Total consumption of metals	165,758	161,731	145,461
Total consumption of plastics *	94,247	89,315	83,183
Total consumption of packaging	114,370	105,775	96,930

* This indicator consolidates polymers including plastics and rubber.

Several sites have introduced innovations to reduce the amount of materials used by changing their processes. In Rionegro (Colombia), 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%.

INDIRECT RAW MATERIALS

	2018	2017	2016
Total consumption of natural gas (in GWh)	213,5	230.5 *	224.9
Total consumption of liquefied gas (in tons)	4,857	3948.7 *	2,966.4
Total consumption of electricity (in GWh)	372	366.6	355.6
Total consumption of water (in thousands of m ³)	3,402	3533.7 *	3,338.8
Total consumption of heating oil excluding fuel (in m ³)	17.8	14.9	18.8

* data updated due to reporting error.

Total natural gas consumption fell 7% this year. This was partly due to the efforts to optimize processes using natural gas at our plants, particularly in China. With natural gas being the main source of energy for heating at the Group's plants, weather patterns have a significant effect on consumption.

The commencement of the cookware business at the Itatiaia plant in Brazil contributed to the increase in liquefied gas consumption. The increase in electricity consumption resulting from an overall increase in production was limited thanks to a series of energy efficiency measures at our production facilities, particularly in China.

Total water consumption fell 4% despite an overall increase in production. This was achieved thanks to water saving measures at the heaviest using plants. The Wuhan plant in China has for example optimized its processes to reduce water consumption. The Rumilly plant in France carried out a series of water saving measures in 2018.

WATER SUPPLY ACCORDING TO LOCAL CONSTRAINTS

In 2018, Groupe SEB consumed more than 3.4 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» or «high».

The Group is therefore attentive to the preservation of water resources. Good practices aimed at reducing water consumption and recycling effluents have been introduced on the industrial sites. These are shared through eco-innovative projects (see page 171). The All-Clad site (Canonsburg) has therefore implemented a program to eradicate excessive water consumption, while the sites in Hangzhou (China)

and Rionegro (Colombia) recycle waste water which, after treatment, is re-used in production or to supply the washrooms. The Rionegro site has also put in place a system for capturing and storing rainwater, covering over half of the site's water needs. In Itatiaia (Brazil), some of the wastewater treated by the water treatment plant is used to clean tools.

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

Progress is being made in the reduction of industrial waste, capitalizing on practical initiatives. On many of the Group's industrial sites, the largest volume of non-hazardous waste comes from the packaging of delivered components. To reduce this, some packaging is now being sent back to suppliers to re-use for future deliveries: in Erbach (Germany) for the cardboard that protects the iron sole-plates (6.4 tons of waste saved per year), in Selongey (France) for the containers of pressure cooker modules and handles, and also in Is-sur-Tille, Vernon, Shanghai, and elsewhere. Pallets are also re-used: in Lourdes and Vernon (France), component delivery pallets have been aligned with the palletization standards of the Group's finished products so that they can be re-used for shipments to customers. Some initiatives also relate to production methods, such as in Erbach where optimization of the assembly process of some irons has reduced the amount of glue waste from the rinsing cycles by a factor of three.

Waste reduction also concerns everyday actions. In 2017, to encourage staff to keep hydrated without disposing of large quantities of plastic cups, the Group's new site in Itatiaia (Brazil) gave everyone a reusable water bottle. Simple and effective: 2.9 tons of plastic waste prevented every year.

(ISO 14001-certified entities)

	2018	2017	2016
Non-hazardous waste (NHW)* (in tons)	26,602	25,002 *	21,203
Percentage of NHW recycled* (as a %)	58.4%	61.4%*	68.8**
Percentage of NHW used for energy* (as a %)	18.1%	16.1%*	6.7**
Production of Hazardous Waste – excluding waste oil, effluent and sludges (in tons)	1,954	1,912 *	1,421**
Sludges produced by internal wastewater treatment plants (in tons)	3,712	4,132 *	3,945.0

* Excluding Oils, Metals and Sludges.

** Data updated to correct a calculation error.

In 2018, 76.4% of the non-hazardous waste was treated through recycling or used to produce energy. The proportion of waste recycled fell for two reasons. Firstly, the reduction in the quantity of recyclable waste, in particular thanks to actions to reuse component packaging. Secondly, the influence of the international environment on the waste recycling constraints, which particularly affect plants in the EMEA zone. The Group also records its metal waste at 18,414 tons.

(ISO 14001-certified entities)

(in tons of CO ₂ equivalen)	2018	2017	2016
Greenhouse gas emissions	218,851	218,426 *	229,728*

* Data updated following a review of the greenhouse gas emission factor framework.

Greenhouse gas emissions remained stable between 2017 and 2018 (+0.2%), despite an increase in operating activities across the data scope. Greenhouse gas emissions were stable as a result of the reduction in electricity consumption at the Chinese plants as well as the overall reduction in natural gas consumption. (see indirect resource consumption table on page 173).

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 2018, Groupe SEB emitted 208 tons of COD from its own wastewater treatment plants.

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.

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 these complaints. Furthermore, noise pollution, light pollution and odors from the Group's sites are insignificant given its operations.

POLLUTION PREVENTION AND BIODIVERSITY

Prevention of air, soil and water pollution is the first pillar of the Group's environmental policy, designed to protect the ecological balance around our sites. In 2018, the Group strengthened its tools in this area, putting in place an environmental risk assessment methodology common to all the sites and defining a common standard for emergency response situations. All the sites have preventive systems, for example water reservoirs for extinguishing fires and pipe cut-off systems. In 2018, several sites also made significant investments in modernizing their wastewater treatment plants, particularly Hangzhou and Shaoxing in China.

Some industrial sites, especially in France, have also launched local initiatives to promote **biodiversity**. The Is-sur-Tille site, for instance, has created a flower meadow and installed a nesting tower for swallows. 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 m² 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 m² 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. The garden has three collections: a collection from Lyon of varieties created in the Rhône-Alpes region in the 19th and 20th centuries; a Russian collection of ancient varieties brought back from a botanical expedition in Russia with the Vavilov Institute in 2015; a collection of wild species, the origin of cultivated food and ornamental plants. To introduce people to the conservation garden and allow the Campus staff to perfect their gardening techniques, workshops are held once a month, between March and November. The garden can also be visited independently, thanks to a set of information panels.

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). Reducing the carbon footprint is one of the main priorities of the eco-design guide.

An initial assessment of greenhouse gas emissions related to logistics transport was conducted by the Group in 2009 and its reliability is steadily improving. To improve the carbon footprint of its logistics activities, Groupe SEB is focusing on two main areas: increasing the loading rate of transport units (trucks or containers) and developing new, low-impact transport methods as alternatives to road transport (river transport, rail, etc.).

Groupe SEB's Supply Chain department oversees the Group's eco-logistics policy and strategy. Its eco-logistics unit coordinates all actions, in France and internationally, and consolidates annual data using the Tennaxia sustainable development reporting system. It relies on the logistics managers of the plants and commercial subsidiaries in carrying out this work. In 2018, the eco-logistics unit and the Purchasing teams prepared a checking procedure for environmental criteria during transport calls for tender. The aim is to favor, at the same cost, suppliers who perform best in this area. The criteria examined cover fuel-saving equipment, eco-driving, use of alternative fuels, route optimization software, etc.

Fret 21 Scheme

In 2017, Groupe SEB signed up to the Fret 21 scheme launched by the ADEME ⁽¹⁰⁾ and the AUTF ⁽¹¹⁾ to help companies incorporate the impact of transport within their sustainable development strategies. This three-year commitment initially applies to the Groupe SEB France subsidiary, which is acting as a pilot. Efforts are concentrated on four areas for the improvement of product import and distribution flows.

The actions undertaken since 2017 resulted in the following progress at the end of 2018:

- 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 2018 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: 56% increase in rail transport between the port of Le Havre and the Orléans platform compared with 2016;
- Encouraging haulage firms to improve their sustainable development approaches: at the end of 2018, one-third of haulage firms in France were signatories to the Objectif CO₂ Charter (introduced in 2016 by the French Ministry of Transport and the ADEME).

As part of its commitment, Groupe SEB has decided to adopt the Fret 21 calculator for assessing GHG emissions linked to the global transportation of its products and components. 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 was completed in 2018. It will gradually 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 ⁽¹⁰⁾, 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.

(10) French Agency for the Environment and Energy Management.

(11) French Association of Freight Transport Users.

GREENHOUSE GAS EMISSIONS

(Worldwide)

(in tons of CO ₂ equivalent)	2018	2017	2016
Average value of greenhouse gas emissions	228,744	205,596	202,764

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 CO₂ emissions to cover new countries. The share of extrapolated emissions is therefore steadily declining.

In 2018, Groupe SEB emitted 228,744 tons of CO₂ equivalent: 23% from maritime transport, 71% from road transport, 5% from air transport and 1% from rail and river transport.

As part of a continuous improvement approach, Brazil and Supor China's carbon emissions are no longer extrapolated.

LOADING OF TRANSPORT UNITS

To reduce CO₂ 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** (PACKaging system for supply chain EFFiciency) approach, and the PackSoft software which optimizes palletization. The Group is also endeavoring to reduce the **empty space inside packaging** as much as possible. Transporting less empty space means emitting less CO₂ while cutting costs. Since 2017, this parameter has been part of the product design/development process and the teams concerned (R&D, Marketing, Quality, etc.) have been trained in this topic via e-learning. In 2018, the eco-logistics unit developed a tool for estimating the economic (avoided expenses in €) and ecological (avoided CO₂ kg) savings obtained by optimized product design aimed at minimizing empty space in the packaging. This was tested with several teams in 2018. It turned out that a minor change could have great impact, even without modifying the product design. Therefore, in the case of an office fan (project currently being studied), simply separating the head and base of the fan during packaging (by removing a screw that is then reinserted by the consumer) makes it easier to arrange the different product components. This results in a significant reduction in packaging volume and empty space, and a net increase in number of products per pallet. The approach will be continued in 2019.

	2018	2017	2016
Container loading rate	84.1%	84.2%	85%
Truck loading rate (intergroup shipments)*	62.1%	65%	65%

* Intergroup shipments refer to shipments from plants to consolidation platforms (Rumilly P2 and Mions) or subsidiaries' warehouses, as well as to shipments between consolidation platforms and subsidiaries' warehouses.

Containers departing from China have a loading rate of 83.7%. Containers departing from Europe have a loading rate of 87.1%. These performances are close to the optimum for maritime transport.

SELECTING AND ORGANIZING MODES OF TRANSPORT

The Group also fosters research into transportation solutions with a lower environmental impact. For long distances, primarily departing from China, the maritime route emits the lowest levels of CO₂ 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 CO₂ emissions per ton transported by half.

In other cases (pre- and post-shipments to/from ports, transport between the Group's plants and platforms or those of its subsidiaries), the Group prioritizes **non-road transport, i.e. transport by rail and river**. To improve oversight of this initiative, the Group 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 CO₂ emissions. This dashboard chart, introduced in 2015, was extended to all the European entities in 2016. In Europe (EMEA), the non-road transport rate reached 41% in 2018. Compared to a "100% road" option, this reduces greenhouse gas emissions by 30%, at the same time as reducing logistics costs by 17%. 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 CO₂ 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 more favorable than air travel (CO₂ emissions down by 98%).

TERTIARY SITES AND IT

REDUCING THE CARBON FOOTPRINT OF IT EQUIPMENT

Groupe SEB is implementing an eco-responsible IT policy based on the 72 Green IT good practices benchmark drafted by the collaborative platform Opquast (Open Quality Standards). Its activities in this regard strive to make progress in several areas:

Eco-friendly printing policy

In 2018, the Group completely renewed all its multi-functional printers in Europe (730 machines). The new generation of printers have improved environmental performance, particularly in terms of energy use (optimized standby mode). Moreover, the program to reduce the number of printers in service and make the shared use of multi-functional machines more widespread is gradually being extended internationally. It helps to reduce the amount of printing, which fell by 12.7% in 2018 in comparison to 2017 (the equivalent of 210 trees saved).

Processing of end-of-life equipment

In France, computers and telephones at the end of their useful lives have been given, since 2012, to the company Dataserv, which calls on companies working in the protected sector to dismantle the products. In seven years, more than 10,400 devices have been managed in this way. The Group also donates some equipment to associations or schools that request it. The practice is governed by a procedure that was formalized in 2018 and will be rolled out to all the entities worldwide by the end of 2019. It specifies the technical and administrative rules to follow (formatting, data erasure, licenses, etc.) and aims to ensure that the beneficiaries match the Group's values.

Computer servers that emit less greenhouse gas

The Group's IT infrastructure rationalization project, launched in 2016, has resulted in its applications being hosted in two data centers operated by Equinix, in the Paris region. These two sites are committed to an energy efficiency approach, as attested by their ISO 50001 certification. They are 100% powered by renewable energy from hydroelectric power stations.

New ways of communicating as alternatives to travel

The growing use of the instant communication software Skype had a significant effect on reducing travel: in 2018, it meant that over 10,700 meetings could be held on average each month (up 88% in two years), plus more than 450,000 one-to-one connections. The videoconferencing system, for its part, recorded an average of 146 video conferences a month (average length: 2 hours 40 minutes).

At the end of 2018, the Group carried out a self-assessment of 72 good practices from the Opquast benchmark, to measure how far it had traveled since the previous assessment (2013) and identify areas for improvement. In five years, the Group had increased the number of good practices implemented from 39% to 69.5%. Of the areas still needing improvement, several involve staff awareness (good practices in terms of printing, messaging, using chargers and search engines, etc.).

PROMOTING EVERYDAY ECO-FRIENDLY ACTIONS

All over the world, the Group encourages its staff to adopt more eco-friendly behavior and the sites take initiatives to promote eco-friendly actions. For example, the replacement of plastic cups with reusable water bottles, initiated in Itatiaia in 2017, is being extended across the Group. In 2018, the GS Latin America head office in São Paulo and the SEB Campus in Écully also stopped the use of plastic cups, encouraging all staff to use a washable cup, glass or mug. In the same way, at the International Product Conference (IPC) 2018, reusable EMSA bottles were distributed to all participants, instead of disposable PET bottles. These can be used for several years. In some cases, the initiative comes from the employees themselves: for example, the Kitchenware team in Rumilly (France) has come up with several internal challenges to reduce waste.

The many awareness raising actions carried out during sustainable development week (see page 115) also help to promote eco-friendly actions.

3.10. Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial statement included in the Group management report

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st, 2018

To the Shareholders,

In our capacity as Statutory Auditor of your company, appointed as an independent third party and accredited by COFRAC under number 3-1058 (whose scope is available at www.cofrac.fr), we hereby report

to you on the non-financial statement for the year ended December 31st 2018, included in the management report pursuant to the legal and regulatory requirements of articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal nonfinancial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or which are available online or on request from the Sustainable Development Department).

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and

procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impacts of this activity on compliance with human rights and anticorruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 2251021 III as well as information regarding compliance with human rights and anticorruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the non-disclosure of the information required under article L. 225-102-1 III, paragraph 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
 - we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
 - we asked what internal control and risk management procedures the entity has put in place;
 - we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
 - we verified that the Statement includes a clear and reasoned explanation for the non-disclosure of policy concerning one or more of those risks;
 - we verified that the Statement covers the scope of consolidation, i.e. all the entities included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
 - we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
 - for the key performance indicators and other quantitative outcomes¹ that we considered to be the most important, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - substantive tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities² and covers between 21% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests.
 - we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
 - we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work performed, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

1. **Social information:** Total workforce as of December 31st, 2018; LTIR and Severity rate directly related to work; Number of new occupational diseases recognized in the year (France perimeter); E-Learning Code of Ethics Training Deployment Rate (Corporate perimeter).

Environmental information: Percent of recycled and recovered wastes on the total waste; Electricity consumption by finished products manufactured; Natural gas consumption by finished products manufactured; Emissions due to ecologicistic by finished products manufactured; Water consumption.

Societal information: Percent of sites with an overall compliance score greater than 80% (Intertek audit on industrial entities located in emerging countries, Group perimeter); Total expenditure on corporate philanthropy (including financial donations and product donations) (China perimeter); Donations from the Groupe SEB Foundation (China perimeter).

2. Supor China Hangzhou (China); Supor China Yuhuan (China); GS Colombia Rionegro (Colombia); GS Colombia Cajica (Colombia); Rowenta Vernon (France); Seb Selongey (France); GSM Saint-Lô (France).

MEANS AND RESOURCES

Our work was carried out by a team of 5 people between December 2018 and March 2019 and took a total of 8 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some thirty interviews with the people responsible for preparing the

Statement, representing in particular Human Resources Department, Training Department, Health and Safety Department, SEB Foundation, Environmental and Ecological Departments.

CONCLUSION

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory requirements and that the Information,

taken as a whole, is not presented fairly and in accordance with the Guidelines.

Paris La Défense, March 25, 2019

The independent third party

MAZARS SAS

Thierry COLIN
Partner

Edwige REY
Partner CSR & Sustainable Development



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4.1. 2018 highlights

GENERAL ENVIRONMENT

In 2018, the environment proved more difficult and uncertain than in 2017, due in particular to the volatility of oil and raw material prices, political and social tensions in Europe and the trade war between the United States and China. Despite these events, global growth stayed solid over the year, based on relatively high historical comparatives.

In Europe, the business climate and levels of confidence struggled to stabilize following a period of erosion over several quarters. While European domestic demand held up well, some countries were heavily affected by specific issues (Brexit in the United Kingdom, political uncertainties in Italy, social tensions in France at the end of the year).

The highly-mixed Small Domestic Equipment market in Europe maintained its overall growth momentum, though on a smaller scale than in previous years. This growth was boosted by innovation and upgrading, albeit in a highly competitive and promotion-driven environment.

In the United States, the Small Domestic Equipment market was marked by a major divergence between the fast-growing online business and the struggles of traditional brick-and-mortar retail. The consequences have been many, ranging from tighter inventory management, massive destocking, and store closures to the financial collapse of some brands. In Canada, the trend towards consolidation in the sector has led to increased competitive and promotional pressure.

In China, 2018 was marked by the slower growth of the main macroeconomic indicators, which nevertheless remained at high levels. More specifically, the Small Domestic Equipment market is still boosted by growing urbanization, the increased purchasing power

of the expanding middle classes and the impetus of e-commerce. In Japan, external events (mainly natural disasters) have somewhat overshadowed the improving economic conditions.

In 2018, other emerging countries displayed signs of visible weakness, although in diverse ways. On top of political uncertainties, some emerging countries, such as Turkey and Argentina, experienced serious change crises, urgently forcing them to significantly tighten their monetary policies in order to halt the fall in currency and the rise in inflation. In Russia, with the depreciation of the ruble and associated price increases, the slowdown in activity has been significant since the summer, contrasting with the recovery of the last two years. In Brazil, the economic climate was volatile to say the least (default by distributor clients, strong competition), however, following the uncertainties related to the Presidential election, the macro-economic environment seemed to be showing signs of improvement at the end of 2018.

In 2018, the Small Domestic Equipment market was relatively dynamic in local currency, most countries having moved into positive territory. A geographically diverse market, its growth was also highly diverse in terms of product category. The market was particularly dynamic for fans (primarily in Europe), home care and electrical cooking (notably in Asia and in Central and Eastern Europe). On the other hand, it experienced a slight decline in linen care, beverage preparation and food preparation (downturn in Asia and some European countries, not offset by strong performances in Eastern Europe).

CURRENCIES

It should be remembered that the US dollar and the Chinese yuan are currencies for which the Group is “short”, i.e. the weight of its purchases denominated in these currencies is greater than that of its sales. In 2018, the euro rose close to 5% against the dollar, primarily as a result of the rise during the first half of the year (+12%). By comparison with the euro, the yuan depreciated by 2% in 2018.

For the currencies in which the Group is “long”, in which its sales exceed its costs, 2018 was mainly marked by a general weakening in emerging currencies. The largest movements affected Latin America (Brazilian real down -19% and the Argentine peso down -76%), as well as the Russian ruble (down -12%), and the Turkish lira (down -38%).

In response to constant exchange rate volatility, for several years the Group has hedged certain currencies to limit sudden effects on its performance or to smooth out its impact over time. At the same time, it implements an agile pricing policy, passing on higher prices to compensate for the adverse effects of weakened currencies on local profitability.

In 2018, exchange rate fluctuations had a total negative impact of €211 million on the Group’s revenue (compared with an impact of -€98 million in 2017) and -€45 million on the Operating Result from Activity (-€10 million in 2017).

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 and cardboard for packaging. These exposures are direct (for in-house production), or indirect if the manufacturing of the product is outsourced to subcontractors. In order to spread over time the effects of sometimes abrupt fluctuations in metal prices, the Group partially hedges its requirements (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.

Following a sharp increase in the first half of 2018 (compared to 2017), the price of raw materials moved downwards during the second half of the year, while remain on an uptrend overall for the whole year. Aluminum prices therefore increased by 7% on average in 2018 (i.e. an average price of \$2,110 per ton, compared with \$1,970 in 2017). Likewise, the price of copper recorded an increase of around 6%

in 2018, an average price of \$6,520 per ton compared to \$6,170 in 2017. As for nickel, its price rose even more sharply: +26% in 2018, an average price of \$13,120 compared to \$10,400 in 2017.

Due to the specific effect of the fall in Iranian exports – as a result of US sanctions – in October 2018, the price per barrel of oil reached its highest point about 4 years, slightly exceeding \$85, before falling back to \$50 at the end of the year. The average price per barrel was \$72 over 2018, up by around 30% on the previous year. In parallel, following a volatile second half of 2018, plastic material prices were relatively stable on average over the year.

Paper prices, which rose sharply in 2017, continued to climb in the first half of 2018, before falling in the second half, ending the year up slightly.

In addition, while shipping costs rose only modestly in 2018, the same cannot be said for road freight, which was adversely impacted by both the rise in fuel prices and a shortage of drivers in some geographical areas.

CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On 16 May 2018, the Annual General Meeting of SEB S.A. approved the reappointment of 3 directors whose terms of office had expired, for a 4-year term:

- Delphine Bertrand;
- Fédéractive, represented by Sarah Chauleur;
- and Jean-Noël Labroue.

APPOINTMENT OF A NEW CHIEF OPERATING OFFICER

Groupe SEB appointed Stanislas de Gramont as Chief Operating Officer. Reporting to the Chairman and Chief Executive Officer, Thierry de La Tour d'Artaise, Stanislas de Gramont joined the Group on 3 December 2018, assuming responsibility for the Group's global sales

and marketing functions, among other duties. Stanislas de Gramont has spent most of his career at Danone, where he held several different General Management posts. For four years, he was CEO of Suntory Beverage & Food Europe.

INVESTMENTS IN THE LINEN CARE BUSINESS IN FRANCE

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 activity and all employees from the Saint-Jean-de-Bourney site to the nearby Pont-Évêque site, while maintaining jobs.

These two sites, which are 18 km apart, are inter-dependent, and are the Group's only sites engaged in the industrial production of irons and steam generators in France. Saint-Jean-de-Bourney (162 permanent employees) is dedicated to plastics processing and produces injected-

molded parts for the neighboring site in Pont-Évêque (619 permanent employees), dedicated to the manufacture and assembly of these products. The new product ranges use increasingly innovative plastic injection processes and require new high-tonnage injection molding machines that the Saint-Jean-de-Bourney site is not able to accommodate.

Groupe SEB has therefore begun to extend the current Pont-Évêque site by building a 7,300 m² 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.

STRENGTHENING OF THE PARTNERSHIP WITH ZAHRAN IN EGYPT

On 8 January 2018, Groupe SEB announced that it had signed an agreement with its long-standing partner in Egypt, the Zahran family, to combine the small electrical 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 operates 11 stores, employing more than 700 people. Since 1973, it has produced and distributed cookware under the Tefal and Zahran brands in Egypt. In 2013, Groupe SEB had set up a joint venture with Zahran, "Groupe SEB Egypt", in which it has a 75% controlling interest, to manufacture and market small electrical appliances (e.g.

vacuum cleaners, blenders, small food processors) mainly under the Moulinex and Tefal brands.

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.

ACQUISITION OF 750g INTERNATIONAL

On 13 November 2018, Groupe SEB announced the acquisition of 750g International, a publisher of cooking websites and services in Germany, Spain, Italy, Portugal, Brazil, the USA and the United Kingdom. This acquisition confirms the Group's intention to accelerate rollout of its brands in the online cooking sector, making use of 750g International's expertise in four key areas:

- digital content distribution technology;
- a portfolio of 90,000 recipes published in five languages in seven countries, generating over 10 million hits per month;

- services, especially printing of recipe books or creation of content on global digital platforms;
- a community of 10 million fans on Facebook, 450,000 members and 5,000 bloggers.

The acquisition will enable convergences with products, websites and apps developed by the Group. Our dual objective is to enrich our digital ecosystem and strengthen the international appeal of our brands.

FINANCING

ACQUISITION OF CALL OPTIONS

Further to its transactions in 2017, in 2018 the Group made new successive acquisitions for a total of 130,000 US call options on its own shares. At the end of 2018, the Group possessed 190,000 call options on its own shares.

The acquisition of these call options allows Groupe SEB to partially cover its obligations to deliver existing treasury shares for the possible exercising of the exchange right on the ORNAE bonds redeemable for cash and/or existing shares, maturing on 17 November 2021.

AWARDS FOR GROUPE SEB

Groupe SEB received a wide variety of awards in 2018. Here are some examples:

GROUPE SEB WINS THE GLOBAL ANTI-COUNTERFEITING AWARD 2018

The award was given to Isabelle Bissey-Pierre, Head of Legal, Intellectual Property and Digital, and Géraldine Guéry Jacques, Head of Patents, at a ceremony held on 6 June in Paris, during the World Anti-Counterfeiting Day. Given the increase in patent counterfeiting, staff were recognized for defending the Group's flagship products in China, Europe and the United States. These lengthy disputes require optimum coordination between teams in multiple countries to uphold the validity of patents and combat counterfeiting. The Research Industrial Property team developed a strategy for registering patents that goes beyond the scope of traditional technology, to also include patents for inventions implemented by computer.

GROUPE SEB AT THE TOP OF THE VIGEO-EIRIS 2018 EUROPEAN RANKINGS FOR ITS ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

Groupe SEB has climbed to the top spot in the ranking of 32 European companies produced by the rating agency VIGEO-EIRIS. The Group is also 29th out of 4,159 companies worldwide. The report covers 6 non-financial categories, namely Human Rights, human resources, the environment, community involvement, business behavior and corporate governance. The Group's performance was rated "advanced" or "robust" in each of the categories. The Group improved its Human Rights score by 9 points and the report emphasized its structured approach and its commitment to preventing discrimination and promoting diversity within the company. It also made progress on issues concerning the environment (+19 points) and on community involvement (+10 points), with a special mention for its support for combating social exclusion.

LAUNCH OF A NEU MTN PROGRAM

During the year, the Group placed its first NEU MTN, a medium-term negotiable securities issue, for an amount of €30 million, as part of a €500 million program. This new instrument will enable the company to diversify its financing sources.

SUPOR WINS THE "IF DESIGN AWARD" FOR ITS AURORA VACUUM MUG

Supor presented its AURORA vacuum mug, in competition with competitors from 59 countries, to a jury of 60 design, industry and architecture experts, in a bid to win a prize at the "IF design awards" 2018. Supor was given its award, which is one of the most prestigious in the world in the design field, at an official ceremony held on 10 March in Munich. The range of AURORA vacuum mugs has been a roaring success with consumers since it was launched in June 2017, with more than 750,000 units sold. These mugs are mainly sold in mainland China.

GROUPE SEB'S FINANCIAL COMMUNICATION RECOGNIZED IN THE EXTEL RANKINGS

The Group's Financial Communication and Investor Relations department, represented by Isabelle Posth, was recognized in 2018 by Extel, a leader in finance profession rankings. The Extel Survey has produced an annual ranking of the best banks, brokers and portfolio managers in Europe since 1974. The survey was recently expanded to include Investor Relations professionals and, in 2018, Groupe SEB secured first place in the Household Products & personal care sector.

GROUPE SEB FRANCE WINS THE ESSEC TRANSFORMATION AWARD 2018

The ESSEC Chair of Change Management rewards “companies that have conducted significant change actions, both in terms of results and how they are achieved.” The award was given to Ambition Be#One, a project constructed with 43 managers, launched in early 2016 by André Dot, CEO of Groupe SEB France. This Ambition has two objectives: to strengthen business growth while developing a working environment that improves everyone’s well-being at work and the group dynamic in a sustainable way. Of the 30 companies that entered the competition, the transformation led by Groupe SEB France was recognized for its collective dimension (inclusion of managers and staff), the rollout of new managerial practices taken from the MCM – Managerial Skills Model (with support from managers) – and practical implementation of actions recommended by employee working groups.

CSR CHALLENGE AWARDS: GROUPE SEB WINS THE SPECIAL JURY PRIZE

At this ceremony held at the French Ministry of Economy and Finance, awards were presented to 10 companies/organizations, selected from 45 candidates, recognizing the most remarkable solutions and good practices put in place. In addition to 7 initial award categories (environment, human resources, dialog with stakeholders, health, community involvement, VSB-SME-family company and the Non-Profit and Social sector), the Jury awarded a Special Prize to 2 candidates equally, plus its “Favorite Prize” to a start-up association. Groupe SEB was awarded one of the Special Jury Prizes for its global sustainable development actions.

4.2. Commentary on consolidated sales

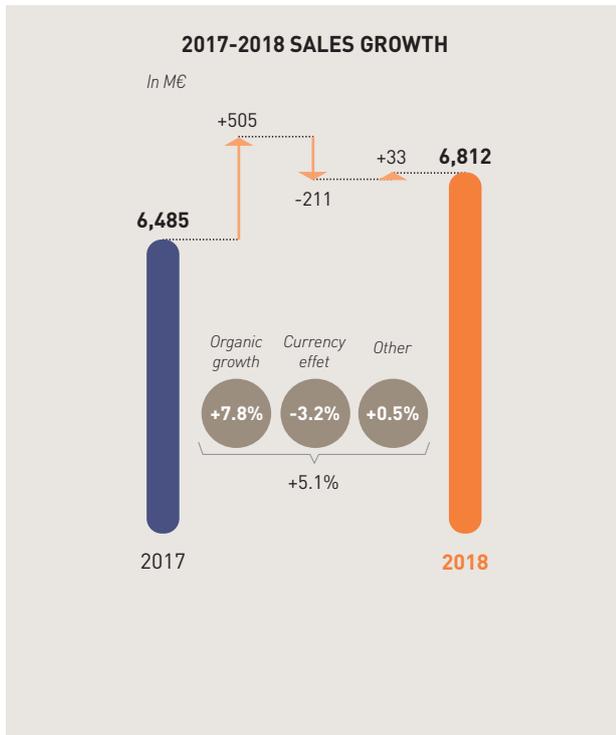
Sales (in € million)	2017	2018	Change 2018/2017	
			As reported	Like-for-like*
EMEA	3,170	3,223	1.7%	3.3%
Western Europe	2,424	2,430	0.2%	0.4%
Other countries	746	793	6.4%	12.5%
AMERICAS	946	887	-6.3%	0.4%
North America	579	547	-5.5%	-4.4%
South America	367	340	-7.4%	8.2%
ASIA	1,806	2,067	14.5%	17.6%
China	1,286	1,554	20.9%	24.3%
Other countries	520	513	-1.2%	0.9%
TOTAL CONSUMER	5,922	6,177	4.3%	7.2%
Professional	563	635	12.8%	14.3%
GROUPE SEB	6,485	6,812	5.1%	7.8%

* Like-for-like: at constant exchange rates and scope of consolidation.
Rounded figures in €M.
% calculated on non-rounded figures.

4

Sales (in € million)	Fourth quarter 2017	Fourth quarter 2018	Change 2018/2017	
			As reported	Like-for-like*
EMEA	1,137	1,171	3.0%	3.0%
Western Europe	901	894	-0.8%	-0.7%
Other countries	236	277	17.3%	17.2%
AMERICAS	292	314	7.8%	12.1%
North America	184	190	3.7%	0.1%
South America	108	124	14.8%	32.4%
ASIA	461	523	13.5%	13.9%
China	313	362	15.6%	17.1%
Other countries	148	161	9.1%	+7.0%
TOTAL CONSUMER	1,990	2,008	6.3%	+7.0%
Professional	136	176	29.6%	27.4%
GROUPE SEB	2,026	2,184	7.8%	8.4%

* Like-for-like: at constant exchange rates and scope of consolidation.
Rounded figures in €M.
% calculated on non-rounded figures.



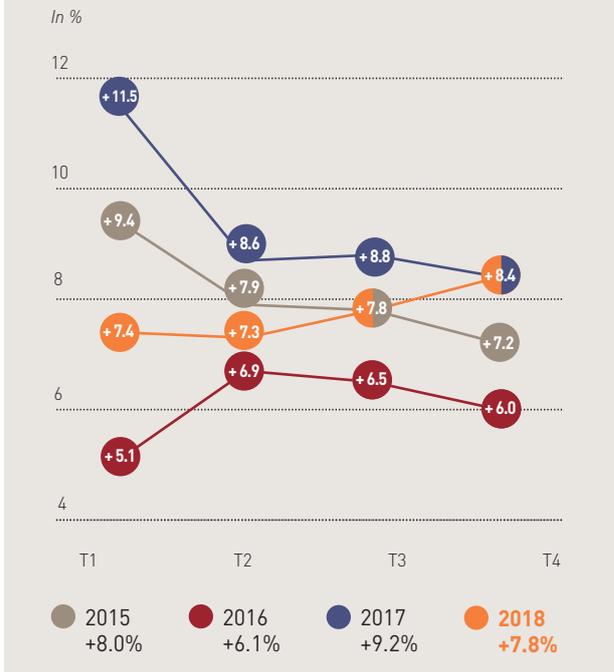
For the year as a whole, Group revenue came out at €6,812 million, up 5.1%, of which organic growth of +7.8% (+€505 million) and a -3.2% currency effect (-€211 million, resulting primarily from the Chinese yuan, Brazilian real, Turkish lira, Russian ruble and US dollar).

PRODUCT SALES PERFORMANCE

Consumer sales amounted to €6,177 million, up 7.2% on a like-for-like basis. The different product categories contributed to this growth in contrasting ways.

■ **Cookware**, which accounts for around 30% of Consumer sales, was down slightly from 2017. This modest decline should be viewed in the context of the strong performance in 2017. This reflects the unfavorable impact of the discontinuation of some loyalty programs (LPs) in 2017 – particularly in Europe and Taiwan (WMF products) – as well as disparate performances among product families and geographical areas. China posted continued strong momentum, driven in particular by woks and sets, as well as kitchen utensils, with strong, fast-paced growth in the sales of cups, mugs, isothermal bottles and food storage containers. Business in the US (T-fal, Imusa, All-Clad), while still complicated, was nevertheless slightly positive, in a context of sweeping changes in the retail sector. Brazil had a very challenging year, due to the problems of transferring production to the new Itatiaia site. And Central and Eastern Europe, Russia, Turkey and Japan saw strong growth in the sales of pans and saucepans (excluding LPs) thanks to new advances, such as the highly popular stackable models with removable handles.

ORGANIC GROWTH IN SALES BY QUARTER IN 2015 AND 2018



Fourth-quarter sales amounted to €2,184 million, up 7.8%, including organic growth at 8.4% and a currency effect at -1.6% (mainly due to the Brazilian real, Turkish lira, Russian ruble and Chinese yuan).

Organic growth factors in non-recurring events and items in Brazil and France, which impacted the regions concerned but whose net effect on Group revenue was not material.

- In **electrical cooking**, sales posted double-digit growth, driven by most of the product families with the exception of deep fryers and toasters. The main contributors to the growth of this activity include: rice cookers, electric pressure cookers and induction cooktops, mainly in China, where Supor continues to stand out thanks to its policy of innovation and continuous improvement of its products' functionalities; Cook4me, an international version of the Cookeo multi-cooker, whose launch in Japan and Italy has been very encouraging; Optigrill, which continues to expand geographically, particularly in Germany and Eurasia; as well as informal meal appliances (including sandwich makers and waffle makers), led once again by China, although growth was also noted in France.
- In **beverage preparation**, the Group maintained a strong growth momentum buoyed by automatic espresso coffee machines, a resounding commercial successes in Germany, Poland and Russia, with well as kettles in China, and domestic beer taps, such as BeerTender. On the other hand, European sales of Nespresso licensed coffee machines fell in 2018, as a result of Nespresso's direct takeover of sales of its machines in stores. Dolce Gusto sales coffee makers also slowed and filter coffee makers were hit by a high base effect in the US in 2017.

- In **food preparation**, business rose steadily but, as in 2016 and 2017, remained very uneven depending on the product family. In blenders, the largest and fastest-growing market in this category, sales momentum is mainly attributable to China, where Supor's high-speed and sous-vide models are the best-selling products in the consumer market, often replacing soy-milk extractors, whose market is now collapsing. At the same time, blenders also continued to post gains in Latin American countries (Brazil, Colombia, Mexico), where the business is based on more traditional models. The Cuisine Companion cooking food processor performed strongly in France and Spain, but revenue declined in Italy due to the discontinuation of a special promotion in 2017. In small food-preparation appliances, sales of hand blenders were up sharply in all geographical areas.
- In **linen care**, after a buoyant 2017, sales remained stable on a like-for-like basis, in a declining global market environment. The iron and steam generator business experienced difficulties, hurt by Europe and France, despite an upturn Central Europe, Russia and Turkey. This decline was offset by a very robust increase in our sales of garment steamers (standing or handheld), mainly in China, but also in Japan and Korea.
- In **home care**, despite strong historical performance, organic sales was very robust, boosted by a complete product range and strong progress in numerous markets, including Western, Central and Eastern Europe (including Russia and Ukraine), Turkey, Korea and China, where Supor is booming. While sales of vacuum cleaners with dust bags have stalled, especially in France, due to the rise of versatile handstick and robotic models, bagless vacuum cleaners continue to be the main driver of growth. Our sales of versatile vacuums also picked up momentum thanks to the qualitative positioning of the Air Force 360, 460 and 560 models, which was

evidenced by a sharp upturn in sales in France, Italy, Germany, Korea and Spain. In the innovative robotic vacuum cleaner segment, the Group also performed well, particularly in Spain and Germany.

- The **home comfort** business posted an increase in 2018, on a like-for-like basis, buoyed by fan sales in Colombia, Germany and Italy. In Brazil, the Group's largest fan market, business stabilized thanks to the launch of new compact and quiet models, as well as the boost in competitiveness linked to the ramp-up of the new production site in Itatiaia. Sales of air purifiers, on the other hand, fell, due to the sharp downturn in this market in China.
- In **personal care**, the modest organic growth in business was driven by hair styling appliances (hair dryers, curlers, straighteners, blow-drying stylers), which were very popular in Russia, the Steampod professional straightener, designed in partnership with L'Oréal, which saw a sharp rise in sales, and bathroom scales.
- In contrast, sales of epilators fell in comparison to 2017, which had been boosted a loyalty program in France.

Sales in the **Professional business** (Coffee Machines and Hotel Equipment) totaled €635 million for the full year, representing organic growth of 14.3%, following an extremely buoyant fourth quarter, at +27.4%, after a very similar performance in the third quarter.

In addition to the very good performance in our core business - in Germanic countries and internationally - the strong acceleration in the second half of the year stemmed from the delivery of major coffee-machine contracts signed at the start of the year in the United States and China. A further large contract was signed with another American customer. Deliveries started in the fourth quarter and will be stepped up in 2019.

In the Hotel Equipment business, sales for the year were slightly down, mainly reflecting the discontinuation of some unprofitable partnerships.

GEOGRAPHICAL PERFORMANCE

CONSUMER BUSINESS

EMEA

Western Europe

In 2018, the European small electrical appliance market grew more modestly on the whole than in previous years. Following a 0.7% downturn like-for-like in the fourth quarter, the Group posted slight positive organic growth for the full year. This performance is notably owing to a decline in loyalty programs (LPs) and business activity in France.

Performances were contrasted from one country to the next.

In France, Group sales were down 3.4% for the year, with a 7.3% decline in the fourth quarter in the context of demanding 2017 comparatives (+4.7%). On top of a sluggish environment and difficulties in the offline retail industry, the fourth quarter was impacted by the yellow vest demonstrations. The latter affected the Group's core activity (including cookware, ironing, deep fryers and breakfast ranges) and penalized a loyalty program. Nevertheless, it should be highlighted that our recent innovations remain our main commercial successes, particularly Cuisine Companion, versatile "all-in-one" vacuum cleaners and the Cake Factory cake maker.

Performance outside France was more positive. In the German market, less buoyant, our core business excluding loyalty programs remained brisk, fueled by our flagship products (vacuum cleaners, full-automatic espresso machines, Optigrill) and by continued growth in online sales. Momentum also remained solid in Spain - thanks to vacuum cleaners (particularly versatile and robot models), full-automatic espresso machines, cookware, and WMF products - and in Portugal and Italy, where it was also boosted by loyalty programs. The Group achieved an excellent performance in the Netherlands, combining growth in core activity, bolstered by new launches (vacuum cleaners) and a major end-of-year loyalty program. Lastly, our revenue was down in the UK owing to a complicated and lackluster market ahead of Brexit.

Against this backdrop, the Group strengthened its positions in most Western European countries.

Other countries

In the other EMEA countries, organic sales growth came out at +12.5% for the year and +17.2% in the fourth quarter. This solid performance was driven by practically all the major countries in the region and reflected in the overall strengthening of our market positions. The negative currency effect, which was substantial for the year as a whole and more limited in the fourth quarter, led to offsetting price increases in several countries.

Central Europe played a key role in sales development in 2018. Poland was a strong and steady growth driver throughout the year (approximately up 30% like-for-like), while Romania and Slovakia posted a very good year, bolstered by a sharp acceleration in the fourth quarter. The Group also continued its rapid expansion in Ukraine, with considerable market share gains. Brisk revenue growth was also confirmed in Russia, against demanding 2017 comparatives. The main growth contributors were our usual mainstays, notably cookware, vacuum cleaners, full-automatic espresso machines, and kettles. WMF products also made encouraging headway thanks to extended distribution. Hence, the Group once again consolidated its positions in Russia both in small electrical appliances and cookware.

In Turkey, in an economic environment that has deteriorated since the summer, the Group succeeded in maintaining a solid level of business activity while setting price increases to offset the weakening of the currency. We continued to outperform a downwards trending market (in volume) in the fourth quarter thanks to the implementation of our growth drivers, including: a well-balanced product offering combining innovations and a tactical line-up of core-range locally-produced products at attractive prices, as well as a multi-channel distribution policy and gradual, profitable development of WMF business in premium store networks.

While sales fell sharply in the Middle East in a context of severe recession, the Group achieved an excellent year in Egypt.

AMERICAS

North America

Group sales were down 4.4% on a like-for-like basis. After a stable fourth quarter, the second half of the year was positive, but failed to offset the shortfall posted at the end of June (-11.5% in organic terms) that stemmed from high 2017 comparatives in the United States and difficult business activity in Canada. Generally speaking, 2018 was a year of highly contrasted performances in terms of countries and quarters.

Our business activity in the United States in 2018 was disrupted by difficulties in the retail industry, resulting from the continued rise of online sales, with its attendant effects on brick-and-mortar retail outlets: an increase in promotional deals, stock reductions, store closures and bankruptcies. In this context, annual revenue remained down, following a fourth quarter that turned out to be less penalizing. The decrease resulted mainly from small electrical appliances (despite very good performances in Rowenta garment steamers), with cookware sales (T-fal, Imusa, All-Clad) practically stable.

The retail sector is also massively transforming in Canada, where the strong trend in consolidation is ultimately reflected in heightened competitive and promotional pressure. Against this background, the Group ended the year with a substantial fall in revenue despite strong performances in cookware.

In the buoyant Mexican market, the robust growth achieved in the quarter and for the full year was fueled by flagship products (cookware, blenders, the confirmed strong debut of recently launched fans) and the introduction of new filter coffee and espresso machine product listings with major customers. These performances helped the Group to increase its market share.

South America

Currencies continued to play an unfavorable role in sales in South America, particularly owing to the continued depreciation of the Brazilian real and the Colombian and Argentine pesos. The sharp increase in revenue in the fourth quarter was primarily due to the recognition of a tax receivable in Brazil amounting to €32 million. Excluding this non-recurring item, sales would be down 2.8% in the quarter on a like-for-like basis. Over the year, the impact of all non-recurring items in Brazil (tax receivable, impact of a defaulting customer, truck drivers' strikes, formatting of cookware production chain at Itatiaia) was marginal on sales' development in South America.

In Brazil, after a period of uncertainty relating to the presidential election, the macro-economic environment is showing signs of improvement. Yet, for the year as a whole, the environment was volatile, one of our customers defaulted and the competitive environment in small household equipment proved particularly harsh. In Cookware, the slower-than-expected ramp-up at the new Itatiaia plant weighed significantly on our performance. In small electrical appliances, business was practically stable in 2018 but contrasted based on product category. Business activity increased slightly in fans (in a market that fell sharply) on the success of new, silent and compact models, as well as in food preparation (notably thanks to the PowerMax blenders), but decreased for beverage preparation devices (Dolce Gusto) and in linen care.

In Colombia, the Group ended the year on a positive trend, with a sustained sales dynamic (against demanding fourth-quarter 2017 comparatives) and strengthened its leadership in cookware and small electrical appliances. For the year as a whole, we achieved solid and high-quality growth, driven in particular by fans, blenders, frying pans, saucepans and pressure cookers. In Argentina, in an environment that has worsened, the downturn in our sales continued in the fourth quarter.

ASIA

China

In 2018, the Group achieved an excellent performance, posting vigorous organic growth quarter after quarter and constantly outperforming the market. The remarkable vitality of Supor's sales must be attributed to innovation, an expanded product offering, significant marketing and advertising investment as well as an effective "on the ground" execution, in stores and online.

Cookware business' growth remained well-oriented, with, as in the first 9 months, a strong contribution from flagship product families – pressure cookers, pots, pans, and woks, supplemented by the rapid growth of kitchen utensils and accessories (thermal mugs in particular).

In small electrical appliances, activity remained highly favorable, with revenue growth in Yuan of approximately 30% over the year, driven by almost all categories in small kitchen electrics (rice cookers, electric pressure cookers, mobile induction hobs, kettles, and high-speed blenders) and boosted by new models. In addition, Supor has made rapid and continuous progress in non-kitchen electrics, with a threefold increase in sales in the fourth quarter in garment steamers and confirmed strong momentum in vacuum cleaners, notably the versatile models.

Large kitchen appliance business (extractor hoods and gas stoves) has also accelerated. Moreover, the market welcomed Supor's launch of a range of water purifiers.

E-commerce, whose growth is normalizing somewhat, based on very high historical comparatives, remained the main growth driver.

Other Asian countries

Excluding China, revenue was up 7% on a like-for-like basis in the fourth quarter, fueled by the success of our mainstays, the continued expansion of our product offering and the opening of new proprietary stores (Japan, Malaysia, Taiwan and Hong Kong). The more modest growth over the year (+0.9%) relates, in particular, to the non-repeat of a WMF loyalty program in Taiwan in 2017.

In Japan, the solid sales momentum continued in the fourth quarter, propelled by the confirmed success of our pillars – cookware, kettles, and garment steamers – but also by the more recently launched categories, such as Cook4me multi-cookers. In South Korea, our performance was also quite positive, thanks in particular to further progress in home cleaning (rapid increase in sales of the all-in-one Air Force 360 vacuum cleaner) and in ironing (Freemove range of irons and Access Steam garment steamers), which benefited from strong marketing activation. Conversely, activity over the last three months continued to trend downwards in Australia. There was robust growth in Thailand and Malaysia, driven by cookware and kitchen tools, high-speed blenders and steam generators. However, as in the third quarter, sales declined in Vietnam, due to retail inventory reductions, mainly of fans.

4.3. Commentary on the consolidated results

INCOME STATEMENT

OPERATING RESULT FROM ACTIVITY (ORfA)

Operating Result from Activity (ORfA) came out at €695 million in 2018, up 2.5% vs 2017 before the non-recurring impacts of the WMF purchase price allocation. At constant scope and exchange rates, ORfA totaled €736 million, up 8.5%. The FY 2018 currency effect was -€45 million, compared with -€10 million in 2017. The most negatively impacting currencies were the Turkish lira, Russian ruble, Argentinian peso and Brazilian real. Non-recurring items mentioned in the comments on sales in Brazil offset each other at the ORfA level. The positive trend in ORfA in 2018 should also be appreciated in the light of exceptionally demanding comparatives in 2017. In this respect, it stands as a solid performance.

Organic growth of 8.5% in ORfA in 2018 can be broken down as follows:

- a volume effect of +€85 million relating to the favorable trend in business;
- a price-mix effect of +€80 million, made up of a continued move upmarket, price hikes (for example, in Turkey and Russia) and higher promotional activity;
- a €48 million increase in the cost of sales, largely owing to the rise in raw materials prices (-€57 million vs. 2017);
- a €24 million increase in investments in growth drivers (innovation, operational marketing and advertising, the latter being now over 40% digital);
- higher commercial and administrative costs, by €35 million, linked to both the Consumer business – especially directly operated stores – and the Professional Coffee businesses, the accelerated development of which calls for investments, mainly in the sales force.

OPERATING PROFIT AND NET PROFIT

Groupe SEB reported Operating profit of €625 million in 2018, versus €580 million in 2017. The total includes a discretionary and non-discretionary profit-sharing expense of €34 million, versus €38 million last year, as a result of lower performance in France. It also comprises other operating income and expense of -€36 million (-€44 million in 2017), including notably the end of the industrial and logistics reorganization plan in Brazil, costs linked to the integration of WMF and an additional goodwill depreciation for Maharaja Whiteline.

Net financial expense came out at -€32 million in 2018, versus -€72 million in 2017. This change reflects a decrease in the fair value of the optional part of the ORNAE bonds (bonds redeemable in cash and/or in existing shares) and the recognition of positive interest income on the tax receivable in Brazil.

Net profit attributable to the owners of the parent rose 11.8% to €419 million. It includes a tax expense of €131 million, corresponding to an effective tax rate of 22.1% in 2018. As a reminder, the effective rate for 2017 (19.5%) benefitted from non-recurring effects stemming from tax reform in the United States and the restitution of the tax on dividends in France. Group net profit is net of non-controlling interests of €43 million (€34 million in 2017), the increase in which is linked to Supor's excellent performance in China.

BALANCE SHEET

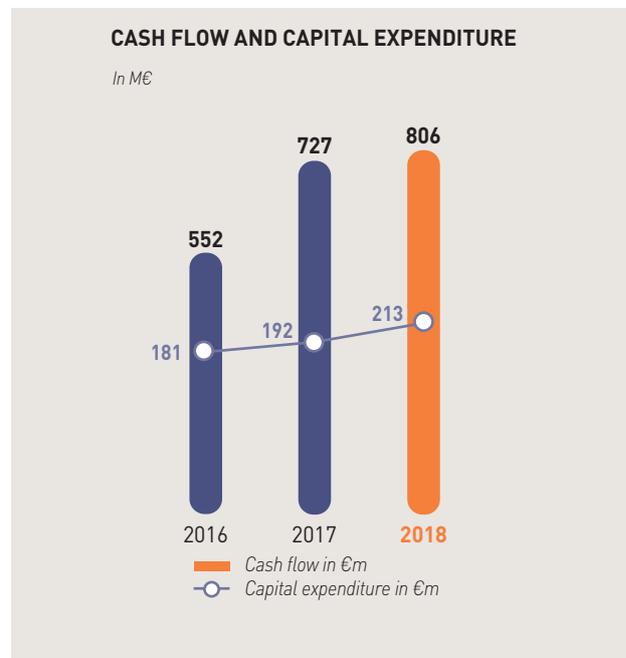
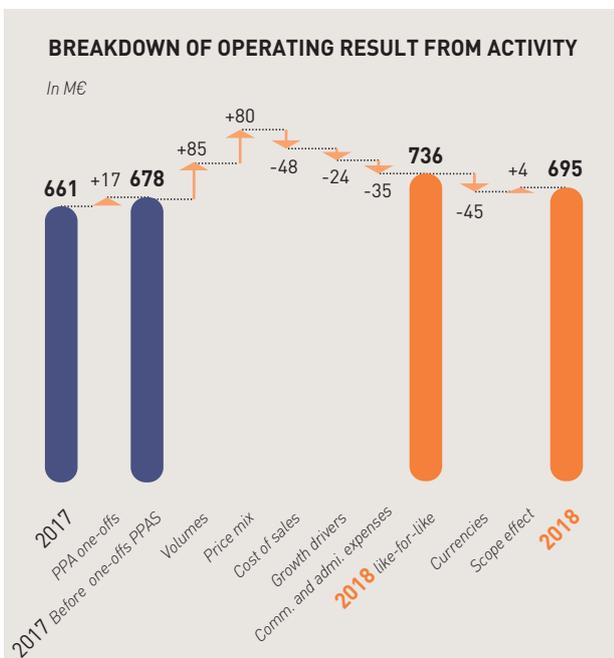
At 31 December 2018, equity totaled €2,307 million, up €343 million on end-2017.

At end-2018, net debt amounted to €1,578 million, versus €1,905 million a year earlier, decreasing by €327 million. The drop comes from a strong generation of operating cash flow, at €552 million for the year (€322 million in 2017). The working capital requirement, at €1,120 million, represented 16.4% of sales, benefiting from continued efforts to optimize various items and from higher mobilization of trade receivables.

The Group's debt ratio was 68% at 31 December 2018 (97% at end-2017) and the net debt/adjusted EBITDA ratio was 1.9, versus 2.4 at 31 December 2017.

CAPITAL EXPENDITURE

Capital expenditure was €213 million, compared with €192 million in 2017; it was, overall, in line with the average for previous years, representing approximately 3% of consolidated revenue. 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.



4.4. Commentary on SEB S.A.'s results

PRESENTATION OF SEB S.A.'S RESULTS

SEB S.A., the parent company of Groupe SEB, is a holding company. It therefore defines and implements the Group's development strategy. It holds financial interests that 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 2018 are characterized by the following amounts and transactions:

An operating expense of €18.8 million in 2018, compared with an expense of €17.1 million in 2017.

Net financial income of €101.2 million in 2018, compared with €268.9 million in 2017, representing a decrease of €167.7 million year-on-year. This net financial income mainly comprises:

- dividends received, which decreased in 2018 to €148.9 million, compared to €223.4 million in 2017. This decrease is mainly attributable to SEB Internationale, for €77 million, as the subsidiary has chosen to focus on the repayment of its long-term loans over the period, amounting to €190 million;
- unfavorable currency effects in 2018 of €19.3 million, compared with a gain of €87.1 million in 2017;
- net write-downs of equity investments of €36.2 million, compared with €44.8 million in 2017.

Profit from ordinary activities before tax was therefore €82.5 million in 2018, compared with €251.8 million in 2017. An extraordinary net expense of €12.8 million was registered, compared with an expense of €9.5 million in 2017.

As SEB S.A. is the lead company of the tax consolidation group, it posted a tax income of €29.9 million in 2018 (compared to €26.5 million in 2017), 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 €22.8 million in 2018.

SEB S.A.'s net profit for 2018 was €99.6 million, compared with €268.8 million for 2017.

At 31 December 2018, total assets amounted to €4,680.4 million, compared with €4,699.5 million at the end of 2017, representing a slight decrease of €19.1 million.

Non-current assets amounted to €4,305.0 million, down €36.5 million compared with 31 December 2017. They mainly comprised equity investments for a net amount of €1,609.0 million, compared with €1,574.2 million in 2017, and long- and medium-term loans granted for €2,693.4 million, compared with €2,766.1 million in 2017.

In terms of liabilities, the company's equity stood at €1,220.2 million at 31 December 2018, compared with €1,224.0 million in 2017. SEB S.A.'s total borrowings amounted to €3,193.2 million at 31 December 2018, compared with €3,207.6 million in 2017.

ACQUISITIONS OF EQUITY INVESTMENTS

SEB S.A. did not acquire any significant equity investments in 2018 in companies with their registered offices in France.

DIVIDENDS PAID OUT IN THE LAST THREE FINANCIAL YEARS (IN €)

	Dividends	Share premium
2016	75,896,898	2,936,383
2017	85,347,160.	3,236,360
2018	99,677,218	3,727,112

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

<i>(in € millions)</i>	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						32
Total amount of invoices concerned excl. VAT	-	-	-	-	-	-
Percentage of total amount of purchases excl. VAT for the year	0%	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			8			
Total number of invoices excluded			0.1			
(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, it is specified that the financial statements for the last financial year contain sumptuary expenses of €23,763 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

In a complicated environment, Groupe SEB posted solid performances in 2018.

2019 started in a still uncertain macro-economic environment. More specifically, the Group is expecting a continued penalizing impact of raw materials and currencies, but to a lesser extent than in 2018.

Against this backdrop, Groupe SEB in 2019 aims to achieve further organic sales growth and improve Operating Result from Activity.

For the Consumer business, this organic growth is expected to be more balanced across Europe – particularly France –, Eurasia and China, which should remain with favorable momentum. In the Americas, our priority for the United States will be to maintain good profitability, in a still difficult market. In Brazil, we will capitalize on our

regained competitiveness at Itatiaia in small electrical appliances. In Professional Coffee, the Group should continue its growth and benefit in the United States from the initial effects of the integration of Wilbur Curtis.

2019 will also be marked by sustained capital expenditure in our manufacturing base. In China, the Group has initiated the expansion of its Shaoxing site to notably accommodate the production of large kitchen appliances (extractor hoods, cooking hobs) and its Yuhuan site for cookware. In Switzerland, in Zuchwill, the plant will be reorganized to optimize the management of Schaerer significant professional coffee machine contracts. In France, in linen care, the Pont-Évêque site will benefit from investment dedicated to plastic processing lines.

4.6. Post-balance sheet events

WILBUR CURTIS

On 8 January 2019, the Group announced the acquisition of 100% of the activities of Wilbur Curtis, the no. 2 manufacturer of professional filter coffee machines in the United States. The transaction, subject to customary regulatory clearances, was finalized on 8 February 2019.

Founded in 1941, Wilbur Curtis manufactures and markets equipment for the preparation of hot and cold beverages, mainly filter coffee and cappuccino machines. Its sustained investments, especially in innovation, have allowed it to offer one of the most sophisticated and high-quality ranges on the market.

Wilbur Curtis sales have risen steadily, amounting to more than \$90 million, primarily in the US. Major customers include coffee roasters, specialty coffee retailers, convenience stores, fast-food

chains, hotels and restaurants. Wilbur Curtis maintains long-term relationships with its customers and is supported by an experienced sales force that gives it national coverage. Its high-performance production facility located in Montebello, California, employs 300 people.

Already present in professional coffee with Schaerer and WMF full-automatic espresso coffee machines, Groupe SEB confirms its determination to continue expanding in this high-potential sector. Wilbur Curtis, a filter coffee specialist in the United States, brings the Group a very valuable strategic complement to its product offering and customer portfolio. The Group is targeting leadership status in professional coffee in the United States.

FAMILY CONCERT REAFFIRMS ITS LONG-TERM SUPPORT TO SEB

Family shareholders gathering over 260 people (3/4 of the capital held by the Founder Group), grouped with their entities, VENELLE INVESTISSEMENT and GÉNÉRACTION*, signed a new shareholders' agreement replacing the various existing agreements, in order to strengthen their ties and the stability of SEB's capital.

This agreement was communicated to the AMF, which published it in accordance with regulations on 7 March 2019**.

Along with other family shareholders, the parties signing this agreement thereby continue their declared concert initiative, confirming their ambition to implement a shared sustainable management policy as regards SEB, for the purpose of ensuring continuity in their controlling position. FÉDÉRACTIVE and its members did not wish to sign this agreement and have stated they are leaving the concert.

As a result, the family concert holds 32.27% of the capital and 40.15% of SEB's voting rights following the signature of the Shareholders' Agreement on February 27, 2019.***

* Association of family shareholders created in May 2017.

** Opinion of the Autorité des Marchés Financiers No. 219C0415 of 7 March 2019.

*** Based on capital and theoretical voting rights in the Extraordinary General Meeting following the signing of the Agreement on 27 February 2019.

4

Commentary on the financial year



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5.1. Financial Statements

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

<i>(in € millions)</i>	31/12/2018	31/12/2017	31/12/2016
Revenue (Note 3)	6,812.2	6,484.6	4,999.7
Operating expenses (Note 4)	(6,117.4)	(5,824.0)	(4,494.5)
OPERATING RESULT FROM ACTIVITY	694.8	660.6	505.2
Statutory and discretionary employee profit-sharing (Note 5)	(33.6)	(37.6)	(36.7)
RECURRING OPERATING PROFIT	661.2	623.1	468.5
Other operating income and expense (Note 6)	(35.6)	(43.6)	(42.2)
OPERATING PROFIT	625.6	579.5	426.3
Finance costs (Note 7)	(32.8)	(34.9)	(29.8)
Other financial income and expense (Note 7)	0.9	(36.7)	(28.2)
Share of profits of associates			
PROFIT BEFORE TAX	593.7	507.9	368.3
Income tax (Note 8)	(131.2)	(99.3)	(77.7)
PROFIT FOR THE PERIOD	462.5	408.6	290.8
Non-controlling interests (Note 20)	(43.5)	(33.6)	(32.2)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	419.0	375.0	258.6
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE (IN UNITS)			
Basic earnings per share (Note 9)	8.44	7.56	5.20
Diluted earnings per share (Note 9)	8.38	7.50	5.15

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	31/12/2018	31/12/2017	31/12/2016
Profit before minority interests	462.5	408.6	290.8
Exchange differences on translating foreign operations	(18.7)	(147.9)	(32.3)
Gains (losses) on cash flow hedges	8.1	(21.1)	(16.8)
Restatement of employee benefit obligations, net of tax ^(a) ^(b)	(0.7)	14.0	(17.4)
Change in fair value of financial assets ^(a)	13.3		
Other comprehensive income	2.0	(155.0)	(66.5)
COMPREHENSIVE INCOME	464.5	253.6	224.3
Non-controlling interests	(42.9)	(24.2)	(22.0)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	421.6	229.4	202.3

(a) Items that will not be reclassified to profit or loss.

(b) The pre-tax effect of this restatement is shown in Note 22.4 Change in other comprehensive income.

CONSOLIDATED BALANCE SHEET

Year ended 31 December

ASSETS (in € millions)	31/12/2018	31/12/2017	31/12/2016*
Goodwill (Note 10)	1,484.9	1,467.5	1,515.0
Other intangible assets (Note 10)	1,183.2	1,170.6	1,201.6
Property plant and equipment (Note 11)	839.5	820.5	836.8
Investments in associates (Note 13)			11.1
Other investments (Note 13)	51.0	33.8	18.0
Other non-current financial assets (Note 13)	16.9	15.4	13.3
Deferred taxes (Note 8)	79.2	62.9	89.1
Other non-current assets (Note 17)	57.1	10.6	13.3
Long-term derivative instruments – assets (Note 25)	2.5	3.4	0.5
NON-CURRENT ASSETS	3,714.3	3,584.7	3,698.7
Inventories (Note 15)	1,180.5	1,112.1	1,067.0
Trade receivables (Note 16)	1,087.2	1,015.8	1,052.9
Other receivables (Note 17)	144.7	100.0	100.6
Current tax assets	36.3	73.5	59.6
Short-term derivative instruments – assets (Note 25)	40.1	45.6	50.6
Other financial investments (Note 24)	260.7	216.8	204.6
Cash and cash equivalents (Note 18)	612.7	538.7	414.5
CURRENT ASSETS	3,362.2	3,102.5	2,949.8
TOTAL ASSETS	7,076.5	6,687.2	6,648.5

* After finalization of the WMF purchase price allocation entries (Note 2.1).

LIABILITIES (in € millions)	31/12/2018	31/12/2017	31/12/2016 *
Share capital (Note 19)	50.2	50.2	50.2
Reserves and retained earnings (Note 19)	2,130.2	1,806.6	1,677.6
Treasury stock (Note 19)	(82.4)	(67.3)	(56.8)
Equity attributable to owners of the parent	2,098.0	1,789.5	1,671.0
Non-controlling interests (Note 20)	208.6	174.8	165.2
CONSOLIDATED SHAREHOLDERS' EQUITY	2,306.6	1,964.3	1,836.2
Deferred taxes (Note 8)	235.8	216.7	272.5
Long-term provisions (Note 21)	334.1	354.0	384.1
Long-term borrowings (Note 24)	1,857.9	2,067.3	1,553.6
Other non-current liabilities (Note 23)	45.8	47.3	45.7
Long-term derivative instruments – liabilities (Note 25)	7.9	20.7	10.5
NON-CURRENT LIABILITIES	2,481.5	2,706.0	2,266.4
Short-term provisions (Note 21)	73.9	90.0	112.5
Trade payables (Note 23)	1,029.9	905.8	915.4
Other current liabilities (Note 23)	519.3	351.7	380.0
Current tax liabilities	52.6	51.7	42.3
Short-term derivative instruments – liabilities (Note 25)	25.7	39.5	23.0
Short-term borrowings (Note 24)	587.0	578.2	1,072.7
CURRENT LIABILITIES	2,288.4	2,016.9	2,545.9
TOTAL LIABILITIES	7,076.5	6,687.2	6,648.5

* 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

<i>(in € millions)</i>	31/12/2018	30/12/2017	31/12/2016
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	419.0	375.0	258.6
Depreciation, amortization and impairment losses	179.0	177.9	122.9
Change in provisions	(29.2)	(11.4)	2.9
Unrealized gains and losses on financial instruments	(7.7)	(0.4)	6.9
Income and expenses related to stock options and bonus shares	29.4	17.7	13.1
Gains and losses on disposals of assets	0.7	1.8	1.1
Other		0.1	
Non-controlling interests	43.5	33.6	32.2
Current and deferred taxes	139.2	98.2	78.5
Finance costs	32.5	34.3	36.1
CASH FLOW ^(a)	806.4	726.9	552.3
Change in inventories and work in progress	(73.9)	(109.9)	(0.5)
Change in trade receivables	72.6	(12.0)	39.1
Change in trade payables	74.7	38.6	87.0
Change in other receivables and payables	(21.8)	(40.8)	23.0
Income tax paid	(105.8)	(116.9)	(88.7)
Net interest paid	(28.4)	(29.1)	(36.1)
NET CASH FROM OPERATING ACTIVITIES	723.8	456.8	575.9
Proceeds from disposals of assets	11.1	13.7	6.6
Purchases of property, plant and equipment	(175.8)	(165.0)	(162.4)
Purchases of software and other intangible assets	(37.7)	(27.4)	(19.0)
Purchases of financial assets	(60.0)	(30.7)	20.5
Acquisitions of subsidiaries, net of cash acquired	(19.4)	(8.1)	(1,695.2)
Effect of other changes in scope of consolidation			
NET CASH USED BY INVESTING ACTIVITIES	(281.8)	(217.4)	(1,849.5)
Increase in borrowings ^(b)	557.2	515.5	846.6
Decrease in borrowings ^(b)	(758.7)	(487.9)	395.4
Issue of share capital			
Transactions between owners		(27.5)	(196.1)
Change in treasury stock	(35.0)	(27.2)	(2.7)
Dividends paid, including to non-controlling interests	(126.6)	(101.1)	(92.0)
NET CASH USED BY FINANCING ACTIVITIES	(363.1)	(128.3)	951.2
Effect of changes in foreign exchange rates	(4.9)	13.0	(33.9)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	74.0	124.2	(356.4)
Cash and cash equivalents at beginning of period	538.7	414.5	770.8
Cash and cash equivalents at end of period	612.7	538.7	414.5

(a) Before net finance costs and income taxes paid.

(b) As from 2018, because of the change in the statutory consolidation tool, the increase and decrease in financial debt is presented differently. For the comparative periods of 31/12/2017 and 31/12/2016, the data have not been restated. The amounts therefore correspond to the previous presentation of the cash flow statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in € millions)</i>	Share capital	Share premiums	Reserves and retained earnings	Translation differences	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Consolidated shareholders' equity
AT 31 DECEMBER 2015	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)	(13.1)	(91.9)
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			(176.2)			(176.2)	(43.9)	(220.1)
AT 31 DECEMBER 2016	50.2	88.1	1,435.1	154.5	(56.6)	1,671.0	165.2	1,836.2
Profit for the period			375.0			375.0	33.6	408.6
Other comprehensive income			(7.1)	(138.5)		(145.6)	(9.4)	(155.0)
COMPREHENSIVE INCOME			367.9	(138.5)		229.4	24.2	253.6
Dividends paid			(88.6)			(88.6)	(12.4)	(101.0)
Issue of share capital								
Reduction of share capital								
Changes in treasury stock					(10.6)	(10.6)		(10.6)
Gains (losses) on sales of treasury stock, after tax			(12.9)			(12.9)		(12.9)
Exercise of stock options			17.7			17.7		17.7
Other movements			(16.5)			(16.5)	(2.1)	(18.6)
AT 31 DECEMBER 2017	50.2	88.1	1,702.6	16.0	(67.2)	1,789.4	174.9	1,964.3
Profit for the period			419.0			419.0	43.5	462.5
Other comprehensive income			20.7	(18.1)		2.6	(0.6)	2.0
COMPREHENSIVE INCOME			439.7	(18.1)		421.6	42.9	464.5
Dividends paid			(103.3)			(103.3)	(23.3)	(126.6)
Issue of share capital								
Reduction of share capital								
Changes in treasury stock					(15.2)	(15.2)		(15.2)
Gains (losses) on sales of treasury stock, after tax			(19.4)			(19.4)		(19.4)
Exercise of stock options			27.6			27.6	1.8	29.4
Other movements*			(35.1)	32.4		(2.7)	12.3	9.6
AT 31 DECEMBER 2018 (NOTE 19)	50.2	88.1	2,011.8	30.3	(82.4)	2,098.0	208.6	2,306.6
DIVIDENDS PROPOSED FOR 2018			(110.4)			(110.4)		(110.4)
BALANCE AFTER APPROPRIATION AT 31 DECEMBER 2018	50.2	88.1	1,901.4	30.3	(82.4)	1,987.6	208.6	2,196.2

* Reclassification of €32 million carried out following the change in the statutory consolidation tool.

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5.2. Notes to the Consolidated Financial Statements

FIGURES AT 31 DECEMBER *(IN € MILLIONS)*

SEB S.A. and its subsidiaries (together “Groupe SEB” or “the Group”) are a world reference in the design, manufacture and marketing of cookware and small domestic equipment: pressure cookers, irons and steam generators, kettles, coffee machines, deep fryers, toasters and food processors. The Group is also world leader of the professional automatic coffee machine market.

SEB S.A.’s registered office is at Chemin du Moulin Carron, 69130 Écully, France and it is listed on the Euronext-Paris Eurolist market (ISIN code: FR0000121709).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements were authorized for publication by the Board of Directors on 26 February 2019.

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 2018 and the comparative financial statements for FYs 2017 and 2016 were prepared in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union at 31 December 2018. 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 2018. Their date of application matches that of the IASB.

- IFRS 15 – Revenue from Contracts with Customers, and IFRS 9 – Financial Instruments, published in May and July of 2014 respectively. The first-time application of these standards had no material impact on the Group’s financial statements. The new financial asset classification, in line with IFRS 9, is presented in Note 1.4.4 and Note 25.
- Amendments to existing standards and interpretations that 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,
 - IFRIC 22 – Foreign Currency Transactions and Advance Consideration.

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 2018 that are mandatory as from 1 January 2019 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:

- amendments and improvements to existing standards that will have no material impact on the Group’s financial statements:
 - amendment to IAS 19 – Employee Benefits entitled ‘Plan Amendment, Curtailment or Settlement,
 - 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 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. Nevertheless, the work done allowed us to highlight:

- the absence of complex leases and pretty uniform types of leases within the Group primarily regarding the leasing of offices, stores, warehouses, vehicles and a number of industrial assets;
- pretty short leases except for a number of stores;
- fixed lease payments in virtually all cases.

The Group decided to apply the simplified retrospective method. Discount rates have been determined based on the remaining term of existing leases as at 1 January 2019.

The estimated amount of the liability at 1 January 2019 should equate to more or less 10% of the operating lease commitments presented in Note 12 of this document.

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 Financial Statements include analyses of assets and liabilities by maturity where disclosure of this information is required.

1.4.1. Intangible assets

A) DEVELOPMENT COSTS

Under IAS 38 – Intangible Assets, research costs are recognized as an expense and development costs 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 IFRS 9 – Financial Instruments.

Financial assets and liabilities are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. They are recognized at the fair value of the consideration given or received. Transaction costs directly attributable to the acquisition or issue of the financial asset or liability are included in the initial measurement of all financial assets and liabilities. Acquisition costs include direct external transaction costs.

A) FINANCIAL ASSETS

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables, debt securities and other cash equivalents classified as current assets.

The classification of financial assets into each of the categories defined by IFRS 9 (amortized cost, fair value through other comprehensive income, fair value through profit or loss) is dependent on the management systems put in place by the Group and their contractual cash flow characteristics.

Equity instruments held

These assets are measured at fair value through profit or loss or for those not held for trading designated at fair value through other comprehensive income (cannot be reclassified to profit or loss). This classification is irrevocable.

These assets are presented on the “investments in non-consolidated companies” line in the balance sheet.

Recognized at amortized cost

These assets include loans and receivables and held-to-maturity investments.

Held-to-maturity investments are financial assets with a fixed maturity that the Group has the positive intention and ability to hold to maturity. They are measured at amortized cost, determined by the effective interest method.

B) FINANCIAL LIABILITIES

Financial liabilities comprise borrowings and other financing, including bank overdrafts, and operating liabilities.

Borrowings and other financial liabilities are measured at amortized cost, determined by the effective interest method.

Any financial liabilities hedged by interest rate swaps are hedged against future cash flows. Changes in the fair value of the swap are recorded in the balance sheet, with the effective portion recognized in equity.

C) DERIVATIVE INSTRUMENTS

Market risks (interest rate, currency and commodity price risks) are hedged, generally through the use of derivative instruments.

In accordance with IFRS 9 and IAS 32, derivative instruments are measured at fair value.

The accounting treatment of changes in fair value depends on the future use of the derivative and the resulting accounting classification.

Derivative instruments designated as the hedging instrument in a hedging relationship may be classified as either fair value or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability, or an unrecognized firm commitment, that is attributable to a particular risk and could affect profit;
- a cash flow hedge is a hedge of the exposure to variability in the value of future cash flows relating to existing or future assets or liabilities.

The gain or loss arising from remeasurement at fair value of derivative instruments designated as fair value hedges is recognized in profit, offsetting all or part of the gain or loss recognized on the hedged item.

In the case of cash flow hedges, the effective portion of the gain or loss arising from remeasurement of the derivative instrument at fair value is recognized in equity and the ineffective portion is recognized in profit. The cumulative gains and losses on cash flow hedges recognized in equity are reclassified into profit when the hedged item affects profit.

Hedge accounting is applied when:

- the hedging relationship is formally designated and documented at the inception of the hedge;
- the hedge is expected to be highly effective and is determined actually to have been highly effective throughout the financial reporting periods for which it was designated.

At the inception of each hedge, the hedging relationship is formally documented by the Group, specifying in particular its risk management objective and strategy for undertaking the hedge. The Group also documents how it will assess the hedging instrument's effectiveness throughout its useful life in offsetting exposure to changes in fair value or cash flows attributable to the hedged risk.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in profit.

The amendments to IFRS 9 on hedge accounting are mainly intended to harmonize the accounting rules for business risk management. The main amendment primarily concerns the method of accounting for the time value of currency and interest rate options. Time value adjustments recognized during the life of the option are now recorded in other comprehensive income.

1.4.5. 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. These receivables are impaired, on the basis of the credit losses expected at maturity in accordance with the asset impairment model introduced by IFRS 9.

1.4.7. 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 tax

Income tax expense reported in the income statement corresponds to current tax for the period and changes in deferred taxes.

In accordance with IAS 12 – Income Taxes, deferred taxes are recognized, using the liability method, for temporary differences between the carrying amounts of assets and liabilities and their tax base. They are determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Temporary differences include:

- a) taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled; and
- b) deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax assets are recognized for deductible temporary differences and tax loss carryforwards to the extent that it is highly probable that future taxable profits will be available in the foreseeable future against which they can be utilized.

Deferred tax assets previously unrecognized at the date of a business combination or during the 12-month purchase price allocation period are subsequently recognized as an adjustment to profit or loss provided they meet the recognition criteria.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

1.4.11. 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 19.

Contributions to external funds and payments to employees are reported in the cash flow statement under “Cash flows from operating activities”.

In accordance with IAS 19, which was early-adopted on 1 January 2012, unrecognized actuarial gains and losses on defined benefit obligations at 31 December 2009 and past service costs were recognized in equity in the opening balance sheet starting 1 January 2010.

C) SHARE-BASED PAYMENTS

Stock option plans are measured and recognized in accordance with IFRS 2 – Share-Based Payment. Stock options represent a benefit for the grantee and, accordingly, are treated as part of the Group's compensation costs. Option grants are not cash-settled, and the benefit is therefore recognized as an expense over the vesting period by adjusting equity for an amount corresponding to the fair value of the underlying equity instruments. As the stock options granted to employees of Group subsidiaries are only exercisable for SEB S.A. shares, they are deemed to be equity-settled share-based payments.

The fair value of stock options at the grant date is determined using the Black & Scholes option pricing model. This model takes into account the option exercise price and period, market data at the grant date (risk-free interest rate, share price, volatility, expected dividends) and grantee behavior assumptions (average holding period of the options). The fair value of performance shares corresponds to the share price on the grant date less a discount covering the lock-up feature and the value of future dividends that will not be received during the vesting period.

The compensation cost recorded for each plan is determined by multiplying the fair value per option or performance share by the estimated future number of shares to be delivered. The estimated number of shares is adjusted at each balance sheet date, as necessary, based on a revised estimate of the probability of non-market-based performance criteria being met, leading to an adjustment of the compensation cost.

The compensation cost is recognized in employee benefits expense on a straight-line basis over the option or performance share vesting period by adjusting equity. When a grantee leaves the Group before the end of the vesting period, resulting in the rights to the options or performance shares being forfeited, the cumulative compensation cost is canceled by recording an equivalent amount in income. Conversely, if a grantee leaves the Group earlier than originally expected, while maintaining his or her rights to the stock options held, amortization of the cost of his or her options or performance shares is accelerated.

D) EMPLOYEE SHARE OWNERSHIP PLANS

When employee rights issues are carried out, if the shares are offered at a discount to market price, the difference between the offer price and the market price is recorded as an expense. The expense is measured on the date the rights are granted, corresponding to the point at which both the Group and the employees understand the characteristics and terms of the offer.

It takes into account matching employer contributions to the plan and any discount offered on the shares, less the deemed cost to the employee of the lock-up applicable to the shares.

It is recognized in full in the income statement in the year of the rights issue, provided the shares are not subject to any vesting condition, as in this case the shares are issued in exchange for employee services rendered in prior periods. The charge is recognized on the income statement, under "Discretionary and non-discretionary profit-sharing."

1.4.12. 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 the disposal of non-controlling interests resulting in a loss of control of a subsidiary, a gain (loss) on disposal is recognized for the difference between the selling price, the fair value of the interest retained in the subsidiary and the carrying amount of all the assets (including goodwill) and liabilities as well as non-controlling interests in the subsidiary, following reclassification in profit or loss of the gains and losses recognized in other comprehensive income attributable to owners of the parent. The remeasurement at fair value of the retained investment therefore affects profit or loss.

Note 1.5. Income statement presentation

1.5.1. Revenue from Contracts with Customers

Revenue corresponds to the value, excluding tax, of goods and services sold by consolidated companies in the course of their ordinary activities, after eliminating intra-group sales.

Revenue is recognized on the date of transfer of control over a good or service, generally when the customer receives a product.

“CONSUMER” BUSINESS

This business encompasses the sales and marketing of cookware and small electrical appliances. Revenue from this business is recognized upon transfer of control of the product and is assessed for an amount corresponding to the fair value of the consideration received or receivable as determined after deducting rebates and discounts.

Advertising expense contributions billed by customers and the cost of consumer promotions that do not fulfill the criteria for recognition as revenue are recognized as a deduction from revenue. The reported amount of revenue also includes miscellaneous revenues.

Freight and other costs billed to customers are treated as an integral part of revenue.

Accruals are booked for deferred rebates granted to customers on the basis of contractual or constructive commitments identified at the period-end.

“PROFESSIONAL” BUSINESS

This business encompasses the sales and marketing of professional automatic coffee machines and hotel equipment.

Revenue from the sales and marketing of machines is recognized upon transfer of control of the product and is assessed for an amount corresponding to the fair value of the consideration received or receivable as determined after deducting rebates and discounts.

Revenue from the sales and marketing of annual or multi-year maintenance contracts is recognized as the service is provided.

Freight and other costs billed to customers are treated as an integral part of revenue.

1.5.2. Operating Result from Activity and operating expenses

The Group's main performance indicator is the Operating Result from Activity (ORfA). Operating Result from Activity corresponds to sales less operating expenses. Operating expenses comprise

the cost of sales, research and development costs, advertising costs and distribution and administrative expenses. ORfA does not include discretionary and non-discretionary profit-sharing or other non-recurring operating income and expense. These are defined in section 1.5.4.

1.5.3. Recurring Operating profit

Recurring Operating profit corresponds to Operating Result from Activity less statutory and discretionary employee profit sharing.

1.5.4. Operating profit

Operating profit is comprised of all the recurring and non-recurring income and expenses generated in the course of the Group's ordinary activities, including income and expenses resulting from one-off decisions or transactions that are unusual in terms of their amount. Other non-current items, reported under “Other operating income and expenses”, mainly include the following (see Note 6 for details):

- costs of significant restructuring plans as well as non-recurring and significant costs related to the consolidation of new entities within the Group;
- impairment losses on property, plant and equipment and intangible assets, including goodwill;
- costs related to business combinations (excluding the costs of issuing equity instruments or of new debt contracted for the purpose of the business combination) and remeasurement 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 2018

EGYPT

On 8 January 2018, Groupe SEB announced the signing with its long-standing partner in Egypt, the Zahran family, of an agreement to combine the small electrical appliances and cookware businesses to consolidate its industrial base in Egypt in order to serve the local and export markets.

Founded in 1967, the Zahran Group is the leading cookware manufacturer in Egypt. It has two manufacturing sites and 11 stores, and employs more than 700 people. Since 1973, it has produced and distributed cookware under the Tefal and Zahran brands in Egypt. In addition, in 2013, Groupe SEB had set up a joint venture with Zahran, "Groupe SEB Egypt", in which it has a 75% controlling interest, to manufacture and market small electrical appliances (e.g., vacuum cleaners, blenders, small food processors, etc.) mainly under the Moulinex and Tefal brands.

To further strengthen the existing partnership, Groupe SEB and the Zahran family had decided to set up a new entity, Groupe SEB Egypt Zahran, which is 55%-owned by Groupe SEB and 45% by Zahran. By bringing together the small electrical appliances and cookware businesses, the company aims to:

- accelerate sales growth in Egypt and maximize the strong potential of this market;
- capitalize on the trusting relationship established over many years with the Zahran family;
- strengthen the Group's industrial base in the region to facilitate access to certain markets in Africa and the Middle East.

After finalizing the purchase price allocation entries, the final net fair value of the identifiable assets and liabilities at the time of the acquisition of control on 1 January 2018 breaks down as follows:

<i>(in € millions)</i>	01/01/2018
Non-current assets	4.5
Inventories	2.9
Trade receivables	2.5
Net cash and cash equivalents	0.9
Trade payables	(0.7)
Other net assets	(1.1)
TOTAL NET ASSETS	9.0
PERCENTAGE INTEREST	55%
TOTAL NET ASSETS ACQUIRED	5.0
Non-controlling interests	4.1
OUTFLOW AND ALLOCATION OF SHARES IN THE JV	25.3
<i>Goodwill</i>	20.4

750G INTERNATIONAL

On 13 November 2018, Groupe SEB announced the acquisition of 750g International, digital media publisher and food services provider in Germany, Spain, Italy, Portugal, Brazil, USA and UK. This reaffirms its desire to accelerate the roll-out of its brands in the culinary world, building on 750g International's expertise in 4 key areas:

- digital content distribution technologies;
- a collection of 90,000 receipts in 5 languages across 7 countries generating over 10 million visits per month;
- services, with in particular the printing of cookbooks or the creation of content on global digital platforms;
- a community of 10 million Facebook fans, 450,000 members and 5,000 bloggers.

This acquisition will make it possible to drive convergence with the products, websites and applications developed by the Group. There is a twin objective: enhance our digital ecosystem and increase the appeal of our brands globally.

Given its non-material nature, the stake in this company was recognized at 31 December 2018 under "other investments" in the consolidated balance sheet.

Note 2.2. Transactions in 2017 and 2016

2.2.1. Follow-up on significant transactions in 2016

WMF

On 30 November 2016, Groupe SEB completed the acquisition of the German group WMF.

After finalizing the WMF purchase price allocation entries, the net fair value of the identifiable assets and liabilities at 31 December 2016 broke down as follows:

<i>(in € millions)</i>	31/12/2017	
	(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 payables	(111.9)	(108.1)
Other net liabilities	(482.2)	(324.3)
TOTAL NET ASSETS	129.4	(201.3)
PERCENT INTEREST	100%	100%
TOTAL NET ASSETS ACQUIRED	129.4	(201.3)
Non-controlling interests		
CASH OUTFLOW FOR THE WMF GROUP ACQUISITION	1,080.2	1,081.5
<i>Final goodwill</i>	950.8	1,282.8

(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 Schaeerer, €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.

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 broke down as follows:

<i>(in € millions)</i>	30/06/2016
Non-current assets*	34.3
Inventories	20.7
Trade receivables	10.3
Net debt	(36.2)
Trade payables	(11.0)
Other net liabilities	(20.1)
TOTAL NET ASSETS	(2.0)
PERCENTAGE INTEREST	100%
TOTAL 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 had not been restated.

2.2.2. Other transactions in 2017

BHS TABLETOP AG

In the first half of the year, WMF sold its 24.9% stake in BHS Tabletop AG. This company was accounted for using the equity method in the financial statements at 31 December 2016. Because of the immaterial nature of the remaining interest in Bauscher Hepp Inc., which was also accounted for using the equity method at 31 December 2016, it was deconsolidated during the first half of 2017.

ETHERA

On 31 May 2017, Groupe SEB acquired control of Ethera by exercising the convertible bonds it held in the company. Prior to this transaction, Ethera was owned by SEB Alliance, an investment company of Groupe SEB. Ethera develops and markets high-performance solutions for indoor air quality diagnosis, monitoring and treatment. The goodwill generated by this takeover amounts to approximately €1.4 million. After buying out some non-controlling interests, the Group now owns 95.4% of this company.

SWIZZ PROZZZ

On 1 June 2017, Groupe SEB finalized the acquisition of Swizz Prozzz, a Swiss company specializing in small manual food choppers equipped with high-performance multi-blade systems. Because of the immaterial nature of this acquisition, the investment in this company was provisionally presented as of 31 December 2017 under "Other investments" in the consolidated balance sheet. The goodwill generated by this acquisition amounts to €8 million, allocated to the new EMEA Consumer CGU.

LEGAL RESTRUCTURING

Legal restructuring measures initiated in Scandinavian countries in 2016 were finalized during the first half of 2017. These operations had no impact on the Consolidated Financial Statements.

In addition, as part of the merger of the consumer activities of WMF and Groupe SEB, certain legal restructuring measures were initiated in the second half of 2017. This restructuring had no impact on the Group's consolidated financial statements.

Note 2.3. 2016 pro forma 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 pro forma 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.

2.3.1. Pro forma 2016 income statement

<i>(in € millions)</i>	SEB reported	WMF 2016	Group financing	Intercompany 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			598.7	(13.9)	584.8
Statutory and discretionary employee profit-sharing	(36.7)				(36.7)		(36.7)
RECURRING OPERATING PROFIT	468.5	93.5			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			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.

2.3.2. Notes to the Pro forma 2016 income statement

2.3.2.1. REVENUE BY GEOGRAPHICAL LOCATION OF THE CUSTOMER AND BUSINESS SECTOR

<i>(in € millions)</i>	2016			
	Reported	WMF 2016	Eliminations	Pro forma
Sales				
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

<i>(in € millions)</i>	2016			
	Reported	WMF 2016	Eliminations	Pro forma
Sales				
Cookware	1,626.1	603.5		2,229.6
Small electrical 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

2.3.2.2. OPERATING EXPENSES

<i>(in € millions)</i>	2016			Proforma
	Reported	WMF 2016	Consolidation entries	
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)

2.3.2.3. OTHER OPERATING INCOME AND EXPENSES

<i>(in € millions)</i>	2016			Proforma
	Reported	WMF 2016		
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 3. SEGMENT INFORMATION

In accordance with IFRS 8 – Operating segments, financial information is presented by geographical segment, which is the basis of the internal information reviewed and used by the chief operating decision makers, i.e. the members of the Executive Committee.

In 2017, data for the WMF Group was presented separately. Since 1 January 2018, these are distributed within each segment to which they belong.

Note 3.1. Geographical segment information (by location of assets)

<i>(in € millions)</i>	"Consumer" business			"Professional" business	Intra-Group transactions	Total
	EMEA	Americas	Asia			
31/12/2018						
<i>Revenue</i>						
Inter-segment revenue	3,198.3	862.0	2,058.5	634.6		6,753.4
External revenue	323.6	0.3	1,231.8		(1,496.9)	58.8
TOTAL REVENUE						6,812.2
<i>Profit (loss)</i>						
Operating Result from Activity	206.7	72.8	313.4	98.2	3.7	694.8
Operating profit	151.0	60.9	313.3	96.6	3.7	625.5
Finance costs and other financial income and expenses						(31.8)
Profit (loss) attributable to associates						
Income tax						(131.2)
PROFIT FOR THE PERIOD						462.5
<i>Consolidated balance sheet</i>						
Segment assets	3,294.1	823.1	1,457.7	695.5	(293.3)	5,977.1
Financial assets						983.9
Tax assets						115.5
TOTAL ASSETS						7,076.5
Segment liabilities	(994.3)	(224.0)	(819.9)	(187.9)	223.1	(2,003.0)
Borrowings						(2,478.5)
Tax liabilities						(288.4)
Equity						(2,306.6)
TOTAL EQUITY AND LIABILITIES						(7,076.5)
<i>Other information</i>						
Capital expenditure and purchases of intangible assets	120.0	15.7	47.1	30.7		213.5
Depreciation and amortization expense	(98.2)	(15.1)	(34.5)	(20.9)		(168.7)
Impairment losses	(12.3)					(12.3)

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.

5

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

<i>(in € millions)</i>	EMEA	Americas	Asia	WMF	Intra-Group transactions	Total
31/12/2017						
<i>Revenue</i>						
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
<i>Profit (loss)</i>						
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
<i>Consolidated balance sheet</i>						
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)
<i>Other information</i>						
Capital expenditure and purchases of intangible assets	93.0	17.1	42.5	39.7		192.3
Depreciation and amortization expenses	(78.2)	(17.7)	(31.5)	(41.3)		(168.7)
Impairment losses	(5.6)	(2.9)		(0.7)		(9.2)

In 2017, data for the WMF Group was presented separately. As from 1 January 2018, these are distributed within each segment to which they belong.

<i>(in € millions)</i>	EMEA	Americas	Asia	WMF	Intra-Group transactions	Total
31/12/2016						
<i>Revenue</i>						
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
<i>Profit (loss)</i>						
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
<i>Consolidated balance sheet</i>						
Segment assets	1,650.5	922.3	1,270.2	2,056.1	(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)
<i>Other information</i>						
Capital expenditure and purchases of intangible assets	87.6	60.5	33.4			181.5
Depreciation and amortization expenses	(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. Since 1 January 2018, entities of the WMF subgroup have been presented within each location to which they belong.

Note 3.2. Revenue by geographical location of the customer and business sector

YTD 12 (€M)	2018	2017 ^(a)	2016
Western European countries	2,429.9	2,424.5	1,833.8
Other countries	793.4	745.9	661.1
TOTAL EMEA	3,223.3	3,170.3	2,494.9
North America	546.7	578.6	563.2
South America	340.1	367.4	355.4
TOTAL AMERICAS	886.8	945.9	918.7
China	1,554.4	1,286.2	1,123.1
Other countries	513.1	519.6	463.1
TOTAL ASIA	2,067.5	1,805.8	1,586.2
TOTAL CONSUMER	6,177.6	5,922.0	4,999.7
TOTAL PROFESSIONAL	634.6	562.6	
TOTAL	6,812.2	6,484.7	4,999.7

YTD 12 (€M)	2018	2017	2016
Cookware	2,196.1	2,231.2	1,626.1
Small electrical appliances	3,981.5	3,690.8	3,373.6
Professional coffee machines and hotels	634.6	562.6	
TOTAL	6,812.2	6,484.7	4,999.7

(a) 2017 data has been restated to include WMF.

NOTE 4. OPERATING EXPENSES

(in € millions)	2018	2017 ^(a)	2016
Purchased raw materials and goods	(3,265.5)	(3,069.1)	(2,427.0)
Labor costs	(314.7)	(322.8)	(205.2)
Freight costs	(135.5)	(150.3)	(121.7)
Other production costs	(406.3)	(324.6)	(267.3)
COST OF SALES SUB-TOTAL	(4,122.0)	(3,866.8)	(3,021.2)
Research and development costs	(131.9)	(128.9)	(92.2)
Advertising	(123.5)	(134.4)	(130.9)
Distribution and administrative expenses	(1,740.0)	(1,693.9)	(1,250.2)
OPERATING EXPENSES	(6,117.4)	(5,824.0)	(4,494.5)

(a) There were reclassifications within 2017 operating expenses following the split of the WMF package by entities.

NOTE 5. EMPLOYEE BENEFITS EXPENSES

<i>(in € millions)</i>	2018	2017	2016
Wages and salaries (excluding temporary staff costs)	(951.3)	(921.1)	(601.7)
Payroll taxes	(181.3)	(185.8)	(125.9)
Pension and other post-employment benefit plan costs	(70.4)	(56.9)	(55.5)
Service cost under defined benefit plans	(12.9)	(15.7)	(1.9)
Discretionary and non-discretionary profit-sharing	(33.6)	(37.6)	(36.7)
TOTAL EMPLOYEE BENEFITS EXPENSES	(1,249.5)	(1,217.1)	(821.7)

Breakdown by geographical segment 2018	EMEA	Americas	Asia	Total
Employee benefits expense (excluding temporary staff costs)	(896.0)	(105.3)	(248.2)	(1,249.5)
Average number of employees <i>(in units)</i>	15,365	2,712	14,291	32,368

Breakdown by geographical segment 2017	EMEA	Americas	Asia	Total
Employee benefits expense (excluding temporary staff costs)	(905.9)	(101.2)	(210.0)	(1,217.1)
Average number of employees <i>(in units)</i>	14,364	2,892	14,252	31,508

Breakdown by geographical segment 2016	EMEA ^(a)	Americas ^(a)	Asia ^(a)	Total
Employee benefits expense (excluding temporary staff costs)	(524.9)	(102.2)	(194.6)	(821.7)
Average number of employees <i>(in units)</i>	8,801	2,833	14,275	25,909

(a) Excluding WMF.

Employees by category (%)	2018	2017	2016
Labor costs	47.0	48.0	48.0
Employees	40.0	40.0	40.0
Managers	13.0	12.0	12.0
TOTAL	100.0	100.0	100.0

NOTE 6. OTHER OPERATING INCOME AND EXPENSES

<i>(in € millions)</i>	2018	2017	2016
Restructuring costs	(15.8)	(30.6)	(19.0)
Impairment losses	(9.7)	(6.1)	(0.8)
Gains and losses on asset disposals and other	(10.1)	(6.9)	(22.4)
OTHER OPERATING INCOME AND EXPENSES	(35.6)	(43.6)	(42.2)

Note 6.1. Restructuring costs

2018

Restructuring costs in 2018 amounted to €15.8 million and mainly concerned:

- expenses connected with the completion of the industrial restructuring in Brazil of €8.6 million;
- expenses relating to the transferring of activity from Saint Jean de Bournay to the Pont-Évêque site of €2.4 million;
- expenses relating to measures to optimize the WMF Retail business of €1.3 million;
- expenses relating to the reorganization of various countries that are not material in their own right for a total of €3.5 million.

2017

Restructuring costs in 2017 amounted to €30.6 million, primarily including:

- 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 Écully 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.

Note 6.2. Impairment losses

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 and a demonetization law that had a major impact on consumption during 2017. At end-2017, the Group had factored this impact into the business plan used as a basis for the impairment test, which led it to recognize a partial goodwill impairment of €5.4 million. These disruptions having persisted, the assumptions in the business plan had to be further updated at the end of 2018 and led the Group to recognize a further impairment loss of €9.7 million. The remaining goodwill connected with our operations in India is now only €6.6 million.

In 2016, no material impairment losses had been recognized.

Note 6.3. Gains and losses on asset disposals and other

2018

In 2018, this item mainly includes expenses relating to the integration of WMF into Group processes and tools for approximately €4 million, the costs associated with the departure of the Chief Operating Officer and various expenses that are not material in their own right.

2017

In 2017, the Group incurred residual expenses relating to the WMF acquisition, along with expenses relating to the integration of WMF into its processes and tools for approximately €4 million.

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".

NOTE 7. FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

<i>(in € millions)</i>	2018	2017	2016
FINANCE COSTS	(32.8)	(34.9)	(29.8)
Interest cost on long-term employee benefit obligations	(3.9)	(3.5)	(3.9)
Exchange gains and losses and financial instruments	(18.5)	(13.7)	(8.9)
Other	23.3	(19.5)	(15.4)
OTHER FINANCIAL INCOME AND EXPENSES	0.9	(36.7)	(28.2)

The interest costs on long-term employee benefits represents the difference between the annual discounting of commitments and the expected return on the corresponding financial assets held in a hedging contract for these commitments, as well as the discounting charges for other long-term liabilities and provisions.

Exchange gains and losses on manufacturing and sales transactions denominated in foreign currencies and their related hedging transactions are included in Operating Result from Activity. Gains and losses on borrowings in foreign currencies and related hedges are reported under "Other financial income and expenses".

The "others" item includes the change in the fair value of the ORNAE option portion net of the effects of its partial hedging, namely income of €12.5 million in 2018 versus an expense of €9.3 million in 2017. This item also includes interest on arrears relating to the PIS COFINS tax receivable recognized in Brazil (Note 29.1.1. Significant events) for €20 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

<i>(in € millions)</i>	2018	2017	2016
Current tax assets and liabilities	134.4	120.4	82.9
Deferred tax assets and liabilities	(3.2)	(21.1)	(5.2)
INCOME TAXES	131.2	99.3	77.7

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 22.1% (19.5% in 2017 and 21.1% in 2016) and the statutory French tax rate of 34.43% in 2018 (including additional contribution) breaks down as follows:

<i>(in %)</i>	2018	2017	2016
STATUTORY FRENCH TAX RATE	34.4	34.4	34.4
Effect of differences in tax rates ^(a)	(15.9)	(18.4)	(14.2)
Unrecognized and relieved tax loss carryforwards	2.0	5.3	3.8
Prior period tax loss carryforwards recognized and utilized during the period ^(b)	(2.9)	(3.2)	(7.3)
Other ^(c)	4.5	1.4	4.4
EFFECTIVE TAX RATE	22.1	19.5	21.1

(a) The "Effect of differences in tax rates" line is affected by the large share of profits made in China. In 2017, the tax reform in the US had also resulted in a sharp fall in the deferred tax liabilities in this country (3.3%).

(b) The change in this line is mainly due to the strong performance in the United States, a country in which the Group is using its tax loss carryforwards and the partial recognition of our tax loss carryforwards in Germany.

(c) The "Other" line primarily includes withholding tax (1.8%), the non-deductibility of the impairment of the goodwill of Maharaja (0.6%), the impairment of temporary differences in Brazil (1%) and the non-deductibility of the change in fair value of the ORNAE option portion (-0.7%). In 2017, this line primarily included the refunding of the dividend tax for 2011 to 2017 (1.9%), withholding tax (1.3%), tax risks that are not individually material (0.6%), the non-deductibility of the impairment of the goodwill of Maharaja (0.4%) and the non-deductibility of the change in fair value of the ORNAE option portion (0.8%). In 2016, this line primarily 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%).

Profit (loss) before tax amounted to €593.7 million versus €507.9 million in 2017 and €368.5 million in 2016.

Note 8.3. Deferred tax assets and liabilities on the balance sheet

<i>(in € millions)</i>	2018	2017	2016
Intangible assets (brands)	(297.3)	(302.6)	(168.8)
Capitalized research and development costs	(7.3)	(6.6)	(6.0)
Property, plant and equipment	(36.1)	(38.8)	(39.4)
Net tax loss carryforwards	31.2	28.6	24.0
Provisions for pensions and other employee-related liabilities	60.0	64.1	77.2
Elimination of intra-Group gains	31.7	32.5	28.3
Other temporary differences	61.2	69.0	44.4
TOTAL DEFERRED TAX ASSETS (LIABILITIES)	(156.6)	(153.8)	(40.3)
Of which:			
Deferred tax assets	79.2	62.9	71.1
Deferred tax liabilities	(235.8)	(216.7)	(111.4)

The increase in deferred tax liabilities in 2017 is directly related to the allocation of the WMF purchase 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 31/12/2016		(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 31/12/2017		(153.8)
Deferred taxes for the period recognized in profit or loss		3.2
Effect of deferred taxes recognized in equity		(3.8)
Effect of changes in foreign exchange rates		(1.6)
Effect of changes in the scope of consolidation		(1.0)
Other		0.4
NET DEFERRED TAXES AT 31/12/2018		(156.6)

Deferred taxes 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 2018, the Group had a number of unrecognized deductible temporary differences and tax loss carryforwards. These amounts are listed per category as well as per expiry date in the table below:

At 31/12/2018 <i>(in € millions)</i>	Deductible temporary differences	Tax losses	Total
2019	0.1	0.6	0.7
2020		1.0	1.0
2021		1.3	1.3
2022	2.4	2.0	4.4
2023 and beyond		7.3	7.3
Unlimited	7.7	66.4	74.1
TOTAL	10.2	78.6	88.8

Unrecognized tax loss carryforwards rose from €92.3 million in 2017 to €75.9 million in 2018. The item mainly concerns Germany (€12.7 million in 2018, €20.4 million in 2017 and €28.2 million in 2016), Brazil (€42.2 million in 2018, €45.7 million in 2017 and €33.9 million in 2016) and India (€4.7 million in 2018, €3.9 million in 2017 and €2.6 million in 2016).

All tax loss carryforwards in Spain have now been recognized.

In 2016, given that the Group's US subsidiaries had returned to profit, almost all of the tax losses carried forward in the United States had been capitalized.

NOTE 9. EARNINGS PER SHARE

(in € millions)	2018	2017	2016
<i>Numerator</i>			
Profit attributable to owners of the parent	419.0	375.0	258.6
After tax effect of dilutive potential shares			
Profit used to calculate diluted earnings per share	419.0	375.0	258.6
<i>Denominator</i>			
Weighted average number of ordinary shares used to calculate basic earnings per share	49,661,283	49,596,964	49,749,160
Effect of dilutive potential shares	341,958	407,581	496,356
Weighted average number of ordinary shares used to calculate diluted earnings per share	50,003,241	50,004,546	50,245,516
Basic earnings per share (in €)	8.44	7.56	5.20
Diluted earnings per share (in €)	8.38	7.50	5.15

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.

2018 (in € millions)	Patents and licenses	Trademarks	Goodwill	Software	Development costs	Intangible assets in progress and other	Total
<i>Cost</i>							
At 1 January	37.9	1,018.2	1,524.4	107.5	24.9	122.1	2,835.0
Acquisitions/additions	0.1			10.8	5.4	21.4	37.7
Disposals				(5.8)	(2.9)	(1.7)	(10.4)
Other movements *	3.4	1.8	28.3	3.2	(1.0)	0.1	35.8
Foreign currency translation adjustments	(0.7)	1.7	1.1	(1.3)	(0.2)	0.1	0.7
AT 31 DECEMBER	40.7	1,021.7	1,553.8	114.4	26.2	142.0	2,898.8
<i>Depreciation and impairment losses</i>							
At 1 January	19.5	9.8	56.9	68.7	11.6	30.5	197.0
Foreign currency translation adjustments	(0.3)	0.2	2.3	(1.0)	(0.1)	0.4	1.5
Additions	3.9			15.0	4.6	8.7	32.2
Impairment losses			9.7				9.7
Depreciation and impairment written off on disposals				(5.5)	(2.9)	(1.7)	(10.1)
Other movements *	3.3			(2.9)	(0.2)	0.2	0.4
AT 31 DECEMBER	26.4	10.0	68.9	74.3	13.0	38.1	230.7
Carrying amount at 1 January	18.4	1,008.4	1,467.5	38.8	13.3	91.7	2,638.1
CARRYING AMOUNT							
AT 31 DECEMBER	14.3	1,011.7	1,484.9	40.1	13.2	103.9	2,668.1

* Including changes in scope of consolidation.

2017 <i>(in € millions)</i>	Patents and licenses	Trademarks	Goodwill	Software	Development costs	Intangible assets in progress and other	Total
<i>Cost</i>							
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
<i>Depreciation and impairment losses</i>							
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 <i>(in € millions)</i>	Patents and licenses	Trademarks	Goodwill	Software	Development costs	Intangible assets in progress and other	Total
<i>Cost</i>							
At 1 January	38.3	403.5	601.8	80.6	26.6	60.6	1,211.4
Acquisitions/additions		6.6		3.9	4.7	3.8	19.0
Disposals				(8.3)	(7.5)	(1.7)	(17.5)
Other movements ^(a)	8.0	145.9	1,312.0	57.5	17.4	124.6	1,665.4
Foreign currency translation adjustments	1.8	9.0	(8.2)	2.6	0.4	(0.6)	5.0
AT 31 DECEMBER	48.1	565.0	1,905.6	136.3	41.6	186.7	2,883.3
<i>Depreciation and impairment losses</i>							
At 1 January	22.2	11.0	56.8	54.3	18.1	19.1	181.5
Foreign currency translation adjustments	0.6	0.7	1.8	2.2	0.2	0.3	5.8
Additions	2.9			9.2	3.5	1.8	17.4
Impairment losses							
Depreciation and impairment written off on disposals				(8.4)	(7.1)	(0.8)	(16.3)
Other movements ^(a)	2.1	33.1		42.0	11.4	39.3	127.9
AT 31 DECEMBER	27.8	44.8	58.6	99.3	26.1	59.7	316.3
Carrying amount at 1 January	16.1	392.5	545.0	26.3	8.5	41.5	1,029.9
CARRYING AMOUNT AT 31 DECEMBER	20.3	520.2	1,847.0	37.0	15.5	127.0	2,567.0

(a) Including changes in scope of consolidation.

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 2018 was 5.37%. Specific equity risk premiums ranging from 0% to 6.36% were applied to the Group's different CGUs, according to their size, region and other specific characteristics.

The impairment tests in 2018 were broadly based on a 2019 budget that largely assumed a continuation of the trends seen in 2018 for these CGUs.

The "Professional" CGU as defined in Note 1.4.3.

The test of this CGU, which included trademarks for €316.5 million and goodwill for €711 million (exclusively arising from the allocation of the WMF purchase price), was carried out by comparing the carrying amount with its value in use. The value in use is defined as the sum of the discounted cash flows according to the acquisition business plan and taking into account a terminal value based on the cash flow of the final year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 7.63%;
- and a long-term growth rate of 2% in line with forecasts for the sector.

This test did not indicate any impairment risk for the assets allocated to this CGU. A one-point change in the discount rate or long-term growth rate, or significant changes in the assumptions in the business plan regarding revenue and profitability, would not affect the valuation of this CGU.

The "Consumer EMEA" CGU as defined in Note 1.4.3.

The test of this CGU, which included trademarks for €360.0 million and goodwill for €375.4 million (of which €311 million in trademarks and €239 million in goodwill from the allocation of the WMF purchase price), was carried out by comparing the carrying amount with its value in use. The value in use is defined as the sum of discounted cash flows based on a five-year business plan and taking into account a terminal value based on the cash flow of the final year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 7.63%;
- and a long-term growth rate of 2% in line with forecasts for the household goods sector.

This test did not indicate any impairment risk for the assets allocated to this CGU. A one-point change in the discount rate or long-term growth rate, or significant changes in the assumptions in the business plan regarding revenue and profitability, would not affect the valuation of this CGU.

Other CGUs tested separately

ALL-CLAD

The All-Clad CGU (including the trademark for €126.4 million and goodwill for €48.8 million at 31 December 2018) 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 6.76% (versus 6.82% in 2017 and 7.42% in 2016);
- 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 2018. All-Clad's economic performance in 2018 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 2018 is as follows:

- the use of a 13.07% discount rate (i.e. a 6.3-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-point reduction compared with the current year would not give rise to any additional impairment loss;
- as regards the sales trends for 2019-2023, Group management currently considers the most probable scenario to be average annual growth of 2.5%. 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 €14.2 million and goodwill for €22.3 million at 31 December 2018) 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 12.66% (versus 12.75% in 2017 and 12.93% in 2016); 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 2018 to determine the value in use of the Imusa CGU assets is as follows:

- the use of an 18.2% discount rate (i.e. a 5.5-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-point reduction compared with the current year would not give rise to any additional impairment loss;
- as regards the sales trends for 2019-2023, the Groupe SEB management currently considers the most probable scenario to be average annual growth of 3.9%. A 10% downward revision in sales forecasts over the entire period would not result in any goodwill impairment loss being recognized.

MAHARAJA

In 2018, an additional impairment loss of €9.7 million was recognized on Maharaja's goodwill (Note 6). The net value of this goodwill is now only €6.6 million.

SUPOR

At 31 December 2018, the Supor CGU (including the trademark for €108.7 million and goodwill for €366.4 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 2018, Supor shares were trading at CNY 52.5. The carrying amount at the same date was CNY 18.55 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 €12.2 million;
- EMSA for €10.7 million.

The Arno brand (€25.0 million) was specifically tested using the relief from royalty method which consists of discounting the royalty revenues that would be derived from licensing the trademarks.

In addition, the Maharaja, Rowenta, Krups, Moulinex, Panex, Clock, Rochedo, Penedo, Imusa USA, Umco, MiroWearEver and AsiaVina brands were recognized in the Consolidated Financial Statements for a total of €68.5 million.

The main assumptions used in the 2018 tests were as follows:

- royalty rate: 2.0% to 5.5% (unchanged from 2017 and 2016);
- discount rate after tax: from 5.12% (Rowenta) to 18.41% (Arno) (range between 5.53% and 18.65% in 2017);
- long-term growth rate: 1% to 3% (unchanged from 2017 and 2016).

The Group ran sensitivity analyses on the values in use of all these assets under different cash flow scenarios for 2019-2023. 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

2018 (in € millions)	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
<i>Cost</i>						
At 1 January	65.6	669.9	1,219.0	397.6	68.5	2,420.6
Acquisitions/additions	0.4	11.0	56.4	34.7	74.3	176.8
Disposals	(2.2)	(13.3)	(40.0)	(24.4)	(2.3)	(82.2)
Other movements *	0.2	15.2	30.1	5.0	(52.3)	(1.8)
Foreign currency translation adjustments	(1.3)	(4.7)	(2.5)	(0.4)	(0.8)	(9.7)
AT 31 DECEMBER	62.7	678.1	1,263.0	412.5	87.4	2,503.7
<i>Depreciation and impairment losses</i>						
At 1 January	7.2	339.0	959.4	294.6		1,600.2
Foreign currency translation adjustments		(0.6)	(0.9)	(0.1)		(1.6)
Additions	0.3	26.0	77.5	32.7		136.5
Impairment losses			2.5	0.1		2.6
Depreciation and impairment written off on disposals		(9.3)	(40.3)	(22.9)		(72.5)
Other movements *	0.1	1.3	2.7	(5.1)		(1.0)
AT 31 DECEMBER	7.6	356.4	1,000.9	299.3		1,664.2
Carrying amount at 1 January	58.5	330.9	259.6	103.0	68.5	820.5
CARRYING AMOUNT AT 31 DECEMBER	55.1	321.7	262.1	113.2	87.4	839.5

* Including changes in scope of consolidation.

2017 (in € millions)	Land	Buildings	Machinery and equipment	Other property, plant and equipment	Fixed assets in progress	Total
<i>Cost</i>						
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
<i>Depreciation and impairment losses</i>						
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 2018, 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
<i>Cost</i>						
At 1 January	40.3	436.6	1,001.1	145.4	82.0	1,705.4
Acquisitions/additions	6.8	45.9	41.7	16.2	51.8	162.4
Disposals	(1.5)	(2.3)	(59.8)	(9.3)	(0.9)	(73.8)
Other movements ^(a)	5.8	162.7	182.0	236.1	(64.0)	522.6
Foreign currency translation adjustments	2.3	5.2	9.8	1.6	1.5	20.4
AT 31 DECEMBER	53.7	648.1	1,174.8	390.0	70.4	2,337.0
<i>Depreciation and impairment losses</i>						
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
<i>Impairment losses</i>						
Depreciation and impairment written off on disposals		(1.9)	(58.0)	(8.2)		(68.1)
Other movements ^(a)		79.7	120.1	172.3		372.1
AT 31 DECEMBER	7.4	315.6	920.9	285.4		1,529.3
Carrying amount at 1 January	33.1	222.0	218.3	41.1	82.0	596.5
CARRYING AMOUNT AT 31 DECEMBER	46.3	332.5	253.9	104.6	70.4	807.7

(a) Including changes in scope of consolidation.

Most of the Group's operations are on 38 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, <i>blenders</i> , fully-automated espresso <i>machines</i>
		Saint-Lô	Electronic components
		Vernon	Vacuum cleaners
Western European countries	Germany	Erbach	Steam irons
		<i>Emsdetten</i>	<i>Kitchenware</i>
		Geislingen an der Steige	Cookware; professional coffee machines
		Diez	Cookware
		Riedlingen	Cookware
	Switzerland	Hayingen	Cutlery
		Zuchwill	Professional coffee machines
	Italy	Omegna	Cookware
	Czech Republic	Domazlice	Catering utensils, components
	North America	United States	Canonsburg
South America	Brazil	Recife	Fans, washing machines, <i>blenders</i>
		Itatiaia (Rio de Janeiro)	<i>Blenders</i> , washing machines, fans and Cookware
	Colombia	Cajica	<i>Blenders</i> , fans
	Rionegro	Plastic goods, cookware	
Asia	China	Shanghai	Steam irons, steam cookers
		Yuhuan	Cookware
		Wuhan	Cookware
		Hangzhou	Rice cookers
		Shaoxing	Kettles, electric pressure cookers, induction hotplates, deep fryers, breadmaking machines, coffee machines, soy milk makers
		<i>TaiCang</i>	<i>Kitchenware</i>
	Heshan	Cutlery	
	India	Baddi	Food processors, <i>blenders</i> , fans
	Vietnam	Vinh Loc	Fans
		Binh Duong-Asia Fans	Components (motors)
		Ho Chi Minh-Supor	Cookware
		Binh Duong-EMSA	Garden products
		Saint-Petersburg	Cookware
Other countries	Russia	Saint-Petersburg	Cookware
	Egypt	Borg el Arab	<i>Blenders</i> , small food preparation equipment, irons, Cookware

The Group owns all of its plants, except for the one in Shanghai (China).

Logistics warehouses and commercial and office buildings are generally leased, except for the Group's headquarters building in Écully.

All leases are with unrelated lessors and reflect normal market terms.

NOTE 12. LEASES

Finance leases can be analyzed as follows:

Carrying amounts (in € millions)	2018	2017	2016
Land			
Buildings	0.1	0.2	
Machinery and equipment	3.7	4.9	5.1
Other property, plant and equipment	0.5	0.7	1.0
CARRYING AMOUNT	4.3	5.8	6.1

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:

2018 (in € millions)	Finance leases	Operating leases
LEASE COMMITMENTS:		
Due within one year	1.7	94.6
Due in one to five years	2.6	219.1
Due beyond five years	0.1	53.9
TOTAL MINIMUM FUTURE LEASE PAYMENTS	4.4	367.6
Future interest costs	0.2	

Lease payments recorded in expenses for the year totaled:

(in € millions)	2018	2017	2016
Lease payments	121.4	120.6	63.3

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 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.

13.1.2. Other investments

The “investments” item stood at €51 million at 31 December 2018 compared with €33.8 million at 31 December 2017. This largely consists of non-controlling interests in several entities and investments in non-consolidated entities due to their non-material size in the Group.

This item mainly includes the 750g International and Feeligreen securities acquired at end-2018. In 2017, this item included the securities of the SwizzzProzzz entities that have since been merged into Groupe SEB Schweiz GmbH.

In accordance with IFRS 9, these non-current financial assets for which the management model is to collect contractual cash flows and the flows resulting from disposals are recognized at fair value in other items of comprehensive income without subsequent reclassification to profit or loss, even in the event of disposal. The change in fair value of these investments amounted to €13.3 million in 2018.

Note 13.2. Other non-current financial assets

These assets are mainly comprised of endorsements and guarantees, chiefly for property leases.

NOTE 14. PRODUCT DEVELOPMENT COSTS

<i>(in € millions)</i>	2018	2017	2016
RESEARCH AND DEVELOPMENT GROSS EXPENDITURE	(143.6)	(138.5)	(104.0)
Research tax credit	6.9	6.1	7.4
RESEARCH AND DEVELOPMENT NET EXPENDITURE	(136.7)	(132.4)	(96.6)
as a % of revenue	2.0%	2.0%	1.9%
CAPITALIZED DEVELOPMENT COSTS	4.9	3.5	4.3
as a % of R&D expenditure	3.6%	2.7%	4.5%
RESEARCH AND DEVELOPMENT COSTS RECOGNIZED DIRECTLY IN THE INCOME STATEMENT (NOTE 4)	(131.9)	(128.9)	(92.2)
AMORTIZATION FOR THE PERIOD RECOGNIZED IN COST OF SALES	(4.6)	(5.0)	(3.4)
TOTAL COST RECOGNIZED IN THE INCOME STATEMENT	(136.5)	(133.9)	(95.7)
as a % of revenue	2.0%	2.1%	1.9%

In 2018, research and development expenditure totaled €136.7 million (compared with €132.4 million in 2017 and €96.6 million in 2016).

Capitalized development costs amounted to €4.9 million (versus €3.5 million in 2017 and €4.3 million in 2016).

Overall, research and development costs recognized in the income statement came to €136.5 million (€133.9 million in 2017 and €95.7 million in 2016).

NOTE 15. INVENTORIES

<i>(in € millions)</i>	2018			2017			2016*		
	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount
Raw materials	280.7	(18.5)	262.2	257.7	(18.3)	239.4	253.6	(9.9)	243.7
Work in progress	22.9	(2.1)	20.8	22.7	(2.4)	20.3	22.4	(0.2)	22.2
Finished products and goods purchased for resale	927.8	(30.3)	897.5	886.7	(34.4)	852.3	837.7	(36.6)	801.1
TOTAL	1,231.4	(50.9)	1,180.5	1,167.1	(55.1)	1,112.0	1,113.7	(46.7)	1,067.0

* After finalization of the WMF purchase price allocation.

NOTE 16. TRADE RECEIVABLES

<i>(in € millions)</i>	2018	2017	2016*
Trade receivables (including discounted bills)	1,119.7	1,032.4	1,072.9
Provision for doubtful debt	(32.5)	(16.6)	(20.0)
TOTAL	1,087.2	1,015.8	1,052.9

* 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 2018, the Group sold trade receivables to Société Générale and signed up to reverse factoring programs of some of these customers for a total of €115 million. As the sale of receivables was without recourse, the receivables were deconsolidated.

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

<i>(in € millions)</i>	2018	2017	2016
OTHER NON-CURRENT ASSETS	57.1	10.6	13.3
Current prepaid expenses	11.1	8.7	8.8
Advances paid	31.1		
Prepaid and recoverable taxes and other receivables*	102.5	91.3	91.8
OTHER CURRENT RECEIVABLES	144.7	100.0	100.6

* Including VAT claims amounting to €69.7 million at 31 December 2018 (€78.8 million at 31 December 2017 and €82.6 million at 31 December 2016).

The fair value of other non-current assets and other receivables is equivalent to their carrying amount.

At the period end, other receivables broke down as follows:

<i>(in € millions)</i>	Short term	Long term	Total
Prepaid expenses	11.1		11.1
Advances paid	31.1		31.1
Prepaid and recoverable taxes and other receivables	102.5	57.1	159.6
TOTAL	144.7	57.1	201.8

The increase in non-current tax receivables is directly linked with the recognition of the PIS COFINS receivable in Brazil (Note 29.1.1 Significant events).

At 31 December 2018, the Group sold its Research Tax Credit and Tax Credit for Competitiveness and Employment receivables for a total of €23.5 million.

NOTE 18. CASH AND CASH EQUIVALENTS

<i>(in € millions)</i>	2018	2017	2016
Cash at bank	574.6	439.8	378.8
Marketable securities	38.1	98.9	35.7
TOTAL	612.7	538.7	414.5

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 2018, 2017 and 2016, 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 2018 was 49,661,283 (49,596,964 in 2017 and 49,749,160 in 2016).

At 31 December 2018, the Founder Group owned 41.67% of the capital with these shares representing 52.29% of the theoretical voting rights at extraordinary Shareholders' Meetings.

Note 19.2. Share-based payments

19.2.1. Stock options

Information about stock option plans at 31 December 2018 is provided below:

EXERCISE OF STOCK OPTIONS

At 31/12/2018	Date			Number of options			Outstanding	Exercise price (in €)
	Type	of grant *	of exercise	of expiry	granted	exercised		
Purchase plan	18/06/2010	18/06/2014	18/06/2018	412,592	394,079	18,513		53.86
Purchase plan	15/06/2012	15/06/2016	15/06/2020	408,925	316,696	17,621	74,608	54.12
TOTAL				821,517	710,775	36,134	74,608	

* 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 2018 and 2017 (€0.5 million in 2016).

19.2.2. Performance shares

In 2015, 2016, 2017 and 2018, the Board of Directors granted performance shares to certain employees and executive officers.

Performance shares granted under the plans are subject to vesting periods of three years (2015, 2016, 2017 and 2018 plans). In addition, the final vesting of performance shares is subject to the achievement of objectives identical to those used to calculate the variable compensation of the Group's senior managers and executives, based on revenue and Operating Result from Activity. After this vesting period, the performance shares will remain locked for a further two-year period. The 2017 and 2018 plans do not provide for any lock-up period.

At 31/12/2018	Date			Number of shares			Outstanding	Price on the grant date ^(b)
	Type	of grant ^(a)	of vesting	of end of lock-up	granted	vested		
Performance shares	12/05/2015	12/05/2018	12/05/2020	169,450	164,925	4,525	-	81.41
Performance shares	19/05/2016	19/05/2019	19/05/2021	168,605		4,500	164,105	96.63
Performance shares	11/05/2017	11/05/2020	11/05/2020	193,450		1,450	192,000	151.60
Performance shares	16/05/2018	16/05/2021	16/05/2021	185,330		-	185,330	160.90
TOTAL				716,835	164,925	10,475	541,435	

(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 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 and 2018 plans have no lock-up clause, the fair value only takes into account the absence of dividends during the vesting period.

The main assumptions used to determine the fair value of performance shares were as follows:

Assumptions	2018 plan	2017 plan	2016 plan	2015 plan
Share price on the grant date (<i>in €</i>)	160.9	151.6	96.63	81.41
Risk-free interest rate (5-year rate)	1.28%	1.63%	-0.16%	0.19%
Average interest rate on a 5-year general purpose loan			6.13%	6.19%
Dividend yield	2.25%	1.92%	1.96%	2.11%
Discount for the lock-up (<i>as a % of the price on the vesting date</i>)			15.30%	14.77%
INITIAL VALUE (IN € MILLIONS)	30.2	28.6	14.0	11.9
EXPENSE FOR 2018 (<i>in € millions</i>)	6.5	9.9	4.2	1.2

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 €1,147.2 million was available for distribution at 31 December 2018, compared with €1,151 million at 31 December 2017 and €971 million at 31 December 2016), and SEB S.A.'s share of the retained earnings of consolidated subsidiaries subsequent to their acquisition or incorporation.

SEB S.A.'s share of the retained earnings of foreign subsidiaries is considered to be permanently invested. Any withholding taxes or additional taxes on distributed income are only recognized when distribution of these amounts is planned or considered probable.

Note 19.4. Treasury shares

The Group buys back shares for the following purposes:

- for cancellation in order to reduce the company's share capital;
- for allocation to employees, senior managers or 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 2018, the Group bought back 717,760 shares at a weighted average price of €147.26 and sold 676,578 shares at an average price per share of €104.54. The €19.3 million after tax loss on the sales was recognized directly in equity without affecting profit (loss) for the period.

At 31 December 2018, the Group held 575,888 treasury shares at an average price of €143.14 per share.

Movements in treasury shares were as follows:

(<i>in number of shares</i>)	Transactions in 2018	Transactions in 2017	Transactions in 2016
Shares held in treasury at 1 January	534,706	622,110	1,074,453
<i>Purchases</i>			
Buyback plan	258,109	228,914	218,633
Liquidity contract	459,651	313,440	326,956
<i>Sales</i>			
Disposals	(447,771)	(314,817)	(328,034)
Shares allocated on exercise of stock options, and under the performance share and employee share ownership plans	(228,807)	(314,941)	(669,898)
Shares canceled during the period			
SHARES HELD IN TREASURY AT 31 DECEMBER	575,888	534,706	622,110

NOTE 20. NON-CONTROLLING INTERESTS

Changes in non-controlling interests are as follows:

<i>(in € millions)</i>	2018	2017	2016
AT 1 JANUARY	175	165.2	200.1
Non-controlling interests in profit	43.5	33.6	32.2
Dividends paid	(23.3)	(12.4)	(13.2)
Exercise of stock options	1.7		
Non-controlling interests in shares issues by subsidiaries			
Changes in scope of consolidation and acquisition by the Group of non-controlling interests in subsidiaries	12.3	(2.0)	(43.7)
Foreign currency translation adjustments	(0.6)	(9.4)	(10.2)
TOTAL AT 31 DECEMBER	208.6	175.0	165.2

€10 million of the changes in the scope of consolidation in 2018 was due to the combination of the small electrical appliances and cookware businesses in Egypt, with the Group having reduced its interest in its Egyptian operations from 75% to 55% (Note 2.1).

Since 31 December 2008, non-controlling interests have primarily concerned the non-controlling interests of the ZJ Supor Group. The share of non-controlling interests therefore mainly changed in line with changes in the ZJ Supor Group's reserves (particularly profit and translation adjustments), purchases, sales or any other voluntary adjustments to SEB's stake in ZJ Supor.

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 Groupe SEB's interest in the company to 81.17%

At 31 December 2018, 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 2017 dividends paid to non-controlling interests in 2018 were €23.3 million. The 2018 profit (loss) of this sub-group taken by itself was €213.6 million for revenue of €2,162.2 million. The impact of the sub-group on the consolidated statement of comprehensive income consists solely of foreign currency translation adjustments.

Summary 2018 balance sheet of the Supor sub-group *(in € millions)*

ASSETS		LIABILITIES	
Non-current assets	663	Shareholders' equity	1,205
Inventories	287		
Trade receivables	264	Long-term provisions	3
Other receivables	92	Trade payables	319
Net cash and cash equivalents	476	Other current liabilities	254
TOTAL	1,782	TOTAL	1,782

Summary 2018 cash flow statement of the Supor sub-group *(in € millions)*

Net cash from operating activities	283
Net cash used by investing activities	(63)
Net cash used by financing activities	(120)

NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS **101**

Financing activities during the period mainly concerned the payment of dividends to the Group and non-controlling interests. Since this group is located in China, the cash it generates is subject to the foreign exchange controls in effect in that country.

NOTE 21. OTHER PROVISIONS

Provisions are classified as short-term or long-term according to whether the obligation is expected to be settled within or beyond one year.

<i>(in € millions)</i>	2018		2017		2016*	
	non-current	current	non-current	current	non-current	current
Pension and other post-employment benefit obligations (Note 22)	274.8	16.1	279.6	14.3	305.8	20.2
Product warranties (21.1)	8.0	32.0	8.3	33.2	7.5	35.9
Claims and litigation and other contingencies (21.2)	46.4	22.5	60.7	31.0	67.0	37.5
Restructuring provisions (21.3)	4.9	3.3	5.4	11.5	3.8	18.9
TOTAL	334.1	73.9	354.0	90.0	384.1	112.5

* 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:

<i>(in € millions)</i>	01/01/2018	Increases	Reversals	Utilizations	Other movements*	31/12/2018
Product warranties (21.1)	41.5	13.3	(0,9)	(11,9)	(2,0)	40,0
Claims and litigation and other contingencies (21.2)	91,7	8,0	(19,1)	(8,9)	(2,7)	69,0
Restructuring provisions (21.3)	16,9	9,0	(2,6)	(14,5)	(0,7)	8,1
TOTAL	150,1	30,3	(22,6)	(35,3)	(5,4)	117,1

* "Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.

<i>(in € millions)</i>	01/01/2017	Increases	Reversals	Utilizations	Other movements*	31/12/2017
Product warranties (21.1)	43,4	16,6	(0,9)	(16,4)	(1,2)	41,5
Claims and litigation and other contingencies (21.2)	104,5	15,0	(2,8)	(19,9)	(5,1)	91,7
Restructuring provisions (21.3)	22,7	18,1	(1,1)	(21,0)	(1,8)	16,9
TOTAL	170,6	49,7	(4,8)	(57,3)	(8,1)	150,1

* "Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.

<i>(in € millions)</i>	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.)

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:

<i>(in € millions)</i>	2018	2017	2016*
Supplier claims and litigation	2.5	2.4	2.3
Local government claims, litigation and contingencies	8.5	20.0	16.8
Commercial claims, litigation and contingencies		1.1	2.3
Employee claims, litigation and contingencies	3.9	12.1	13.3
Sales returns			
Other claims, litigation and contingencies	54.1	56.1	69.8
TOTAL	69.0	91.7	104.5

* 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.

In 2018, contingent liabilities recognized in connection with the acquisitions of Supor and of WMF gave rise to the release of surplus provisions for a total of €11 million. These liabilities were related to tax and social risks.

Note 21.3. Restructuring provision

Restructuring provisions break down as follows:

<i>(in € millions)</i>	2018	2017	2016
Severance costs	7.4	15.9	20.7
Site closure costs	0.7	1.0	2.0
TOTAL	8.1	16.9	22.7

The short-term portion of restructuring provisions amounted to €3.3 million.

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 2018	Germany 2018
<i>Economic assumptions</i>		
Rate of salary increases	between 2.50% and 4.00%	between 1.75% and 2.50%
Discount rate (based on Iboxx AA)	1.15% and 1.60%	1.60%
Average remaining service life of participating employees	15.3	14.6
<i>Demographic assumptions</i>		
Retirement age	62 to 65 years*	65 years
Staff turnover	0% to 13.7%	0% to 7.5%
Mortality tables	INSEE TD/TV 2012 – 2014	HEUBECK RT 2018 G

* Depending on employee age and category (management or other).

Assumptions	France 2017	Germany 2017
<i>Economic assumptions</i>		
Rate of salary increases	between 2.50% and 4.00%	between 1.75% and 2.50%
Discount rate (based on Iboxx AA)	0.90% and 1.50%	1.5% and 2%
Average remaining service life of participating employees	14.7	variable
<i>Demographic assumptions</i>		
Retirement age	60 to 65 years*	65 years
Staff turnover	0% to 13.3%	0% to 7.5%
Mortality tables	INSEE TD/TV 2012 – 2014	HEUBECK RT 2005 G

* Depending on employee age and category (management or other).

Assumptions	France 2016	Germany 2016
<i>Economic assumptions</i>		
Rate of salary increases	between 2.50% and 3.50%	between 1.75% and 2.50%
Discount rate (based on Iboxx AA)	1.00% and 0.65%	1.00%
Average remaining service life of participating employees	variable	21 years
<i>Demographic assumptions</i>		
Retirement age	60 to 65 years*	65 years
Staff turnover	0% to 12%	
Mortality tables	INSEE TD/TV 2012 – 2014	HEUBECK RT 2005 G

* Depending on employee age and category (management or other).

Note 22.2. Analysis of the pension and other post-employment benefit obligations

As from 1 January 2018, data relating to WMF Group entities was split across the main regions in which the Group has significant obligations.

The total obligation breaks down as follows:

<i>(in € millions)</i>	2018			
	France	Germany	Other countries	Total
Projected benefit obligation based on final salaries	132.1	204.9	67.8	404.8
Present value of plan assets	(63.9)	(6.4)	(43.5)	(113.8)
DEFICIT	68.2	198.5	24.3	291.0
Recognized liability	68.2	198.5	24.3	291.0
Recognized asset				
NET	68.2	198.5	24.3	291.0

<i>(in € millions)</i>	2017				
	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

<i>(in € millions)</i>	2016				
	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

Obligations for the payment of jubilees were €8.4 million at 31 December 2018 (€8.3 million at 31 December 2017 and €8.6 million at 31 December 2016).

Note 22.3. Recognized costs

The cost recognized in the income statement for pension and other post-employment benefit plans breaks down as follows:

<i>(in € millions)</i>	2018			
	France	Germany	Other countries	Total
Service cost	7.6	4.0	3.8	15.4
Interest cost	1.7	3.0	0.7	5.4
Expected return on plan assets	(0.8)	(0.1)	(0.4)	(1.3)
Other	(0.6)	2.3	0.1	1.8
COST FOR THE PERIOD	7.9	9.2	4.2	21.3

<i>(in € millions)</i>	2017				
	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

<i>(in € millions)</i>	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

Note 22.4. Change in gains and losses recorded in other comprehensive income

<i>(in € millions)</i>	2018			
	France	Germany	Other countries	Total
At 1 January *	(48.1)	(26.5)	(2.8)	(77.4)
Actuarial gains and losses	3.5	1.5	(2.9)	2.1
Return on plan assets greater/(less than) expected return	(1.0)		(0.2)	(1.2)
Other			0.4	0.4
AMOUNT AT 31 DECEMBER	(45.6)	(25.0)	(5.5)	(76.1)

* Reclassification after the split of the WMF package by entities.

Actuarial gains and losses for the period were mainly due to changes in the discount rate.

<i>(in € millions)</i>	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
AMOUNT AT 31 DECEMBER	(48.1)	(27.5)	2.8	(4.6)	(77.4)

<i>(in € millions)</i>	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				
AMOUNT AT 31 DECEMBER	(61.5)	(32.4)	(4.4)	(98.3)

Note 22.5. Movements in provisions

Movements in provisions break down as follows:

<i>(in € millions)</i>	2018	2017	2016
Net at 1 January	293.9	326.0	153.1
Cost for the period	21.3	21.9	5.5
Contributions paid	(23.0)	(34.8)	(11.5)
Actuarial gains and losses and other changes	(1.2)	(19.2)	178.9
NET AMOUNT AT 31 DECEMBER	291.0	293.9	326.0

Note 22.6. Movements in pension and other post-employment benefit obligations**Movements in pension and other post-employment benefit obligations 2018**

<i>(in € millions)</i>	France	Germany	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2018 ^{(a) (b)}	138.0	210.8	61.5	410.3
Service cost	7.6	4.0	3.8	15.4
Interest cost	1.7	3.0	0.7	5.4
Benefits paid	(11.0)	(14.1)	(2.0)	(27.1)
Plan amendments				
Actuarial gains and losses	(3.8)	0.2	3.0	(0.6)
Curtailments/Settlements	(0.5)			(0.5)
Other	0.1	1.0	0.8	1.9
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2018	132.1	204.9	67.8	404.8

*(a) Reclassification following deobfuscation of the WMF package.**(b) Following breakdown of the obligation and funds invested in Switzerland for €36 million.***Movements in pension and other post-employment benefit obligations 2017**

<i>(in € millions)</i>	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

<i>(in € millions)</i>	2016				Total
	France	Germany	WMF	Other countries	
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

Note 22.7. Analysis of plan assets

Change in plan assets in 2018

<i>(in € millions)</i>	France	Germany	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2018*	70.3	5.0	40.7	116.0
Expected return on plan assets	0.8	0.1	0.3	1.2
Contributions paid		0.4	2.6	3.0
Benefits paid	(6.1)	(0.1)	(1.0)	(7.2)
Actuarial gains and losses and other	(1.1)	1.0	0.9	0.8
PLAN ASSETS AT 31 DECEMBER 2018	63.9	6.4	43.5	113.8

* Following breakdown of the obligation and funds invested in Switzerland for €36 million

Change in plan assets in 2017

<i>(in € millions)</i>	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

<i>(in € millions)</i>	France	Germany	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

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 11% in bond funds;

- the balance in equity funds.

The return on these funds was -3.61% in 2018.

The actual return on plan assets for 2018 should be in line with the expected rate, and actuarial gains and losses generated in 2019 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	Other	Total
In less than 1 year	3.6	10.2	2.3	16.1
1 to 5 years	64.5	188.5	21.9	274.9
TOTAL 5 YEARS	68.1	198.7	24.2	291.0

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 €10.4 million and a 0.25% increase in the discount rate would reduce the obligation by approximately €9.6 million. The impact on 2018 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)	2018	2017	2016*
TRADE PAYABLES	1,029.9	905.8	915.4
Accrued taxes and employee benefits expenses	338.7	346.4	350.0
Due to trade payables of non-current assets	17.8	15.9	15.7
Advances received	148.0		
Other payables	60.6	36.7	60.0
OTHER LIABILITIES	565.1	399.0	425.7

* After finalization of the WMF purchase price allocation.

Had they been presented separately, advances received for the 2017 and 2016 financial years would have amounted to €154.3 million and €106.5 million respectively.

At the end of the period, trade payables and other liabilities broke down as follows by maturity:

	Current	Non-current	Total
TRADE PAYABLES	1,029.9		1,029.9
Accrued taxes and employee benefits expenses	295.0	43.7	338.7
Due to trade payables of non-current assets	17.8		17.8
Advances received	148.0		148.0
Other payables	58.5	2.1	60.6
OTHER LIABILITIES	519.3	45.8	565.1

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

<i>(in € millions)</i>	2018	2017	2016
Bonds	1,178.5	1,146.2	642.1
Bank borrowings	4.2		
Finance lease liabilities	2.7	3.7	3.9
Other debts (including private placements)	657.0	900.2	887.5
Non discretionary profit-sharing	15.5	17.1	20.1
LONG-TERM BORROWINGS	1,857.9	2,067.3	1,553.6
Bonds			
Bank borrowings	17.5	84.6	8.0
Commercial paper	300.0	447.0	849.0
Current portion of long-term borrowings	269.5	46.6	215.7
SHORT-TERM BORROWINGS	587.0	578.2	1,072.7
TOTAL BORROWINGS	2,444.9	2,645.5	2,626.3

At 31 December 2018, 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 €500.0 million bond debt due in 2022;
- a €500.0 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.

- €300 million in French commercial papers outstanding from a €1 billion program with an A2 short-term rating from Standard & Poor's.

- €30 million in French NEU MTN maturing in 2020 (outstanding from a €500 million program).

At 31 December 2018, the weighted average interest rate on long-term bank borrowings (falling due in over a year) was 1.68%.

Characteristics of borrowings (nominal amounts)

At 31 December 2018 (in € millions)	Issuing currency	Term	Outstanding balance	Due			Original interest rate
				In less than 1 year	1 to 5 years	In more than 5 years	
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	2019	300.0	300.0			Fixed
NEU MTN	EUR	2020	30.0		30.0		Euribor variable
Other bank borrowings (including overdrafts)			78.4	43.7	34.3	0.4	Variable
Finance lease liabilities			4.2	1.5	2.7		
Non discretionary profit-sharing	EUR		20.3	4.8	15.5		
TOTAL			2,444.9	587.0	1,291.5	566.4	

(a) All commercial paper is due in less than a year.

(b) Partly hedged by floating rate for fixed rate swaps.

(c) Excluding the ORNAE option portion.

Loan maturities (undiscounted nominal amounts, including accrued interest)

At 31 December 2018 (in € millions)	Issuing currency	Term	Expected cash outflows	Due		
				In less than 1 year	1 to 5 years	In more than 5 years
Schuldschein 2	EUR	2019	5.1	5.1		
Schuldschein 2	EUR	2019	59.2	59.2		
Schuldschein 3	EUR	2019	49.4	49.4		
Schuldschein 3	EUR	2019	127.0	127.0		
Schuldschein 3	EUR	2021	134.1	1.3	132.8	
Schuldschein 3	EUR	2021	161.0	2.9	158.1	
Schuldschein 3	EUR	2023	110.3	1.3	109.0	
Schuldschein 3	EUR	2023	194.5	2.9	191.6	
Schuldschein 3	EUR	2024	19.4	0.2	1.2	18.0
Schuldschein 3	EUR	2026	56.7	1.1	4.3	51.3
ORNAE	EUR	2021	150.0		150.0	
Bond 1	EUR	2022	547.5	11.9	535.6	
Bond 2	EUR	2024	545.0	7.5	30.0	507.5
NEU MTN	EUR	2020	30.2	0.1	30.1	
TOTAL			2,189.4	269.9	1,342.7	576.8

Confirmed credit facilities

The Group also has unused, confirmed credit facilities that break down as follows by maturity:

At 31 December 2018 (in € millions)	Confirmed credit facilities 2018 *
2019	1,010
2020	1,010
2021	1,010
2022	50
2023	

* Outstanding amounts of confirmed lines of credit at year-end, of which:

- a syndicated credit facility for €960.0 million, expiring in July 2021;
- a bilateral loan for €50.0 million, maturing in 2022.

None of these credit lines include any acceleration clauses.

Note 24.2. Net debt

(in € millions)	2018	2017	2016
Long-term borrowings	1,857.9	2,067.3	1,553.6
Short-term borrowings	587.0	578.2	1,072.7
TOTAL BORROWINGS	2,444.9	2,645.5	2,626.3
Net cash and cash equivalents *	(612.7)	(538.7)	(414.5)
Other current financial investments *	(258.0)	(213.1)	(203.5)
Derivative instruments (net)	3.3	10.8	11.2
NET DEBT	1,577.5	1,904.6	2,019.5

* Of which €488 million in China, versus €393 million at 31 December 2017.

Net debt corresponds to total long-term and short-term borrowings less cash and cash equivalents and derivative instruments related to Group financing. It also includes short-term financial investments with no significant risk of a change in value but whose maturity on the subscription date is longer than three months.

At 31 December 2018, none of these borrowings were subject to early repayment clauses based on covenants.

Changes in liabilities included in Group financing activities

(in € millions)	2018
Gross debt at 1 January	2,645.5
Net derivative instruments at 1 January	10.8
New borrowings during the period	559.2
Repayments during the period	(760.0)
Change in fair value	(5.7)
Changes resulting from the acquisition or loss of control of subsidiaries	0.3
Currency translation adjustment	(1.9)
Gross debt at 31 December	2,444.9
Net derivative instruments at 31 December	3.3

NOTE 25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Note 25.1. Financial instruments

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables (excluding tax and social security claims), debt securities and other cash equivalents classified as current assets. The fair value of trade and other receivables is equivalent to their carrying amount, in view of their short maturities.

Non-current financial assets consist mainly of investments in non-consolidated companies, certain receivables related to those investments and receivables due beyond one year. They were classified before the first application of IFRS 9 in assets available for sale and amounted to €24.3 million at 31 December 2017. In accordance with IFRS 9, these non-current financial assets for which

the management model is to collect contractual cash flows and the flows resulting from disposals are recognized at fair value in other items of comprehensive income without subsequent reclassification to profit or loss, even in the event of disposal.

Financial liabilities include borrowings and other financing, including bank overdrafts, and operating liabilities (excluding accrued taxes and employee benefit expense).

Borrowings that are not quoted in an active market are measured by the discounted cash flows method, applied separately to each individual facility, based on market rates observed at the period end for similar facilities and the average spread obtained by the Group for its own issues.

(in € millions)	2018		Financial instruments by category				
	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Fair value through other items of comprehensive income	Assets at amortized cost	Borrowings at amortized cost	Derivative instruments
ASSETS							
Other investments*	47.6	47.6		47.6			
Other non-current financial assets	16.9	16.9			16.9		
Other non-current assets	1.8	1.8			1.8		
Trade receivables	1,087.2	1,087.2			1,087.2		
Other current receivables, excl. prepaid expenses	58.4	58.4			58.4		
Derivative instruments	42.6	42.6					42.6
Other financial assets	258.0	258.0	258.0				
Cash and cash equivalents	612.7	612.7	612.7				
TOTAL FINANCIAL ASSETS	2,125.2	2,125.2	870.7	47.6	1,164.3		42.6
LIABILITIES							
Long-term borrowings	1,857.9	1,898.4				1,898.4	
Other non-current liabilities	2.0	2.0				2.0	
Trade payables	1,029.9	1,029.9				1,029.9	
Other current liabilities	196.4	196.4				196.4	
Derivative instruments	33.6	33.6					33.6
Short-term borrowings	587.0	588.1				588.1	
TOTAL FINANCIAL LIABILITIES	3,706.8	3,748.4				3,714.8	33.6

* of which non-reclassifiable Fair Value through OCI: see Statements of Comprehensive Income.

<i>(in € millions)</i>	2017		Financial instruments by category				
	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Borrowings at amortized cost	Derivative instruments
ASSETS							
Other investments	24.3	24.3		24.3			
Other non-current financial assets	15.3	15.3			15.3		
Other non-current assets	1.7	1.7			1.7		
Trade receivables	1,015.8	1,015.8			1,015.8		
Other current receivables, excl. prepaid expenses	8.5	8.5			8.5		
Derivative instruments	49.1	49.1					49.1
Other financial assets	213.1	213.1	213.1				
Cash and cash equivalents	538.7	538.7	538.7				
TOTAL FINANCIAL ASSETS	1,866.5	1,866.5	751.8	24.3	1,041.3		49.1
LIABILITIES							
Long-term borrowings	2,067.3	2,134.1				2,134.1	
Other non-current liabilities	2.3	2.3				2.3	
Trade payables	905.8	905.8				905.8	
Other current liabilities	50.3	50.3				50.3	
Derivative instruments	60.2	60.2					60.2
Short-term borrowings	578.2	578.2				578.2	
TOTAL FINANCIAL LIABILITIES	3,664.2	3,730.9				3,670.7	60.2

<i>(in € millions)</i>	2016		Financial instruments by category				
	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Borrowings at amortized cost	Derivative instruments
ASSETS							
Other investments	28.4	28.4		28.4			
Other non-current financial assets	13.3	13.3			13.3		
Other non-current assets	2.8	2.8			2.8		
Trade receivables	1,060.1	1,060.1			1,060.1		
Other current receivables, excl. prepaid expenses	13.3	13.3			13.3		
Derivative instruments	51.1	51.1					51.1
Other financial assets	203.5	203.5	203.5				
Cash and cash equivalents	414.5	414.5	414.5				
TOTAL FINANCIAL ASSETS	1,787.0	1,787.0	618.0	28.4	1,089.5		51.1
LIABILITIES							
Long-term borrowings	1,553.6	1,607.8				1,607.8	
Other non-current liabilities	3.1	3.1				3.1	
Trade payables	911.7	911.7				911.7	
Other current liabilities	72.6	72.6				72.6	
Derivative instruments	33.6	33.6					33.6
Short-term borrowings	1,072.7	1,073.0				1,073.0	
TOTAL FINANCIAL LIABILITIES	3,647.3	3,701.8				3,668.2	33.6

Note 25.2. Derivative instruments

The fair value of derivative instruments is as follows:

<i>(in € millions)</i>	2018				2017			
	Assets		Liabilities		Assets		Liabilities	
	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
FAIR VALUE HEDGES								
Forward sales of foreign currencies	75.6	1.9	123.2	(2.5)	94.8	3.2	47.9	(0.5)
Forward purchases of foreign currencies	206.9	4.2	98.0	(1.0)	147.2	5.8	122.2	(3.9)
Optional hedging strategic purchases	56.5	1.8			6.9		6.9	
Optional hedging strategic sales	11.6	0.1	19.8	(0.5)	8.5	0.4	1.7	
Revaluation of intra-Group transactions		1.5		(2.4)		3.0		(5.9)
TOTAL		9.5		(6.4)		12.4		(10.3)
TRADING								
AUD	13.9	0.1			16.9			
ARS	0.6		7.0	(0.3)	8.4	0.7		
BRL	10.4		100.6	(0.2)	117.2	1.6	1.7	
CAD	14.7	0.1					18.1	
CHF			1.1		23.5	0.1		
CLP	12.7	0.2			5.7		6.6	(0.3)
GBP	2.6		13.8	(0.1)	1.4		7.1	
JPY	0.6		33.1		7.2			
RUB	26.6	1.5						
SEK			16.3	(0.2)	3.7			
THB	1.6		22.9	(0.1)	21.1	0.4	1.2	
TRY			27.7	(0.4)				
USD	44.2	0.1	154.7	(0.4)	188.2	5.6	237.8	(1.7)
Other currencies	27.5		18.3		21.0		30.3	
TOTAL		2.0		(1.7)		8.4		(2.0)
CASH FLOW HEDGES								
Forward purchases and sales of foreign currencies	510.8	10.1	395.2	(4.8)	389.3	14.5	478.5	(22.1)
Option hedges (foreign currencies)	418.6	18.8	259.2	(9.1)	375.4	7.8	375.4	(6.7)
Floating/fixe rate swaps			185.5	(1.9)	60.0		125.5	
Raw materials derivatives (aluminum, nickel, copper and plastic)	6.8		81.5	(4.9)	49.1	4.1	0.1	
TOTAL		28.9		(20.7)		26.4		(28.8)
HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION								
Hedges of a net investment in a foreign operation	27.4	0.9			33.6	0.1		
TOTAL		0.9				0.1		
ORNAE								
Redemption option				(4.8)				(19.1)
Call on ORNAE		1.3				1.8		
TOTAL		1.3		(4.8)		1.8		(19.1)
TOTAL DERIVATIVE INSTRUMENTS		42.6		(33.6)		49.1		(60.2)
NET IMPACT ON EQUITY (INCLUDING FAIR VALUE ADJUSTMENTS RECOGNIZED IN PROFIT OR LOSS)		9.0						(11.1)

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 2018, the fair value of these instruments breaks down as follows:

At 31 December 2018 <i>(in € millions)</i>	In less than 1 year	1 to 5 years	In more than 5 years	Total
Forward purchases and sales of foreign currencies	5.4	(0.1)		5.3
Zero-premium collars <i>(currencies)</i>	9.9	(0.2)		9.7
Floating/fixed rate swaps		(1.7)	(0.2)	(1.9)
Raw materials derivatives (aluminum, nickel, copper and plastic)	(4.6)	(0.3)		(4.9)
ORNAE		(3.5)		(3.5)
TOTAL	10.7	(5.8)	(0.2)	4.7

The fair value of derivative instruments is determined by the discounted future cash flows method using forward exchange rates, market interest rates, and aluminum, copper, nickel and plastics prices at 31 December 2018.

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.

<i>(in € millions)</i>	31 December 2018			
	Total	Level 1	Level 2	Level 3
ASSETS				
Other investments	47.6		47.6	
Derivative instruments	42.6		42.6	
Other financial assets	258.0	258.0		
Cash and cash equivalents	612.7	612.7		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	960.9	870.7	90.2	
LIABILITIES				
Derivative instruments	33.6		33.6	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	33.6		33.6	

The portfolio of derivative financial instruments used by the Group to manage its risks mainly includes forward currency sales and purchases, options strategies, interest rate swaps, currency swaps and raw materials swaps. These instruments are classified as Level 2, as their fair value is calculated using internal valuation models based on observable data.

NOTE 26. FINANCIAL RISK MANAGEMENT

Note 26.1. Risk management

Risks are managed centrally by the Group Corporate Finance, Treasury and Tax department.

Hedging transactions are carried out in the financial markets with a limited number of high-quality partners in order to avoid counterparty risk. Hedging transactions are managed centrally. They are carried out in specific cases by Group subsidiaries when required by local regulations but these transactions remain under the control of the Group Finance, Treasury and Tax department.

Note 26.2. Financial market risks

26.2.1. Currency risks

The majority of the Group's sales are billed in currencies other than the euro, mainly the US dollar, Chinese yuan, Russian ruble, Brazilian real, Japanese yen and Korean won. Most billing currencies correspond to the functional currencies of the subsidiaries concerned and do not give rise to any transactional currency risk at the local level.

Similarly, goods purchased for resale (sourced products) billed in US dollars or Chinese yuan are bought from Asian suppliers by a Group subsidiary, SEB Asia, whose functional currency is also the US dollar.

The main sources of transactional currency risks therefore arise from:

- intra-group billings between Group companies with different functional currencies;
- purchases of industrial components and finished products from external suppliers by the manufacturing subsidiaries, that are billed in a currency other than their functional currency (for example, components purchased by the Group's production plants that are billed in US dollars or Chinese yuan).

These risks are managed at Group level by SEB S.A., which acts as the subsidiaries' sole counterparty, except where this is not possible due to local regulations. Transactional foreign exchange positions open on the balance sheet are hedged partially through firm or optional instruments.

The Group's overall currency risk management policy sets very strict rules for the hedging of currency risks associated with highly probable future transactions.

ANALYSIS OF CURRENCY RISKS ON INTRA-GROUP AND EXTERNAL CUSTOMER COMMERCIAL TRANSACTIONS

The Group's net exposure to notional currency risks primarily concerns the following currencies (excluding the functional currencies of Group companies).

In 2018 (in € millions)	USD	CNY	RUB	BRL	KRW	GBP	JPY	CAD	Other
Intra-Group positions	(109)	(128)	13	14	19	7	8	5	91
Ex-Group positions		(47)							
NET POSITION BEFORE HEDGING	(109)	(175)	13	14	19	7	8	5	91
Forward purchases of foreign currencies	66	187		15			9	9	19
Forward sales of foreign currencies	(2)	(29)	(12)	(13)	(15)	(6)	(6)	(15)	(101)
Optional hedging strategic purchases	34	23							
Optional hedging strategic sales	(5)			(11)		(4)	(9)	(2)	
NET POSITION AFTER HEDGING	(16)	6	1	5	4	(3)	2	(3)	9
In 2017 (in € millions)	USD	CNY	RUB	BRL	KRW	GBP	JPY	CAD	Other
Intra-Group positions	(131)	(132)	28	14	14	9	9	8	78
Ex-Group positions									
NET POSITION BEFORE HEDGING	(131)	(132)	28	14	14	9	9	8	78
Forward purchases of foreign currencies	121	144						3	1
Forward sales of foreign currencies	(12)	(7)	(23)	(11)	(12)	(3)	(14)	(10)	(72)
Call option purchases	7								
Put option purchases						(4)	(1)	(3)	
NET POSITION AFTER HEDGING	(15)	5	5	3	2	2	(6)	(2)	7

In 2016 (in € millions)	USD	CNY	PLN	RUB	GBP	JPY	Other
Intra-Group positions	(81)	(109)	13	7	8	10	49
Ex-Group positions							
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. See Note 25.2.

At 31 December 2018, the euro was trading at USD 1.145, RUB 79.7153, CNY 7.87084 and JPY 125.85.

At 31 December 2018, 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	(1.8)	0.7	0.1	0.6	0.4	(0.3)	0.2	(0.3)	0.9

CURRENCY RISKS ON FINANCING

SEB S.A. is the main provider of financing for its subsidiaries. Current account advances are made in the subsidiaries' functional currency. As SEB S.A. raises long-term financing in euros, it is exposed to currency risks on these current account advances and long-term loans. This exposure is hedged by borrowing or lending in the subsidiary's functional currency using currency swaps. Currency risks on financing are therefore systematically hedged from the moment there are competitive derivative instruments available on the market.

The Group does not, however, apply hedge accounting to these transactions.

In 2018 (in € millions)	USD	Other
Total assets	278	332
Total liabilities	(365)	(28)
NET POSITION BEFORE HEDGING	(87)	304
Hedging positions	67	(306)
NET POSITION AFTER HEDGING	(20)	(2)

In 2017 (in € millions)	USD	Other
Total assets	210	269
Total liabilities	(273)	(69)
NET POSITION BEFORE HEDGING	(63)	200
Derivative financial instruments	50	(207)
NET POSITION AFTER HEDGING	(13)	(7)

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

The appreciation or depreciation of these currencies, assuming all other variables remained the same, would have an impact on profit.

At 31 December 2018, the sensitivity analysis of the net position after hedging was as follows:

<i>(in € millions)</i>	USD	Other
Hypothetical currency appreciation	10%	10%
IMPACT ON PROFIT	(2.2)	(0.1)

CURRENCY RISKS ON NET INVESTMENTS IN FOREIGN OPERATIONS

Groupe SEB is also exposed to currency risks on its net investment in foreign operations, corresponding to the impact of changes in exchange rates for the subsidiaries' functional currencies on SEB S.A.'s share in their net assets. 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 2018 was COP 100 million. It is hedged by currency swaps, whose fair value at 31 December 2018 was €0.9 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 the end of December 2018, based on interest rate reset dates:

<i>In 2018 (in € millions)</i>	Overnight to 1 year		1 to 5 years		More than 5 years	
	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate
Total assets	870.7					
Total liabilities	(174.7)	(412.3)	(296.8)	(994.7)	(18.4)	(548.0)
NET NOMINAL VALUE BEFORE HEDGING	696.0	(412.3)	(296.8)	(994.7)	(18.4)	(548.0)

A floating/fixed interest rate swap was arranged to hedge interest payable by December 2026.

<i>In 2018 (in € millions)</i>	Due within one year	1 to 5 years	More than 5 years
<i>Floating/fixed rate swaps</i>		167.5	18.0

Assuming total borrowings remain constant at 31 December 2018 levels throughout the year and with the same currency breakdown, an immediate 1% rise in interest rates would add an estimated

€2.9 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 2018 was as follows:

<i>(in € millions)</i>	31/12/2018
FAIR VALUE AT 1 JANUARY	
Change in fair value	(1.9)
Amount recognized in income statement	
FAIR VALUE AT 31 DECEMBER	(1.9)

26.2.3. Commodity risks

Commodity risks arising from changes in the prices of certain raw materials used by the Group – mainly aluminum, copper, nickel and plastics used to produce stainless steel – are hedged by derivative instruments. The Group anticipates its needs for the coming year (except for China) and hedges them on a conservative basis, covering about 80% of its estimated purchases for the next twelve months.

At 31 December 2018, 27,828 tons of aluminum, 552 tons of copper, 390 tons of nickel and 2,052 tons of plastic purchased 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 IFRS 9 when the criteria listed in Note 1.4.4 are met.

At 31 December 2018, the commodity derivative instruments showed an unrealized loss of €4.9 million. In 2017, there was an unrealized gain of €4.1 million. And in 2016, there was an unrealized gain of €1.8 million.

Derivative instruments expiring in 2018 generated a gain of €1.4 million (gain of €4.1 million in 2017 and loss of €0.1 million in 2016).

SENSITIVITY ANALYSIS

A 10% increase in commodity prices at 31 December 2018 would have had a €6 million positive impact on equity, while a 10% decrease would have had an equivalent negative impact, assuming all other variables remained constant.

A 10% increase or decrease in commodity versus their average prices in 2018 would have had a €26.5 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 2018 (€112.8), the market value of shares held in treasury at that date stood at €65 million. A 10% increase or decrease in the share price would therefore have led to a €6.5 million change in the market value of treasury stock.

ZJ Supor, which is now 81.18%-owned by Groupe SEB, is listed on the Shenzhen Stock Exchange. At 31 December 2018, the share price was CNY 52.5, valuing Groupe SEB's investment at €4,446.9 million.

Note 26.4. Credit risk

At the period end, trade receivables broke down as follows based on their age:

(in € millions)	Current	Past due			Total
		0-90 days	91-180 days	Over 181 days	
Net trade receivables	880.6	172.9	20.4	13.3	1,087.2

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 2018, no single customer accounted for more than 5% of total sales.

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 (€870.7 million at 31 December 2018); and additional liquid resources including:
 - a €1 billion commercial paper program. At 31 December 2018, €300 million had been drawn down;
 - a €500 million NEU MTN program. At 31 December 2018, €30 million had been drawn down;
 - other debt facilities including:
 - a €960 million syndicated credit facility expiring in 2021,
 - a €50 million bilateral credit facility expiring in 2022,
 - several Schuldschein loan credit lines totaling €862 million maturing in 2019, 2021, 2023, 2024 and 2026,
 - a €500 million bond debt due in 2022,
 - a €500 million bond debt due in 2024,
 - a €150 million convertible bond issue (ORNAE – bonds redeemable in cash and/or existing shares) maturing in 2021.

Cash and cash equivalents and debt are described in Note 18 and Note 24, respectively.

NOTE 27. ENVIRONMENTAL EXPENDITURE

Environmental expenditure and capital expenditure amounted to €11 million in 2018, compared with €11 million in 2017 and €8.6 million in 2016.

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.

(in € millions)	2018			2017			2016		
	Expenditure	Capital expenditure	Total	Expenditure	Capital expenditure	Total	Expenditure	Capital expenditure	Total
Ambient air quality	0.5	1.8	2.3	0.5	0.4	0.9	0.5	0.6	1.1
Waste water management and water saving systems	2.1	0.8	3.0	2.2	0.6	2.8	1.8	0.4	2.2
Waste management	2.6		2.6	2.3		2.3	1.7	0.1	1.8
Soil protection and decontamination	0.8	0.2	1.0	2.9	0.3	3.2	2.4	0.1	2.5
Other environmental protection measures	1.5	0.6	2.1	1.3	0.5	1.8	0.9	0.1	1.0
TOTAL	7.6	3.4	11.0	9.2	1.8	11.0	7.3	1.3	8.6

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.

At 31 December 2018, there was no longer any provision for significant environmental risks.

NOTE 28. OFF-BALANCE SHEET COMMITMENTS

Note 28.1. Specific commitments

Specific commitments are discussed in the following notes:

- Note 22 Employee benefits;
- Note 24 Borrowings;
- Note 25 Fair value of financial instruments.

Note 28.2. Commitments arising in the ordinary course of business

Commitments related to operating activities

(in € millions)	2018	2017	2016
Firm orders for property, plant and equipment	42.5	34.2	35.6
Guarantees and bonds given *		0.1	
Commitments under non-cancelable operating leases	367.6	353.3	308.9
Miscellaneous financial commitments	14.0	18.7	6.0
TOTAL COMMITMENTS GIVEN	424.1	406.3	350.5
Guarantees received for trade receivables under credit insurance policies	734.2	805.7	714.9
Miscellaneous financial commitments			
TOTAL COMMITMENTS RECEIVED	734.2	805.7	714.9

* 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).

NOTE 29. SIGNIFICANT EVENTS, LITIGATION AND CONTINGENT LIABILITIES

Note 29.1. Significant events and litigation

29.1.1. Significant events

BRAZIL

On 15 March 2017, the Brazilian Federal Supreme Court found the inclusion of the ICMS in the PIS and COFINS tax bases to be unconstitutional. Our manufacturing subsidiary Seb do Brasil, had brought this case in 2009. It won its case on 6 September 2018 with the Brazilian courts handing down a final decision to Seb do Brasil, thereby confirming the stance of the Supreme Court and opening the door to the refunding of the additional tax paid by Seb do Brasil since 2004.

As a result, a €32 million tax receivable was recognized under "Revenue" for the period in Brazil. Aside from this revenue, interest on arrears of circa €20 million was recognized.

Moreover, the Group was faced with the bankruptcy of a major distributor in this country.

29.1.2. Litigation

A) SUPPLIER DISPUTES

A provision for contingencies was set aside in 2009 connected with a dispute with a Chinese supplier concerning a shipment. A provision was fully funded for the maximum exposure estimated at end-2017 at €1.5 million. This provision was reversed during the year as the risk no longer existed. (see Note 21.2).

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 2018.

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. The remaining balance stood at €2.3 million at 31 December 2017. The full amount having been paid, this provision is now zero.

D) FIRE ON THE PREMISES OF A LOGISTICS SERVICE PROVIDER IN CHINA

On 28 June 2018, the fire that broke out on the premises of a logistics service provider in Hangzhou destroyed an inventory of finished products of an approximate value of €12 million. The insurer's appraisal and compensation process is nearing completion and a 40% down-payment on the losses suffered has already been obtained. Given this, no provision was funded.

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).

A reversal of €8.3 million (including €4.8 million unused) was recognized during the year following the conclusion of ongoing tax audits.

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.

<i>(in € millions)</i>	2018	2017	2016
Revenue			
Other income			
Purchases and expenses	1.8	2.0	1.2
Other non-current financial assets			
Trade receivables			
Trade payables	0.4	1.1	

In 2018, Groupe SEB paid €0.2 million to Robart for studies and research (€0.2 million in 2017) and €1.6 million to 1000 Mercis for services (€1.7 million in 2017).

Financial guarantees given by the Group to banks in connection with the external financing of subsidiaries stood at €21.2 million at 31 December 2018 (versus €25.3 million at 31 December 2017 and €15.2 million at 31 December 2016).

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 2018, 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:

<i>(in € millions)</i>	2018	2017	2016
SHORT-TERM BENEFITS			
Fixed remuneration	4.7	4.1	4.0
Variable remuneration	4.4	3.9	4.0
Directors' fees	0.5	0.5	0.4
OTHER BENEFITS			
Post-employment benefits	2.6	3.1	2.9
Share-based payments (stock options)	9.5	7.3	4.7
TOTAL	21.7	18.9	16.0

Pension commitments

The 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 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 managers, with a contribution equal to 8% of their salaries. Benefits payable under this plan are deducted from the supplementary pension originating from the supplementary defined benefit plan.

To be eligible for the defined benefit plans, Groupe SEB senior managers 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 senior managers (including the Chairman and CEO and the Chief Operating

Officer) complies with AFEP-MEDEF Code recommendations as updated in November 2015:

- seniority required: minimum eight years on the Executive Committee or Management Committee;
- rate of progression: entitlements based on seniority up to a maximum of 3% 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 the 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.

The various conditions of the retirement plan imply that, at the legal retirement age (i.e. in 2029), Bertrand Neuschwander will be able to receive a gross replacement ratio (including statutory plans) of 32.20% of his reference remuneration.

These items are still being calculated for the new Chief Operating Officer, Stanislas de Gramont, who took up office on 3 December 2018.

No expense was recognized for the benefit granted to Thierry de La Tour d'Artaise, Stanislas de Gramont and Bertrand Neuschwander in the Consolidated Financial Statements at 31 December 2018.

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-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 will also apply in the event that Thierry de La Tour d'Artaise's employment contract is terminated pursuant to resignation from the Group, were such resignation to arise from a change in the control of the Group. However, he will forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as executive officer should he resign on his own initiative.

FOR BERTRAND NEUSCHWANDER

In the event of dismissal, he will be entitled to severance allowance equal to two years' remuneration, minus the amounts paid under the non-compete clause and any termination benefits connected to the termination of the employment contract.

The reference remuneration used to calculate the severance 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:

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

Furthermore, the severance allowance is paid because it is an involuntary termination and it remains capped at two years of remuneration (fixed and variable received), including the non-compete clause and any contractual indemnities for dismissal.

This severance allowance will also be submitted to approval by shareholders at the Annual General Meeting of Shareholders of 22 May 2019.

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 from working in any manner with a competitor of Groupe SEB.

This non-compete agreement and the terms of severance detailed above was 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 regulated agreements.

FOR STANISLAS DE GRAMONT

Stanislas de Gramont will be entitled to an indemnity in the event of his dismissal from corporate office.

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

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

- If the dismissal occurs at the end of the two years following his appointment as a corporate officer, the severance allowance will be adjusted by the rate of achievement of the targets, in said capacity, for the period following his appointment and limited to the previous four years of service (in the event of an appointment exceeding four years);
 - if the average percentage achieved is below 50%: no termination benefit is paid,
 - if the average actual performance represents 50% to 100% of the targets: the termination benefit is comprised between 75% and 100%, based on a straight-line calculation,
 - if the average percentage achieved is above 100%: 100% of the benefit is paid.

By way of exception from the foregoing in the event of dismissal during the first 24 months of the corporate office, the severance allowance will be adjusted based on actual performance in relation to targets and on the amount of time spent in the company. It will gradually increase based on tiers defined according to the length of service: between 6 and 12 months, then from 12 to 24 months, with a cap set at 24 months' remuneration.

Furthermore, the severance allowance shall only be paid in the event of involuntary termination and remains capped at two years of remuneration (fixed and variable received), including the non-compete clause.

Pursuant to the non-compete agreement, in case of termination of his 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 worldwide.

In consideration for this non-compete clause and for its entire duration, Stanislas de Gramont will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration (paid or outstanding depending on the circumstances) over his last 12 months of service within the Group.

The Board of Directors can release Stanislas de Gramont from this non-compete clause.

This corporate office agreement dated 12 December 2018 including the non-compete clause, along with the terms of severance detailed above, was approved by the Board of Directors on 19 December 2018.

It will furthermore be submitted for approval by the shareholders at the Annual General Meeting of Shareholders on 22 May 2019, in accordance with the procedure provided for regulated 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 and 19 May 2016, in accordance with the AFEP-MEDEF Code, the Board of Directors reviewed the situation and agreed that the employment contract of Thierry de La Tour d'Artaise should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

For Bertrand Neuschwander, dismissed as Chief Operating Officer on 10 October 2018, on 22 April 2014 the Board of Directors decided that the suspension of his employment contract was in line with the AFEP-MEDEF Code.

For Stanislas de Gramont, appointed Chief Operating Officer on 3 December 2018, on 23 October 2018 the Board of Directors decided to solely hire him as an executive officer (no employment contract applies).

Details of the remuneration policy and the components of the remuneration of these three people will appear in Note 2.5 Remuneration Policy and are not reiterated in this note.

NOTE 31. SUBSEQUENT EVENTS

Wilbur Curtis

On 8 January 2019, Groupe SEB announced the outright acquisition of Wilbur Curtis, the second largest player in the US professional filter coffee machines.

The deal was subject to the usual regulatory clearance, which was granted on 8 February 2019.

Founded in 1941, Wilbur Curtis manufactures and sells equipment for preparing hot and cold drinks, primarily filter coffee machines and cappuccino machines. Its sustained investment, particularly in innovation, mean that it can offer some of the most advanced and top-quality systems on the market.

Sales, which have been growing steadily, exceeded USD 90 million and are mostly US based. The main customers are coffee roasters, various coffee shop chains, convenience stores, fast food chains, hotels and restaurants. Wilbur Curtis builds long-term relationships with its customers and has an experienced sales force that gives it coverage throughout the US. Its high-performance manufacturing facility employs 300 people in Montebello (California).

NOTE 32. LIST OF CONSOLIDATED COMPANIES AT 31 DECEMBER 2018 (% 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 ^(c)	*	Germany		100	100
Groupe SEB Deutschland GmbH ^(c)	**	Germany		100	100
EMSA GmbH ^(c)	*	Germany		100	100
Homeware Trading GmbH	**	Germany		100	100
Groupe SEB Österreich GmbH	**	Austria		100	100
Groupe SEB Belgium S.A. NV	**	Belgium		100	100
Groupe SEB Denmark AS	**	Denmark		100	100
Groupe SEB Iberica S.A.	**	Spain		99.9	99.9
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		66.3	55
Groupe SEB Egypt for Household Appliances	**	Egypt		55	55

Company	Core business ^(b)	Headquarters	Registration no.	% voting rights	% interest
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
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
SEB Serviços LTDA	***	Brazil		100	100
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 Omega Commercial Trade Co. Ltd	**	China		100	81.2
Shanghai Supor Cookware Marketing Co. Ltd	**	China		100	81.2
SSEAC Co. Ltd	*	China		100	81.2
EMSA Taicang Co. Ltd	**	China		100	100
Zhejiang WMF Housewares Co., Ltd	*	China		100	81.2
Zhejiang Shaoxing Supor Housewares Co., Ltd	**	China		100	81.2
WMF Shanghai	*	China		100	81.2

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		100	90.4
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		100	90.4

(a) Companies within the tax consolidation group in France.

(b) Core business:

* manufacturing, sales and marketing;

** sales and marketing;

*** services.

(c) These entities claim the exemption according to § 264 para.3 HGB (German Commercial Code). This Corporate Financial Report is the liberating Financial Statement.

WMF companies	Core business ^(b)	Headquarters	Registration no.	% voting rights	% interest
EMEA					
EUROPE					
WMF France S.A.R.L. ^(a)	**	France	421,742,586	100	100
WMF France Consumer Goods S.A.R.L. ^(a)	**	France	309,434,017	100	100
Schaerer France S.A.R.L.	**	France	537,799,777	100	100
Finedening TopCo GmbH	Holding company	Germany		100	100
WMF Group GmbH	*	Germany		100	100
Silit-Werke Beteiligungsgesellschaft GmbH	***	Germany		100	100
Silit Haushaltswaren GmbH	***	Germany		100	100
Silit-Werke GmbH & Co. KG	*	Germany		100	100
ProHeq GmbH	*	Germany		100	100
Boehringer Gastro 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 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 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
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

(a) Companies within the tax consolidation group in France.

(b) Core business:

* manufacturing, sales and marketing;

** sales and marketing;

*** services.

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
750 Grams International	***	France	539 534 792	100
Feeligreen	*	France	538 799 370	55.2
WMF Gastronomie Service GmbH	***	Germany		100
WMF Versicherungsdienst GmbH	***	Germany		100
4iTECH 4.0 (SAS)	*	France	829 128 420	22.7

(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 2018 Financial Report and Registration Document.

5.3. Statutory Auditors' report on the consolidated financial statements

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.

(For the year ended December 31, 2018)

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of SEB SA for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 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 January 1, 2018 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 PricewaterhouseCoopers Audit: certifications of the accounting information of entities;
- for Mazars: 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 and reports on operations involving share capital.

OBSERVATION

Without going as far as to challenge the opinion expressed above we do draw your attention to Note 1 to the consolidated financial statements which raises how revenue recognition and the valuation of financial instruments are impacted when processed in accordance with IFRS 15 and IFRS 19 standards for the first time.

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)

DESCRIPTION OF RISK

As part of its business development, SEB has carried out targeted external growth transactions and thus recognized several goodwill amounts, representing the difference between the acquisition price and the net fair value of identifiable assets acquired and liabilities assumed, on the acquisition date. Group assets also comprise several trademarks.

As at December 31, 2018, trademarks with indefinite useful lives and goodwill amounted to €1011.7 million and €1,484.9 million (representing 35% 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 an asset's fair value less costs to sell and the value in use of the CGU. The value of the CGUs is determined on the basis of net discounted future cash flows, with the exception of trademarks, which are valued using the relief from royalty method. The results of the impairment test are therefore sensitive to the assumptions used, especially those used to determine the discount rate applied to projections of future cash flows, the method for grouping together CGUs, and future changes in revenues in terms of volume and value.

We deemed the measurement of the recoverable value of these non-current assets to be a key audit matter due to the materiality of the trademarks and goodwill recorded in SEB's consolidated balance

sheet and the high degree of judgment required from management to determine the assumptions to be used to perform the impairment tests.

HOW OUR AUDIT ADDRESSED THIS RISK

Our work involved:

- assessing compliance of the methodology applied by SEB with current accounting standards, particularly in relation to the approach used by management to define the CGUs;
- 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.

5

MEASUREMENT AND RECOGNITION OF PROVISIONS FOR DEFERRED REBATES

(Note 1.5.1 to the consolidated financial statements)

DESCRIPTION OF RISK

SEB's consolidated revenues are recognized after deduction of rebates and discounts, as well as advertising expense contributions billed by customers and the cost of consumer promotions, referred to as «deferred rebates».

Management assesses the amount of provisions for deferred rebates granted to customers and offset against customer receivables based on the contractual or constructive commitments of SEB Group entities identified at period-end.

Given the complex and diverse nature of existing agreements with retailers in various countries with different legislations, there is a risk that the provision may be incorrectly estimated.

In light of this complexity, we deemed the measurement of provisions for deferred rebates to be a key audit matter.

HOW OUR AUDIT ADDRESSED THIS RISK

Our work primarily involved:

- obtaining an understanding of the internal control procedures implemented by management in relation to the recognition of revenue and the estimation of rebates, and testing the effectiveness of key controls relating to these procedures;
- analyzing the differences between the amounts set aside for provisions in the previous reporting period and amounts actually paid during the period, with a view to assessing the reliability of the measurement of deferred rebates;
- testing, on a sample basis, the calculation of provisions for deferred rebates at periodend based on the contract terms (revenue, rebate percentage).

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.

We certify that the management report includes the consolidated declaration of extra-financial performance provided for under the French commercial code (*Code de commerce*, Article L.225-102-1). It should be noted that, in accordance with Article L.823-10 of the *code de commerce*, the information disclosed in the aforementioned declaration has not been subject to any scrutiny on our part for accuracy in relation to the consolidated financial statements, and that this information should be addressed separately in a report to be drawn up by an independent third party

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of SEB SA by the Annual General Meetings held on June 15, 1985 for PricewaterhouseCoopers Audit and May 12, 2015 for Mazars.

As at December 31, 2018, PricewaterhouseCoopers Audit and Mazars were in the thirty-four year and the fourth 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 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) 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, March 25, 2019

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)	2018	2017	2016 ^(f)	2015	2014	2013	2012	2011 ^(f)	2010 ^(f)	2009
RESULTS										
Sales in France	775	804	779	739	700	666	689	705	712	685
Sales outside France	6,037	5,681	4,221	4,031	3,553	3,495	3,371	3,258	2,940	2,491
Total sales	6,812	6,485	5,000	4,770	4,253	4,161	4,060	3,963	3,652	3,176
Operating Result from Activity	695	661	505	428	368	410	415	455	438	355
Operating profit	626	580	426	371	314	364	368	402	349	248
Profit attributable to owners of the parent	420	375	259	206	170	200	194	236	220	146
Depreciation, amortization and impairment losses	179	178	123	146	123	112	109	115	117	124
Employee benefits expense ^(b)	1,236	1,250	831	802	753	737	698	665	627	549
Discretionary and non-discretionary profit sharing and bonuses and matching contributions to employee savings plans	34	38	37	31	33	37	48	44	50	33
EBITDA ^(c)	805	765	550	508	434	475	475	516	468	372
Adjusted EBITDA ^(e)	829	808	591	533	455	485	474	511	488	416
BALANCE SHEET (AT 31 DECEMBER)										
Shareholders' equity after appropriation	2,196	1,861	1,747	1,829	1,650	1,460	1,395	1,279	1,487	1,169
Net debt	1,578	1,905	2,019	316	453	416	556	673	131	243
Non-current assets	3,576	3,508	3,583	1,654	1,593	1,413	1,434	1,453	1,249	1,163
Capital expenditure	215	192	181	153	201	127	128	131	140	109
Inventories and work-in-progress	1,181	1,112	1,067	821	823	731	681	702	635	466
Trade receivables net of advances received	939	1,016	1,053	886	768	740	836	828	733	627
Trade payables net of advances made	999	906	915	695	637	525	508	516	494	398
Net cash from operating activities	724	457	576	376	271	298	313	242	256	558
Number of employees at 31 December (in units)	33,974	32,319	32,871	26,024	25,759	24,682	24,758	24,927	23,058	20,663
SHARES (IN €) ^(a)										
Total number of shares outstanding (in thousands)	50,169	50,169	50,169	50,169	50,169	50,169	50,169	49,952	49,952	49,952
Weighted average number of shares after treasury stock (in thousands)	49,661	49,597	49,749	49,037	48,694	48,344	47,718	47,886	47,414	46,477
Adjusted diluted earnings per share	8.38	7.50	5.15	4.14	3.45	4.08	4.01	4.81	4.54	3.13
Net income	2.14	2.00	1.72	1.54	1.44	1.39	1.32	1.25	1.17	1.04
Dividend yield per share (in %) ^(d)	1.90	1.29	1.34	1.63	2.34	2.12	2.37	2.15	1.51	2.62
Price range:										
High	175.90	169.90	136.00	97.45	68.99	69.50	67.85	82.15	82.78	40.53
Low	105.60	115.70	79.90	58.01	56.85	51.50	46.70	52.00	39.15	16.44
Price at 31 December	112.80	154.45	128.75	94.60	61.57	65.70	55.71	58.12	77.73	39.70
Stock market capitalization (in € millions)	5,659.1	7,748.6	6,459.3	4,746.0	3,088.9	3,296.1	2,794.9	2,903.2	3,882.8	1,983
Average daily trading volume (number of shares)	56,108	53,452	60,252	79,811	56,210	75,245	90,232	143,151	107,282	88,830

(a) Figures were restated following the three-for-one share split.

(b) Excluding discretionary and non-discretionary profit sharing and matching contributions to employee savings plans, including temporary staff costs. Since the Group's transition to IFRS in 2004, the reported amounts have also included the service cost of pension and other post-employment benefits.

(c) Earnings before interest, taxes, depreciation and amortization (including amortization and impairment of goodwill and trademarks, and depreciation and amortization expense reported under "Other operating income and expenses").

(d) Dividend for the year expressed as a percentage of the closing share price at the year-end.

(e) Recurring Operating profit (loss) before interest, taxes, depreciation and amortization.

(f) The balance sheets and income statements for 2010, 2011 and 2016 were restated in subsequent years. The restatements were not material.

5.4.2. HISTORY OF CONSOLIDATED RATIOS

(in %)	2018	2017	2016	2015	2014	2013	2012	2011 ^(b)	2010 ^(b)	2009
PROFITABILITY RATIOS										
Return on equity before appropriation of previous year's profit	21.36	20.43	13.55	11.94	11.09	13.66	14.47	15.27	18.04	15.69
Net profit/Sales	6.16	5.78	5.17	4.32	4.00	4.80	4.78	5.96	6.03	4.59
FINANCIAL RATIOS										
Net debt/shareholders' equity before appropriation ^(c)	68.39	96.96	109.98	16.57	26.27	27.14	38.04	50.14	8.48	22.52
Financial costs, net/Revenue	0.47	1.11	1.16	1.00	1.15	1.32	1.54	0.68	0.44	0.86
Net debt/Adjusted EBITDA (in value) ^(c)	1.90	2.36	3.42	0.59	1.00	0.86	1.17	1.32	0.27	0.59
INVESTMENT RATIOS^(a)										
Investments/Sales	3.15	2.97	3.63	3.23	4.73	3.05	3.14	3.55	3.86	3.44

(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.



6 Company financial statements

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6.1. Financial statements

INCOME STATEMENT AT 31 DECEMBER

<i>(in € millions)</i>	Notes	2018	2017
Reversals of depreciation, amortization and provisions, expense transfers		0.0	0.1
Other income		0.8	0.4
Operating income		0.8	0.5
Other purchases and external charges		10.2	9.1
Taxes other than income tax		3.4	1.0
Wages and salaries		2.5	3.6
Payroll taxes		1.0	1.5
Depreciation and amortization		1.8	1.8
Other expenses		0.7	0.7
Operating expenses		19.5	17.6
OPERATING PROFIT (LOSS)		(18.8)	(17.1)
Financial income		337.6	544.8
Financial expenses		236.3	275.9
FINANCIAL PROFIT (LOSS)	3	101.2	268.9
RESULT FROM ORDINARY ACTIVITIES		82.5	251.8
Non-recurring income		56.5	50.3
Non-recurring expenses		69.3	59.9
EXCEPTIONAL PROFIT (LOSS)	4	(12.8)	(9.5)
Income tax (income)	5	(29.9)	(26.5)
PROFIT FOR THE PERIOD		99.6	268.8

BALANCE SHEET OF SEB S.A. AT 31 DECEMBER

Assets (in € millions)	Notes	2018			2017
		Gross	Depreciation/ Amortization	Net	Net
Patents, licenses and other rights		0.2	0.1	0.1	0.1
Financial investments		1,842.7	233.7	1,609.0	1,574.2
Loans to subsidiaries and affiliates		2,700.4	6.9	2,693.4	2,766.1
Other non-current assets		2.5		2.5	1.1
TOTAL NON-CURRENT ASSETS	6	4,545.7	240.7	4,305.0	4,341.5
Accounts receivable		6.5		6.5	2.3
Other receivables	7	55.1	-	55.1	94.0
Investment securities	8	80.4	-	80.4	96.4
Cash		225.5	-	225.5	155.0
Prepaid expenses		0.1	-	0.1	0.1
TOTAL CURRENT ASSETS		367.6	-	367.6	347.7
Deferred financing costs	12.1	6.2	-	6.2	7.9
Conversion losses	12.2	1.6	-	1.6	2.3
TOTAL ASSETS		4,921.1	4,921.1	4,680.4	4,699.5

Liabilities (before appropriation of profit) (in € millions)	Notes	2018	2017
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		940.4	775.0
Profit (loss) for the period		99.6	268.8
TOTAL EQUITY	9	1,220.2	1,224.0
Provisions for contingencies		48.2	43.1
Provisions for charges		184.7	185.7
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	10	232.9	228.8
Bank borrowings	11	2,026.8	2,101.2
Other borrowings	11	1,166.4	1,106.4
Accounts payable		1.9	2.2
Accrued taxes and employee benefits expenses		3.7	4.1
Other liabilities		23.4	28.5
TOTAL LIABILITIES	12.2	3,222.3	3,242.4
Conversion gains		5.0	4.3
TOTAL LIABILITIES		4,680.4	4,699.5

6.2. Notes to the SEB S.A. financial statements

SIGNIFICANT EVENTS OF THE YEAR

CHANGES TO THE BOARD OF DIRECTORS

On 16 May 2018, the Annual General Meeting of SEB S.A. approved the reappointment of three directors whose terms of office had expired, for a four-year term:

- Delphine Bertrand;
- FÉDÉRACTIVE, represented by Sarah Chauleur;
- and Jean-Noël Labroue.

APPOINTMENT OF A NEW CHIEF OPERATING OFFICER

SEB S.A. announced the appointment of Stanislas de Gramont as Chief Operating Officer. He took up office on 3 December 2018. He reports to the Chairman and Chief Corporate Officer Thierry de La Tour d'Artaise and will be in charge for the Group's sales and marketing activities worldwide.

Stanislas de Gramont was included in the headcount of SEB S.A. in 2018.

FINANCING

Acquisition of call options

Following on from those initial transactions, over the course of the financial year SEB S.A. made further purchases of 130,000 American call options for its own shares. At end-2018, the company had 190,000 call options for its own shares.

The acquisition of these call options allows the company to partially cover its obligations to deliver existing treasury shares for the possible exercise of the exchange right on the ORNAE bonds redeemable for cash and/or existing shares, maturing on 17 November 2021.

Launch of a NEU MTN program

The company placed its first NEU MTN for €30 million in the course of the financial year.

This issue took place as part of a €500 million program.

This new instrument allows the company to diversify its sources of financing.

SUBSIDIARIES

Recapitalization of its subsidiaries

On 21 December 2018, SEB S.A. subscribed to a new capital increase at its subsidiaries S.A.S. SEB, Groupe SEB Moulinex and SEB Développement for €45 million, €22.5 million and €3.3 million, respectively. These recapitalizations were fully paid up at that time by offsetting of receivables or cash payment in the case of SEB Développement.

Acquisition of 750g International, through its subsidiary SEB Internationale

SEB S.A., through its subsidiary SEB Internationale, acquired 750g International, a digital media publisher and food services provider in Germany, Spain, Italy, Portugal, Brazil, USA and United Kingdom.

The company thereby reaffirmed its desire to speed up the development of its brands in the online culinary space by leveraging the expertise of 750g International.

This acquisition will allow it to create convergence with the products, websites and applications developed by the Group. The goal is to enrich the digital ecosystem and increase brand appeal globally.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1.1. Principles

General accounting conventions were applied, in line with the principle of prudence and in compliance with the general rules on the preparation and presentation of annual financial statements set out in French law and France's Chart of Accounts (*Plan Comptable Général*) governed by regulation 2014-03 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables*, "ANC") on 5 June 2014.

Note 1.2. Shares in subsidiaries and affiliates

The gross amount of shares in subsidiaries and affiliates on the balance sheet is the sum of the purchase price (after statutory revaluation if necessary) plus additional charges.

If the net asset value is inferior to the net book value, a provision for impairment is observed, equal to the amount of the difference.

The net asset value is estimated based on the share of the net asset, which can be, if necessary, reevaluated according to the financial prospects that include business models and economic environments of every subsidiary.

Note 1.3. Treasury shares

Treasury shares are classified as follows:

- all shares bought back for allocation under existing or future stock option or performance share plans are classified as "Investment securities";
- all other movements – mainly treasury shares held under a liquidity contract – are classified as "Other non-current assets".

At year-end, an impairment loss is recognized whenever the average portfolio purchase price is higher than the average share price for the last month of the year.

Note 1.4. Cash and cash equivalents and financial instruments

The company manages cash and cash equivalents and currency risk on behalf of the Group.

- SEB S.A. takes care of the Group's long-term and short-term financing needs. With respect to the financing of subsidiaries, SEB S.A. has set up an automatic daily bank balance reporting system for some subsidiaries, while for others cash requirements or surpluses are transferred manually. Short-term loans or borrowings between Group companies and SEB S.A. pay interest at the spot base rate for the currencies concerned, plus or minus an intermediation margin.
- For subsidiaries in receipt of medium or long-term financing, in particular SEB Internationale, WMF GmbH, the Colombian and Brazilian subsidiaries, GS Holdings, and Immobilière Groupe SEB, the rate applied is a fixed rate or the 3-month currency rate plus an intermediation margin.

- SEB S.A. raises capital on the financial market and/or from financial institutions in euros. SEB S.A. buys and sells currency swaps enabling it to convert its euro financing into its subsidiaries' local currency. Exposure to currency risks on the financing of non-euro subsidiaries is hedged in this way. A provision may be set aside to cover the unhedged portion of the risk.
- To cover the ORNAE bond redemption premium, the company purchased calls, which are documented as hedges. The premium paid on the calls purchased is recognized in the balance sheet and amortized in profit or loss over the term of the hedge. The result of the hedge will be recognized at maturity if the option is exercised, symmetrically to the hedged risk.
- The company puts competitiveness and transactional hedges in place to cover its subsidiaries' exposure to currency risks. The hedged transactions are recorded for the guaranteed price by SEB S.A. for the operating subsidiaries and in their own currency for market subsidiaries.

Clarification of 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 taken to 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 gains or losses realized by SEB S.A. will be passed on to the subsidiaries that initiated the hedging requests;
- currency translation adjustments on hedges and hedged items are classified in the income statement 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 raw materials price increase risks for the Group by entering into raw materials 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 tax group, relating to the utilization of losses incurred by certain subsidiaries, which may have to be transferred back to them if and when they return to profit.

Note 1.7. Income tax

Since 2015, SEB S.A. has signed a tax group agreement with all its subsidiaries benefiting from the tax group system, setting the rules for the tax group. The contract specifies that the tax group will take effect retroactively from 1 January 2013 and, pursuant to the provisions of Article 223 A et seq. of the French General Tax Code, will be tacitly renewed for additional five-year periods.

The agreement also provides that subsidiary companies which are members of the tax group should be placed in a situation during consolidation comparable to the situation that they would have been in if the Group did not exist.

With regard to the calculation of tax liability, each subsidiary “shall pay the parent company, by way of contribution to the Group’s income tax, irrespective of the actual amount of said tax, a sum equal to the tax that it would have paid on earnings and/or net long-term capital gains for the financial year had it been taxed separately, minus all the tax deductions to which the subsidiary would have been entitled in the absence of consolidation, including its tax loss carryforwards.”

The agreement also states that at the “end of a loss-making financial year, the subsidiary shall not be entitled to make any claim on the parent company on this basis, even if the parent company establishes a claim against the French Treasury by opting to carry back the total loss”.

Concerning tax credits, the subsidiaries’ liability to the parent company shall be reduced:

- for tax credits that cannot be carried forward and cannot be refunded. If the subsidiary is loss-making, these claims shall be offset by the parent company against the income tax owed by the Group;
- for all tax credits that cannot be carried forward but can be refunded. The fraction of the claim in excess of the income tax 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

<i>(in € millions)</i>	2018	2017
OPERATING PROFIT		
Royalties	0.6	0.2
Trademark registration fees	(0.2)	(0.2)
Management fees	(4.7)	(4.6)
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE		
Investment income	148.9	223.4
Interest income on receivables	48.5	41.0
Interest and financial expenses	(4.4)	(2.5)
Foreign exchange gains (losses)	(18.7)	0.0
NON-RECURRING NET INCOME		
Expense transfers	11.8	10.5

NOTE 3. FINANCIAL RESULT

<i>(in € millions)</i>	2018	2017
Dividends	148.9	223.4
Interest expense	(37.7)	(34.8)
Interest income	50.0	42.3
Net increase in/reversal of impairment on financial items	(36.2)	(44.9)
Other financial income and expenses	(23.8)	82.9
TOTAL FINANCIAL INCOME AND EXPENSE	101.2	268.9

A total of €148.9 million in dividends was received during the financial year, primarily from SEB Internationale (€75 million), Groupe SEB France (€35.7 million) and Tefal (€22.5 million).

Other financial income and expenses mainly included foreign exchange gains and losses during the financial year (net expense of €19.3 million) and a financial expense associated with the discounting of the ORNAE hedge (€2.3 million).

The changes in the provision for the impairment of financial items are discussed in Note 6.

NOTE 4. EXCEPTIONAL PROFIT

<i>(in € millions)</i>	2018	2017
Gains (losses) on sales of treasury shares	(19.8)	(16.7)
Non-recurring expense transfer	11.8	10.5
Other non-recurring income and expenses	(8.1)	(7.0)
Net provision for charges for tax group	3.3	3.7
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(12.8)	(9.5)

During the financial year, the sale of 676,578 treasury shares (including 447,771 under the liquidity contract and 228,807 shares to be granted under stock option and performance share programs) generated a total net capital loss of €19.8 million. In addition, the discounting of the provision for unrealized losses represents a net charge of €5.7 million for the financial year.

This year, transfers of non-recurring expenses include the rebilling to subsidiaries of capital losses realized during the financial year on the exercise of stock options for €10.5 million (compared with €8.3 million in 2017) and the discounting of accrued income for unrealized capital losses for €1.3 million (compared with €2.2 million in 2017).

The increase in the provisions for other contingencies and charges was due to the unrealized loss on the exercise of options and performance shares for €5.7 million (compared with €4.6 million in 2017) and a provision for other contingencies of €2.4 million (compared with €0.5 million in 2017).

The reversal of the provision for tax expenses refunded under the tax group scheme totaled €3.3 million (against €3.7 million in the previous financial year), and is discussed in Note 5.

NOTE 5. INCOME TAX

Note 5.1. Analysis of income tax

Income tax for the financial year ended 31 December 2018 breaks down as follows:

<i>(in € millions)</i>	Before tax	Tax	Profit (loss)
Profit (loss) from ordinary activities	82.5	(6.2)	76.2
Extraordinary net income	(12.8)	(1.8)	(14.6)
Tax loss carryforwards generated/(used)		8.0	8.0
Tax group		28.7	28.7
Other income (expense)		1.2	1.2
TOTAL	69.7	29.9	99.6

Note 5.2. Tax group

The tax group recorded a profit for the 2018 financial year.

The €28.7 million in tax savings was recognized in the company's financial statements as current tax income, breaking down as follows:

- income of €30.1 million for tax losses by consolidated subsidiaries used in the financial year;
- a charge of €2.3 million for the use of losses brought forward for profitable subsidiaries;
- a charge of €2.9 million in definitively acquired tax savings for the year;
- a tax saving resulting from the application of the specific rules of tax group for determining the individual result: +€3.8 million.

In addition, under the tax agreement signed with member companies, the tax savings made by the Group as a result of the tax group 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 €3.3 million reversal was recognized in the financial year.

Note 5.3. Deferred tax assets and liabilities

At 31 December 2018, the company had a liability of €1.5 million (€1.3 million at 31 December 2017), corresponding to unrealized exchange gains deductible in the year following their recognition.

NOTE 6. NON-CURRENT ASSETS

Note 6.1. Movements by nature

<i>(in € millions)</i>	2017	Increase	Decrease	2018
Patents, licenses and other rights	0.2	0.0	0.0	0.2
Investments	1771.9	70.8	0.0	1,842.7
Loans to subsidiaries and affiliates	2766.1	423.0	488.7	2,700.4
Other non-current financial assets	1.1	1.4	0.0	2.5
TOTAL GROSS VALUE	4,539.3	495.2	488.7	4,545.7
Patents, licenses and other rights	(0.1)	0.0	0.0	(0.1)
Provisions for investments	(197.7)	(51.2)	(15.2)	(233.7)
Loans to subsidiaries and affiliates	0.0	(6.9)	0.0	(6.9)
TOTAL PROVISIONS	(197.8)	(58.1)	(15.2)	(240.7)
TOTAL NET VALUE	4341.5	437.1	473.5	4,305.0

<i>(in € millions)</i>	2016	Increase	Decrease	2017
Patents, licenses and other rights	0.2	0.0	0.0	0.2
Investments	1770.4	1.5		1,771.9
Loans to subsidiaries and affiliates	2692.8	546.6	473.3	2,766.1
Other non-current financial assets	1.1	0.0	0.0	1.1
TOTAL GROSS VALUE	4,464.4	594.3	519.5	4,539.3
Patents, licenses and other rights	(0.1)	0.0	0.0	(0.1)
Provisions for investments	(150.5)	(59.1)	(11.9)	(197.7)
Loans to subsidiaries and affiliates	(2.3)	0.0	(2.3)	0.0
TOTAL PROVISIONS	(152.9)	(59.1)	(14.2)	(197.8)
TOTAL NET VALUE	4,311.5	535.2	505.3	4,341.5

During the financial year, the company carried out a total of €70.8 million in capital increases, in SEB S.A.S. (€45 million), Groupe SEB Moulinex (€22.5 million) and SEB Développement (€3.3 million).

Loans to subsidiaries and affiliates comprised advances by SEB S.A. to its subsidiaries in connection with the Group's financial policy (see Note 1.5).

During the financial year, the company made further advances totaling €423 million, primarily including current account increases for Schaerer USA (€60.4 million), SEB Internationale (€43 million), Calor (€33 million). The company also granted new long-term loans to Groupe SEB Istanbul (€28.1 million) and Groupe SEB Vostok (€25.2 million).

Moreover, various subsidiaries made repayments during the financial year, including WMF GmbH (€130million) and SEB Internationale (€190.1 million), as well as Groupe SEB Italie (€28.6 million) and S.A.S. SEB (€23.8 million).

The valuation of the securities portfolio led the company to record an additional impairment loss of €51.3 million for the shares of its subsidiaries. This mainly consisted of €31.9 million for Calor S.A.S., €12.5 million for SEB S.A.S., €3.5 million for GS Moulinex and €2.1 million for Rowenta. The company also recorded a reversal of €15.2 million primarily for SEB Alliance (€11.4 million) and Immobilière Groupe SEB (€3.3 million).

The treasury shares recognized in non-current financial assets are held under the liquidity contract. Over the financial year, 459,651 shares were bought back at an average price of €149.24 and 447,771 shares were sold at an average price of €150.26 per share. At 31 December 2018, SEB S.A. held a total of 575,888 treasury shares at an average price of €143.14, notably to cover current stock option plans.

Note 6.2. Maturities of loans to subsidiaries and affiliates

Loans to subsidiaries and affiliates comprised medium and long-term inter-company loans for a total of €1,904.1 million, mainly including SEB Internationale for €978.8 million (€878.8 million of which over a year) and WMF GmbH for €433.6 million (€353.6 million of which over a year).

Other receivables related to €796.3 million in current accounts granted to the subsidiaries.

NOTE 7. OTHER RECEIVABLES

The amount of other receivables stood at €52.7 million at 31 December 2018, compared with €94 million in 2017.

These receivables mainly consisted of tax receivables and foreign exchange hedges. They fell sharply over the financial year as follows:

- Tax receivables stood at €11 million (compared with €45 million at 31 December 2017) split into prepayments of €2.8 million to the French tax authorities, a €6.7 million deferrable tax credit, and €7.2 million in proceeds from tax group. During the course of the financial year, the company received the full amount of the €12.6 million recognized in 2017, as reimbursement of the 3% levy granted by the French State.

The remaining amount of the deferrable tax credits fell to €6.7 million (compared with €25.7 million in 2017) following their assignment during the financial year for €23.5 million.

Finally, a liability of €5.9 million was recognized at 31 December 2018 to cover the tax liability payable by SEB S.A., the head of the tax group scheme, pertaining to tax inspections underway in its direct subsidiaries;

- €6.2 million in current income tax receivables from subsidiaries;
- deferred income of €22.8 million from option-holder companies, linked to the future invoicing of the losses incurred upon exercise of exercisable performance shares and options;
- €15 million in valuation receivables from foreign exchange hedges, with €0.2 million in option premiums paid out during the financial year.

All these receivables are due within one year, apart from:

- deferrable tax credits for €6.7 million;
- deferred income from unrealized losses on option exercises for €22.8 million;

NOTE 8. INVESTMENTS SECURITIES

<i>(in € millions)</i>	2018	2017
Treasury shares	80.4	66.4
Investments securities	-	30.0
TOTAL	80.4	96.4

NOTE 9. EQUITY

■ Share capital

At 31 December 2018, the share capital stood at €50,169,049 and was made up of 50,169,049 fully paid-up shares, representing 77,383,252 total "theoretical" voting rights and 76,807,364 effective voting rights (excluding treasury shares).

■ Changes in shareholders' equity

EQUITY AT 31 DECEMBER 2017 BEFORE APPROPRIATION OF PROFIT	1224.0
2017 dividend paid in 2018	(103.4)
Profit (loss) for the period	99.6
EQUITY AT 31 DECEMBER 2018	1220.2
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
EQUITY AT 31 DECEMBER 2017	1,224.0

■ Potential share capital at 31 December 2018

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.

NOTE 10. PROVISIONS FOR CONTINGENCIES AND CHARGES

Changes in provisions for contingencies and charges for the year are as follows:

<i>(in € millions)</i>	2017	Increases	Releases of surplus provisions	Utilizations	2018
Provisions for claims and litigation					
Provisions for currency risks	2.3	1.6		2.3	1.6
Provisions for other contingencies	40.8	46.0	20.7	19.6	46.5
TOTAL PROVISIONS FOR CONTINGENCIES	43.1	47.61	20.7	21.9	48.1
Provisions for group relief	185.7		-	3.3	182.4
Provisions for other charges	-	2.4	-	-	2.4
TOTAL PROVISIONS FOR CHARGES	185.7	2.4	-	3.3	184.8
TOTAL	228.8	50.0	20.7	25.2	232.9

<i>(in € millions)</i>	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 tax group	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

The €46.5 million provision for other contingencies relates mainly to the future unrealized loss on stock option exercises and performance share grants (€46 million), pertaining to Group option-holders. On the asset side, deferred income of €22.8 million from option-holder companies, partially offset the expense.

Moreover, in accordance with the principles of ANC Regulation no. 2015-05, the company recognizes a provision for residual foreign exchange contingencies, on the basis of an aggregate position determined per currency. This provision totaled €1.6 million at end-2018 (compared with €2.3 million at end-2017).

Lastly, the company still has on its books – for a total of €182.4 million (compared with €185.7 million in 2017) – a provision for tax refunds to subsidiaries in the tax group scheme that previously transferred tax losses and have now returned to profit. Over the financial year, the company reversed a provision for €3.3 million, allocated to Tefal, SEB Développement and Groupe SEB Retailing.

NOTE 11. MATURITIES OF BORROWINGS

(in € millions)	2017	2018	Due by 31/12/2018		
			Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Bonds	1,005.6	1,005.6	5.6	500.0	500.0
Other debts (including private placements)	1,014.0	1,014.0	239.0	727.0	48.0
Bank borrowings	80.2	6.3	6.3		
Bond redemption premium	1.4	0.9	0.2	0.7	-
Bank borrowings	2,101.2	2,026.8	251.1	1,227.7	548.0
Commercial paper	447.0	300.0	300.0		
NEU MTN	-	30.0		30.0	
Group borrowings	635.8	816.1	816.1		
Employee profit-sharing	23.6	20.3	4.8	15.5	
Other borrowings	1,106.4	1,166.4	1,120.9	45.5	-
TOTAL	3,207.6	3,193.2	1,372.0	1,273.2	548.0

The company's borrowings comprise short and medium-term financing.

Funding sources are diversified and debt is repayable within a year, except for:

- a €500 million bond repayable in full in 2022;
- a €500 million bond repayable in full in 2024;
- "Schuldschein" private placements, €276.5 million of which is repayable in 2021, €282.5 million in 2023, €18 million in 2024 and €48 million in 2026;
- a €150 million convertible bond issue (ORNAE – bonds redeemable in cash and/or existing shares) maturing in November 2021;

- the €0.7 million bond redemption premium for each of the two €500 million bond issues;

- a €30 million drawdown from the French NEU MTN (as part of a €500 million program);

- frozen employee profit-sharing accounts due in more than one year are as follows: €4.2 million due in 2020, €4.1 million due in 2021, €3.7 million due in 2022, and €3.6 million due in 2023.

Moreover, the company exercised its right to draw down €300 million in French commercial paper (drawn from a €1 billion program with an A2 short-term rating from Standard & Poor's).

NOTE 12. ACCRUALS ACCOUNTS

Note 12.1. Deferred charges

(in € millions)	2018	2017
Financial expenses	6.2	7.9
TOTAL	6.2	7.9

Deferred charges comprise expenses and fees, attributable to the following facilities:

- €1 million to the ORNAE (including €0.6 million over one year);
- €2.4 million to the bonds (including €1.9 million over one year);
- €1.5 million to the Schuldschein investments (including €1 million over one year); and
- €1.1 million in commitment fees on the €960 million Syndicated Credit Facility (including €0.7 million over one year).

Note 12.2. Translation gains and losses

<i>(in € millions)</i>	2018	2017
Valuation difference on financial Instruments	1.6	2.3
TOTAL ASSETS	1.6	2.3

<i>(in € millions)</i>	2018	2017
Financial instruments	5.0	4.3
TOTAL LIABILITIES	5.0	4.3

Note 12.3. Deferred income

<i>(in € millions)</i>	2018	2017
Loans to subsidiaries and affiliates	50.4	12.0
TOTAL	50.4	12.0

Note 12.4. Accrued liabilities

<i>(in € millions)</i>	2018	2017
Bank borrowings	7.5	7.1
Other borrowings	0.1	0.1
Trade payables	0.6	0.4
Accrued taxes and employee benefits expenses	2.1	2.7
Other payables	4.2	0.3
TOTAL	10.6	10.7

Other liabilities comprise credit notes to be issued of €4.2 million to pass on hedging gains to SEB Internationale and Groupe SEB ASIE.

OTHER INFORMATION

NOTE 13. EMPLOYEES

The average number of employees was 1.83 (compared with an average of 2 in the previous financial year).

NOTE 14. RELATED PARTY TRANSACTIONS

Certain balance sheet items contain amounts concerning related party transactions, as follows:

(in € millions)	2018		2017	
	Related parties	Investment direct	Related parties	Investment direct
Non-current financial assets	1,403.0	1,297.4	1,425.10	1,340.90
Receivables	35.5	-	21.6	1.3
Payables	(606.0)	(222.6)	(80.2)	(684.7)
TOTAL	832.5	1,074.8	1,366.5	657.5

NOTE 15. STOCK OPTION PLANS AND PERFORMANCE SHARES

Information about stock option and performance share plans at 31 December 2018 is provided below:

At 31/12/2018	Date			Number of options				Exercise price (in €)
Type	of grant ^(a)	of exercise	of expiry	granted	exercised	canceled	outstanding	
Purchase plan	18/06/2010	18/06/2014	18/06/2018	412,592	394,079	18,513	-	53.86
Purchase plan	15/06/2012	15/06/2016	15/06/2020	408,925	316,696	17,621	74,608	54.12
TOTAL *				821,517	710,775	36,134	74,608	

* Of which movements in 2018.

63,882

At 31/12/2018	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	12/05/2015	12/05/2018	12/05/2020	169,450	164,925	4,525	0	81.41
Performance shares	19/05/2016	19/05/2019	19/05/2021	168,605	0	4,500	164,105	96.63
Performance shares	11/05/2017	11/05/2020	11/05/2022	193,450	0	1,450	192,000	151.60
Performance shares	16/05/2018	16/05/2021	16/05/2023	185,330	0	0	185,330	160.90
TOTAL				716,835	164,925	10,475	541,435	

(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

<i>(in € millions)</i>	31/12/2018		31/12/2017	
	Notional amount	Market value	Notional amount	Market value
VIS-A-VIS THE MARKET				
COMMITMENTS ON THE BALANCE SHEET				
FX hedges for competitiveness and transactional risk				
Forward sales of foreign currencies	304.9	3.3	46.9	2.7
Forward purchases of foreign currencies	198.8	(0.6)	25	1.9
Call option purchases (incl. premiums)	82.4	1.8	0	0
Put option purchases (incl. premiums)	82.4	(0.5)	6.8	0.4
Financial FX hedges				
Currency swaps (foreign currency borrower)	523.9	1.6	184	6.2
Forward financial sales/purchases	88.9	(0.3)	3.1	0.1
OFF-BALANCE SHEET COMMITMENTS				
FX hedges for competitiveness				
Forward sales of foreign currencies	(368.3)	6.7	(649)	(11.1)
Forward purchases of foreign currencies	303.3	(1.6)	218	3.5
Call option purchases (incl. premiums)	696.8	18.3	179.1	3.5
Put option purchases (incl. premiums)	(696.8)	(8.6)	196.3	(2.4)
Forward financial sales/purchases	21.3	(0.2)		
Other hedges				
Fixed-rate payer swaps	(185.5)	(1.9)	(185.5)	0
ORNAE redemption options	NA	(4.80)	NA	(19.1)
“ORNAE” type bond calls (190,000 options)	NA	1.30	NA	1.4
Raw materials derivatives	88.30	(4.90)	49.2	4.1
WITH SUBSIDIARIES				
COMMITMENTS ON THE BALANCE SHEET				
Forward purchases of foreign currencies	237.7	(0.3)	263.2	(1.4)
Forward sales of foreign currencies	157.8	(0.6)	160.2	(1.5)
Forward financial sales/purchases	48.7	0.8	(32.7)	0.0
OFF-BALANCE SHEET COMMITMENTS				
Raw materials derivatives	(88.3)	(4.9)	(49.2)	4.1

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 2018. It is estimated based on the exchange rate and interest rate on 31 December 2018, or obtained from the counterparty banks with which the commitments have been entered into.

Commitment for the ORNAE bond issue

With respect to the ORNAE bond issue, it should be noted that, in the event of the exercise of the right to the allocation of shares, representing the delivery of existing shares, the company will not issue any new shares.

The Bonds will grant entitlement, under certain conditions, to the allocation of existing SEB shares at any time from 17 November 2016 to the twenty-eighth trading day (exclusive) preceding the date of maturity of the Bonds or, where applicable, the date of early redemption.

In the event of the exercise of the right to the allocation of shares, the Bond holders will receive an amount in cash and, where applicable, an amount payable in existing SEB shares. The company will also have the option to deliver only existing SEB shares or only cash.

The number of existing shares that may be delivered to the bond holders will in particular be determined by the Bond exchange ratio. Initially one share per Bond, this ratio was adjusted in 2018 to 1.001 shares per bond and may be adjusted again in certain common scenarios for such financial securities. The exchange ratio may in particular be adjusted up or down in the event of dividend payouts by the company between the issue date and the redemption date.

Commitment received by SEB S.A.

The company has unused confirmed credit facilities available under the following terms:

- syndicated credit facility of €960 million expiring in 2021;
- confirmed credit line of €50 million expiring in 2022.

Commitment given by SEB S.A.

During the financial year, the company granted a guarantee of €12.6 million to the non-group company GSE in connection with the construction work done on the Pont-Évêque site, on Calor's behalf.

NOTE 17. PENSION COMMITMENTS

Pension commitments

The executive 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 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 managers, with a contribution equal to 8% of their salaries. Benefits payable under this plan are deducted from the supplementary pension originating from the supplementary defined benefit plan.

To be eligible for the defined benefit plans, Groupe SEB senior managers 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 senior managers (including the Chairman and CEO and the Chief Operating Officer) complies with AFEP-MEDEF Code recommendations as updated in November 2015:

- seniority required: minimum 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 the 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.

The various conditions of the retirement plan imply that, at the legal retirement age (i.e. in 2029), Bertrand Neuschwander will be able to receive a gross replacement ratio (including statutory plans) of 32.20% of his reference remuneration.

These items are being calculated for the new Chief Operating Officer, Stanislas de Gramont, who took up office on 3 December 2018.

Severance allowance and non-compete payments

For Thierry de La Tour d'Artaise

Thierry de La Tour d'Artaise will not be entitled to any compensation in case of 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 executive officer should he resign on his own initiative.

For Bertrand Neuschwander

As part of his dismissal, he will be entitled to severance allowance equal to two years' remuneration, minus the amounts paid under the non-compete clause and any termination benefits connected to the termination of the employment contract.

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

Furthermore, the severance allowance is paid since this is an involuntary termination and remains capped at two years of remuneration (fixed and variable received), including the non-compete clause and any termination benefits.

This severance allowance will also be submitted for approval by shareholders at the Annual General Meeting of 22 May 2019.

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

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

For Stanislas de Gramont

Stanislas de Gramont will be entitled to an indemnity in case of his dismissal from corporate office.

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

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

- if he is dismissed after two years from his appointment as executive officer, the severance allowance will be adjusted based on actual performance in relation to targets, in said capacity, for the period following his appointment and limited to the four final years of service (should the term of office exceed 4 years);
 - if the average percentage achieved is below 50%: no termination benefit is paid,
 - if the average actual performance represents 50% to 100% of the targets: the termination benefit is comprised between 75% and 100%, based on a straight-line calculation,
 - if the average percentage achieved is above 100%: 100% of the benefit is paid.

By way of exception from the foregoing in the event of dismissal during the first 24 months of the corporate office, the severance allowance will be adjusted based on actual performance in relation to targets and on the amount of time spent in the company. It will progress per tier depending on the time worked: between 6 months and 12 months, and then 12 months to 24 months with a cap at 24 months of remuneration.

Furthermore, the severance allowance shall only be paid in the event of involuntary termination and remains capped at two years of remuneration (fixed and variable received), including the non-compete clause.

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

In consideration for this non-compete clause and for its entire duration, Stanislas de Gramont will receive a monthly non-compete payment amounting to 50% of his monthly average fixed and variable remuneration (paid or outstanding depending on the circumstances) over his last 12 months of service within the Group.

The Board of Directors can release Stanislas de Gramont from the non-compete clause.

This corporate office agreement dated 12 December 2018 including the non-compete clause, along with the terms of severance detailed above, was approved by the Board of Directors on 19 December 2018.

It will furthermore be submitted for approval by the shareholders at the Annual General Meeting on 22 May 2019, in accordance with the procedure provided for regulated agreements.

NOTE 18. POST-BALANCE SHEET EVENTS

Groupe SEB acquires the US company Wilbur Curtis

SEB S.A., via its subsidiary, acquired Wilbur Curtis outright, the number two in the US in professional filter coffee machines. The deal, which is subject to the usual regulatory clearance, should be finalized in February 2019.

Founded in 1941, Wilbur Curtis manufactures and sells equipment for preparing hot and cold drinks, primarily filter coffee machines

Continuation of the employment contract

Thierry de La Tour d'Artaise began his career at Groupe SEB in 1994 and was appointed Vice-Chairman in 1999. He was appointed Chairman and CEO in 2000. In accordance with changing governance practice, his employment contract was suspended in 2005.

On 17 February 2012 and 19 May 2016, in accordance with the AFEP-MEDEF Code, the Board of Directors reviewed the situation and agreed that the employment contract of Thierry de La Tour d'Artaise should remain suspended due to his age, his personal situation and his seniority within Groupe SEB.

For Bertrand Neuschwander, dismissed as Chief Operating Officer on 10 October 2018, on 22 April 2014 the Board of Directors decided that the suspension of his employment contract was in line with the AFEP-MEDEF Code.

For Stanislas de Gramont, appointed Chief Operating Officer on 3 December 2018, on 23 October 2018 the Board of Directors decided to solely hire him as an executive officer (no employment contract applies).

Details of the remuneration policy and the components of the remuneration of these three people will appear in Note 2.5 Remuneration Policy and are not repeated in this note.

and cappuccino machines. Its sustained investment, particularly in innovation, means that it can offer some of the most advanced and top-quality systems on the market.

Sales, which have been growing steadily, exceeded USD90 million and are mostly US based.

Its high-performance manufacturing facility employs 300 people in Montebello (California).

NOTE 19. LIST OF SUBSIDIARIES AND AFFILIATES

19.1. Detailed information concerning subsidiaries and affiliates

19.1.1. Subsidiaries (more than 50%-owned)

<i>(in € millions)</i>	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 by the company over the period
Calor S.A.S.	11.0	100%	52.1	45.8	-	-
S.A.S. SEB	30.8	100%	119.8	13.0	-	-
Tefal S.A.S.	36.6	100%	6.6	24.7	-	22.5
Rowenta France S.A.S.	7.8	100%	15.0	2.8	-	-
SEB Développement S.A.S.	2.4	100%	18.0	-	-	-
Rowenta Invest BV	157.6	100%	211.8	0.3	-	-
SEB Internationale S.A.S.	1451.9	100%	963.4	1,100.0	-	75.0
Groupe SEB France	132.4	98%	73.9	-	-	35.7
Groupe SEB Export	30.8	100%	38.0	20.5	-	15.7
Groupe SEB Moulinex	25.1	100%	69.2	-	-	-
Groupe SEB Retailing	1.6	100%	0.5	-	-	-
SEB Alliance	12.8	100%	30.0	12.5	-	-
Immobilière Groupe SEB	4.2	100%	10.0	91.3	-	-
Ethera	0.1	57%	0.3	1.1	-	-

* The equity of subsidiaries does not include net profit (loss) for the period, as the company financial statements were not finalized at the date of publication of this document.

19.1.2. Affiliates (10% to 50%-owned)

<i>(in € millions)</i>	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
S.I.S.	3.6	47%	0.5	7.2	-	-

The company considers that disclosure of results of individual subsidiaries could be seriously prejudicial to its interests. Additional information analyzed by geographic segment is provided at consolidated level. Group consolidated revenue generated by direct and indirect subsidiaries and affiliates totaled €6,812.2 million, and profit (loss) attributable to owners of the parent came to €419 million.

Note 19.2. General information concerning other subsidiaries and affiliates

Carrying amount of securities: €0.2 million.

6.3. Five-year financial summary

<i>(in € thousands)</i>	2018	2017	2016	2015	2014
SHARE CAPITAL AT YEAR-END					
a) share capital	50,169	50,169	50,169	50,169	50,169
b) number of shares outstanding	50,169,049	50,169,049	50,169,049	50,169,049	50,169,049
c) number of convertible bonds outstanding	-	-	-	-	-
OPERATIONS AND PROFIT (LOSS) FOR THE PERIOD					
a) net revenue, excluding tax	-	-	-	-	-
b) profit before tax, depreciation, amortization and provisions	111,271	178,787	42,155	249,746	104,853
c) income taxes	(29,899)	(26,464)	(21,847)	(22,768)	(20,520)
d) profit after tax, depreciation, amortization and provisions	99,557	268,762	45,555	203,562	82,712
e) dividend payout*	110,377	103,288	88,589	79,161	73,700
EARNINGS PER SHARE (IN UNITS)					
a) profit after tax but before depreciation, amortization and provisions	2.81	4.09	1.27	4.52	2.47
b) profit after tax, depreciation, amortization and provisions	1.98	5.4	0.91	4.06	1.65
c) dividend per share	2.14	2.00	1.72	1.54	1.44
EMPLOYEES					
a) number of employees	1.83	2.00	2.00	2.00	1.60
b) total payroll	2,495	3,601	3,127	3,344	2,419
c) benefits paid (payroll taxes)	960	1,485	993	1,895	1,163

* Estimated in 2018.

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 2018

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 2018.

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 2018 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 2018 to the

date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are as follows:

- for PricewaterhouseCoopers Audit: certifications of the accounting information of entities;
- for Mazars: 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 and reports on operations involving share capital.

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 2018, the equity interests and related receivables are booked for a net value of €4,302.4 million which stands at 92% of the assets.

At the closure, the equity interests are valued by the company at the inventory value. If this value is inferior to the net book value, a provision for impairment is observed, equals to the amount of the difference.

The inventory value is estimated based on the share of the net asset, which can be, if necessary, reevaluated according to the financial prospects that include business models and economic environments of every subsidiary.

Receivables from equity interests represent mainly overdrafts granted by SEB SA to its direct or indirect subsidiaries in accordance with the group financial policy.

In view of the significant amount and of the uncertainties inherent to the use of certain elements, especially judgments and hypotheses taken on by the management to determine some forecasts, we have considered that the valuation of equity interests and related receivables was a Key Audit Matter.

AUDIT PROCEDURES EMPLOYED TO HEDGE THIS RISK

In order to assess the reasonableness of the estimated value, based on the on the information which was given to us, our work consisted mainly in evaluating the relevance of the valuation method which was taken on by the management, and in verifying figures used, and, depending on the concerned equity interests :

For the valuations based on historical elements:

- Check that the equity was in accordance with the reviewed audited accounts, and that reevaluations made, if necessary, on this equity, were based upon a supporting documentation.

For the valuations based on estimate:

- Obtain the predictive cash flows and appreciate the consistency of the hypotheses with historical performances and economic environment, especially, the discounted method and the long-term growth rate.

For all these concerned assets:

- Check the mathematical correctness of the inventory values that were taken on by the company;
- Assess the recoverability of the receivables from the equity interests according to the analysis made on equity shares.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (Code de commerce).

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to 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 bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (code de commerce), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the 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 2018, Mazars and PricewaterhouseCoopers Audit were in the 4th year and 34th 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 25th, 2019

French original signed by

PricewaterhouseCoopers Audit

Nicolas BRUNETAUD

Mazars

Thierry COLIN



7 Information concerning the company and its share capital

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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 2018

At 31 December 2018, the share capital stood at €50,169,049 and was made up of 50,169,049 fully paid-up shares, representing 77,383,252 total "theoretical" voting rights and 76,807,364 total "effective" voting rights (excluding treasury shares).

There are no stricter conditions than the law to modify shareholder rights.

FACTORS WHICH COULD AFFECT A TAKEOVER BID

Pursuant to Article L. 225-37-5 of the French Commercial Code, the factors which could affect a takeover bid are as follows:

CAPITAL STRUCTURE OF THE COMPANY

See following page: “Breakdown of share capital and voting rights at 31 December 2018”.

SHAREHOLDER AGREEMENTS OF WHICH THE COMPANY IS AWARE

See section entitled, “Shareholder agreements – concerted voting blocks”.

POWERS OF THE BOARD OF DIRECTORS IN THE EVENT OF A TAKEOVER BID

The Annual General Meeting of 16 May 2018 authorized the Board of Directors to implement a share buyback program and to use financial delegations of authority to increase the share capital in the event of a takeover bid, subject to legal and regulatory provisions.

7.2. Information on share capital

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT 31 DECEMBER 2018

	Share Capital				Voting Rights					
	OGM		EGM		OGM			EGM		
12/31/2018	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
VENELLE										
INVESTISSEMENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,073,872	18.09%	9,805,872	19.55%	18,099,076	23.56%	23.39%	19,563,076	25.47%	25.28%
SUB-TOTAL VENELLE	9,091,774	18.12%	9,823,774	19.58%	18,134,880	23.61%	23.44%	19,598,880	25.52%	25.33%
SUB-TOTAL GÉNÉRATION MEMBERS (1)	5,477,628	10.92%	5,511,242	10.99%	9,982,522	13.00%	12.90%	10,049,750	13.08%	12.99%
FÉDÉRACTIVE	4,257,996	8.49%	3	0.00%	8,514,253	11.09%	11.00%	6	0.00%	0.00%
Associates	477,608	0.95%	4,716,785	9.40%	923,468	1.20%	1.19%	9,400,083	12.24%	12.15%
SUB-TOTAL FÉDÉRACTIVE	4,735,604	9.44%	4,716,788	9.40%	9,437,721	12.29%	12.20%	9,400,089	12.24%	12.15%
SUB-TOTAL OTHER (2)	813,321	1.62%	853,523	1.70%	1,334,443	1.74%	1.72%	1,414,847	1.84%	1.83%
FOUNDER GROUP	20,118,327	40.10%	20,905,327	41.67%	38,889,566	50.63%	50.26%	40,463,566	52.68%	52.29%
FSP	2,633,876	5.25%	2,633,876	5.25%	5,267,752	6.86%	6.81%	5,267,752	6.86%	6.81%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	5,043,044	6.57%	6.52%	5,043,044	6.57%	6.52%
Employees	1,375,777	2.74%	1,376,911	2.74%	2,245,651	2.92%	2.90%	2,247,919	2.93%	2.90%
French investors	6,673,438	13.30%	5,886,503	11.73%	7,663,629	9.98%	9.90%	6,089,759	7.93%	7.87%
Foreign shareholders	13,824,066	27.55%	13,824,173	27.56%	14,347,441	18.68%	18.54%	14,347,656	18.68%	18.54%
Individual shareholders	2,446,156	4.88%	2,444,849	4.87%	3,350,281	4.36%	4.33%	3,347,668	4.36%	4.33%
Treasury shares	575,888	1.15%	575,888	1.15%	575,888		0.74%	575,888		0.74%
TOTAL	50,169,049		50,169,049		76,807,364	77,383,252		76,807,364	77,383,252	

(1) GÉNÉRATION is a shareholders' association under Swiss law that does not own SEB shares and includes a number of SEB shareholders who are members of the Founding Family Group.

(2) The OTHER category includes individual shareholders who are members of the Founder Group and are not affiliated to one of the three groups listed in this table.

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 76,807,364, not including non-voting shares, i.e. those held by SEB S.A. at 31 December 2018.

The total number of "theoretical" voting rights is 77,383,252 as of 31 December 2018. 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 "Associates" or VENELLE "Associates" at the EGM.

SHAREHOLDER AGREEMENTS – CONCERTED VOTING BLOCKS

On 27 February 2019, VENELLE INVESTISSEMENT, the associates of VENELLE INVESTISSEMENT, GÉNÉRACTION ⁽¹⁾, the members of GÉNÉRACTION and the HPP holding company entered into a new shareholders' agreement (the "Agreement") in the presence of SEB, which replaced the various shareholder agreements previously signed (notably the Agreement of 19 November 2016)⁽²⁾ for the parties involved.

On this occasion, the family holding company VENELLE INVESTISSEMENT, GÉNÉRACTION, and their associates and members, confirmed their intention to implement a long-term management policy for Groupe SEB in writing to the AMF (French Financial Markets Authority) in order to ensure the longevity of their control, thus maintaining the concerted voting block formed by the members of the Founder Group in May 1989.

The Shareholders' Agreement, which has an initial term of four years and whose scope has been broadened compared to previous Agreements, aims to stabilize the SEB share capital by strengthening the ties between its signatories (more than 260 people, including the seventh generation of the Founder Group) and to ensure the long-term control of family shareholders over the Groupe SEB, in particular through a right of first offer and full tag-along rights.

The Agreement also aims to preserve the assets and interests of its signatories, strengthens the consultation process of its signatories, as

well as improve the monitoring of their shareholdings through a timely and effective procedure.

The main provisions of the Shareholders' Agreement were notified to the AMF, which published a summary thereof, in accordance with applicable regulations ⁽³⁾.

Some of the Founder Group's shareholders who are signatories to the Agreement are also planning to create a core SEB shareholding and to embark together on a program to diversify their assets.

FÉDÉRACTIVE, its associates and members, who are not parties to the Agreement, have decided to discontinue participation in the aforementioned concerted voting block. However, FÉDÉRACTIVE, its associates and members, who terminated the FÉDÉRACTIVE shareholders' agreement entered into on 9 July 2008 ⁽⁴⁾, have stated that they are continuing their concerted voting block together by maintaining their commitment to implement a common long-term management policy for SEB ⁽⁵⁾.

Following the signature of the Shareholders' Agreement on 27 February 2019, and the subsequent exit of FÉDÉRACTIVE and its members from the existing family concerted voting block, (i) the voting block now composed of VENELLE INVESTISSEMENT, its associates, the members of GÉNÉRACTION, and other family shareholders on the one hand and (ii) the voting block composed of FÉDÉRACTIVE, its associates and members, on the other hand, filed declarations with the AMF and the company concerning their ownership interests in SEB and disclosed that the below thresholds had been crossed:

	Share Capital				Voting Rights						
	OGM		EGM		OGM			EGM			
	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical	
SHAREHOLDERS FROM FOUNDER GROUP											
VENELLE INVESTISSEMENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%	
Associates	9,073,539	18.09%	9,805,539	19.54%	18,110,410	23.57%	23.40%	19,574,410	25.48%	25.29%	
SUB-TOTAL VENELLE	9,091,441	18.12%	9,823,441	19.58%	18,146,214	23.62%	23.45%	19,610,214	25.52%	25.34%	
SUB-TOTAL GÉNÉRACTION MEMBERS*	5,477,628	10.92%	5,511,242	10.99%	9,982,522	12.99%	12.90%	10,049,750	13.08%	12.99%	
SUB-TOTAL OTHER**	813,321	1.62%	853,523	1.70%	1,334,443	1.74%	1.72%	1,414,847	1.84%	1.83%	
TOTAL CONCERTED VOTING BLOCK	15,382,390	30.66%	16,188,206	32.27%	29,463,179	38.35%	38.07%	31,074,811	40.45%	40.15%	
FÉDÉRACTIVE	4,257,996	8.49%	3	0.00%	8,514,253	11.08%	11.00%	6	0.00%	0.00%	
Associates	477,608	0.95%	4,716,785	9.40%	923,468	1.20%	1.19%	9,400,083	12.23%	12.15%	
SUB-TOTAL FÉDÉRACTIVE	4,735,604	9.44%	4,716,788	9.40%	9,437,721	12.28%	12.19%	9,400,089	12.23%	12.15%	
OTHER SHAREHOLDERS	29,489,382	58.78%	28,702,382	57.21%	37,929,939	49.37%	49.01%	36,355,939	47.32%	46.98%	
Treasury Shares	561,673	1.12%	561,673	1.12%	561,673		0.73%	561,673		0.73%	
TOTAL	50,169,049		50,169,049		76,830,839	77,392,512		76,830,839	77,392,512		

* GÉNÉRACTION is a shareholders' association under Swiss law that does not own SEB shares and includes a number of SEB shareholders who are members of the Founding Family Group.

** The OTHER category includes individual shareholders who are members of the Founder Group and are not affiliated to one of the three groups listed in this table.

(1) GÉNÉRACTION is a shareholders' association under Swiss law that does not own SEB shares and includes a number of SEB shareholders who are members of the Founding Family Group.

(2) Opinion of the Autorité des Marchés Financiers no. 216C2696 of 1 December 2016.

(3) Opinion of the Autorité des Marchés Financiers no. 219C0415 of 7 March 2019.

(4) Opinion of the Autorité des Marchés Financiers no. 208C1659 of 11 September 2008.

(5) Opinion of the Autorité des Marchés Financiers no. 219C0415 of 7 March 2019.

COLLECTIVE COMMITMENTS TO HOLD SHARES

Agreements in force during 2018	2013	2014		2016			
	Dutreil	Dutreil	Jacob	Dutreil	Jacob	Jacob	Jacob
Regime	Art 885 I bis of the French General Tax Code	Art 885 I bis of the French General Tax Code	Art 787 B of the French General Tax Code	Art 885 I bis of the French General Tax Code	Art 787 B of the French General Tax Code	Art 787 B of the French General Tax Code	Art 787 B of the French General Tax Code
Date of signing	12/12/2013	03/12/2014	03/12/2014	01/12/2016	01/12/2016	01/12/2016	01/12/2016
Term of collective commitment	6 years	5 years	5 years	6 years	2 years	4 years	6 years
Expiry date of commitment	12/12/2019	03/12/2019	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	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	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	36,43	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
Names of signatories holding at least 5% of the share capital and/or voting rights	FSP	FSP	FSP	-	-	-	-

CHANGES IN THE SHARE CAPITAL BREAKDOWN AND VOTING RIGHTS OVER THE LAST THREE YEARS

12/31/2018	Share Capital				Voting Rights					
	OGM		EGM		OGM			EGM		
	Shares	%	Shares	%	Votes	% Effective	% Theoretical	Votes	% Effective	% Theoretical
VENELLE INVESTISSEMENT	17,902	0.04%	17,902	0.04%	35,804	0.05%	0.05%	35,804	0.05%	0.05%
Associates	9,073,872	18.09%	9,805,872	19.55%	18,099,076	23.56%	23.39%	19,563,076	25.47%	25.28%
SUB-TOTAL VENELLE	9,091,774	18.12%	9,823,774	19.58%	18,134,880	23.61%	23.44%	19,598,880	25.52%	25.33%
SUB-TOTAL GÉNÉRATION MEMBERS ⁽¹⁾	5,477,628	10.92%	5,511,242	10.99%	9,982,522	13.00%	12.90%	10,049,750	13.08%	12.99%
FÉDÉRACTIVE	4,257,996	8.49%	3	0.00%	8,514,253	11.09%	11.00%	6	0.00%	0.00%
Associates	477,608	0.95%	4,716,785	9.40%	923,468	1.20%	1.19%	9,400,083	12.24%	12.15%
SUB-TOTAL FÉDÉRACTIVE	4,735,604	9.44%	4,716,788	9.40%	9,437,721	12.29%	12.20%	9,400,089	12.24%	12.15%
SUB-TOTAL OTHER ⁽²⁾	813,321	1.62%	853,523	1.70%	1,334,443	1.74%	1.72%	1,414,847	1.84%	1.83%
FOUNDER GROUP	20,118,327	40.10%	20,905,327	41.67%	38,889,566	50.63%	50.26%	40,463,566	52.68%	52.29%
FSP	2,633,876	5.25%	2,633,876	5.25%	5,267,752	6.86%	6.81%	5,267,752	6.86%	6.81%
FFP Invest	2,521,522	5.03%	2,521,522	5.03%	5,043,044	6.57%	6.52%	5,043,044	6.57%	6.52%
Employees	1,375,777	2.74%	1,376,911	2.74%	2,245,651	2.92%	2.90%	2,247,919	2.93%	2.90%
French investors	6,673,438	13.30%	5,886,503	11.73%	7,663,629	9.98%	9.90%	6,089,759	7.93%	7.87%
Foreign shareholders	13,824,066	27.55%	13,824,173	27.56%	14,347,441	18.68%	18.54%	14,347,656	18.68%	18.54%
Individual shareholders	2,446,156	4.88%	2,444,849	4.87%	3,350,281	4.36%	4.33%	3,347,668	4.36%	4.33%
Treasury shares	575,888	1.15%	575,888	1.15%	575,888		0.74%	575,888		0.74%
TOTAL	50,169,049		50,169,049		76,807,364	77,383,252		76,807,364	77,383,252	

(1) GÉNÉRACTION is a shareholders' association under Swiss law that does not own SEB shares and includes a number of SEB shareholders who are members of the Founding Family Group.

(2) The OTHER category includes individual shareholders who are members of the Founder Group and are not affiliated to one of the three groups listed in this table.

	Share capital				Voting rights					
	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	

At 31 December 2018, 6,600 shareholders owned registered SEB shares and 17,800 shareholders held SEB bearer shares (request for information about the identity of bearer shareholders dated 31 December 2018).

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 2018.

PURE REGISTERED SEB S.A. SHARES USED AS COLLATERAL AT 31 DECEMBER 2018

During the year, 15 individual shareholders used pure registered SEB shares as collateral for loans for the benefit of their financial intermediaries. This concerned a total of 445,245 shares, or 0.89% 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 €)
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
2018	No change to share capital				50,169,049

POTENTIAL SHARE CAPITAL AT 31 DECEMBER 2018

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 2016:

- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended on 1 July and was not renewed;
- 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;

In 2018:

- in July, the voting rights attached to the shares held by FSP, amounting to 5.25% of the share capital, were doubled after being held in registered form for five years, which had a slight dilutive effect on the other shareholders' voting rights.
- part of the temporary grant of the usufruct of shares to FÉDÉRACTIVE ended on 1 July and was not renewed;
- Other changes in the share capital breakdown in 2019: See paragraph: "Shareholder agreements – concerted voting blocks".

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 31/12/2018
Treasury share purchases in 2018 for no more than €210 per share	10	16/05/2018	16/07/2019	5,016,904 shares €1,053,550,029	258,109 shares
Cancellation of treasury shares	11	16/05/2018	16/07/2019	5,016,904 shares	
Issuing of all shares or share equivalents with pre-emptive subscription rights ^(a)	12	16/05/2018	16/07/2019	Shares: 5 million aggregate par value Debt securities: €500 million	
Issuing of all shares or share equivalents without pre-emptive subscription rights ^(a)	13	16/05/2018	16/07/2019	Shares: 5 million aggregate par value Debt securities: €500 million	
^(a) Blanket ceiling of two authorizations to issue shares or share equivalents	15	16/05/2018	16/07/2019	€10 million aggregate par value	
Capital increase by capitalization of reserves, profit or premiums or additional paid-in capital	16	16/05/2018	16/07/2019	€10 million aggregate par value	
Authorization to award performance shares to Group executive officers and employees	17	16/05/2018	16/07/2019	0.3907% of the share capital 196,000 shares	185,330 shares

AUTHORIZATION FOR THE COMPANY TO TRADE IN ITS OWN SHARES

Further to the authorizations conferred upon it by the Meetings of 2017 and 2018 and pursuant to Article 225-209 of the French Commercial Code, 258,109 shares were acquired in 2018 at an average price of €143.17.

In accordance with Article 6.3 (b) of European Commission regulation no. 2273/2003 of 22 December 2003, these 258,109 shares were acquired through Natixis Corporate Broking, which is responsible for the buyback program.

A total of 63,882 shares were sold following the exercise of call options at an average price of €53.96, and 164,925 performance shares granted under the 2015 plan were permanently vested.

In addition, a liquidity agreement which came into force on 1 September 2013 and was initially concluded with Natixis Corporate Broking, was transferred to Oddo BHF with effect from 2 July 2018, under the terms of the partnership between Natixis and Oddo BHF.

This agreement 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 2018, a total of 459,651 shares were purchased at an average price of €149.24, and 447,771 shares were sold at an average price of €150.26 under the liquidity agreement. Transaction costs amounted to €33,360 incl. tax (including the annual fee for the liquidity agreement, commissions and the Tax on Financial Transactions).

At 31 December 2018, the company held 575,888 of its own shares with a par value of €1, and a gross value of €64,960,166.40. These treasury shares represent 1.15% of the company's share capital, of which 558,086 under the buyback agreement and 17,802 under the liquidity contract.

The company will renew its request to the Annual General Meeting of 22 May 2019 for authorization to trade in its own shares.

7.4. Employee shareholding

STAFF MUTUAL INVESTMENT FUND AND DIRECT EMPLOYEE SHAREHOLDING

At 31 December 2018, as part of a Company Savings Scheme, the beneficiaries held 1,241,255 shares, 728,155 of which were owned via an employee mutual investment fund and 513,100 were directly owned, representing 2.47% of the share capital and 2.72% of the

voting rights. With the addition of SEB shares held by employees outside the savings scheme, employees held a total of 2.74% of the share capital and 2.93% 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 2018, charges recognized for profit-sharing and bonus plans amounted to €33.6 million.

Over the past five years, the sums assigned were as follows:

<i>(in € millions)</i>	2014	2015	2016	2017	2018
Sum allocated	33.3	31.4	36.7	37.6	33.6
Of which employer's social tax contribution	5.3	5.2	6.1	6.3	5.6

STOCK OPTION AND PERFORMANCE SHARE ALLOCATION POLICY

Groupe SEB operates two types of stock option or performance shares plans:

- periodically, an allocation of stock options to members of management, extended to the Group's various entities, according to their individual responsibilities, performance and potential;
- occasionally, a broader allocation aimed at rallying employees around a specific project.

Furthermore, all recipients of stock options and/or performance shares receive an internal directive put out each year for the following annual reporting period, defining the blackout periods in accordance with the recommendations of the AMF in terms of the company's accounting calendar, and particularly the announcement of earnings. The Stock Market Ethics Charter memo also reminds its recipients of the rules regarding the use of information deemed privileged by stock market regulations.

CHARACTERISTICS OF THE PERFORMANCE SHARES AWARDED

The Group started issuing performance shares in 2009.

The shares are awarded to recipients following a three-year vesting period (two years for plans before 2013), subject to performance and continued employment requirements. Beneficiaries of the shares awarded must hold them for an additional two years, except for the 2017 and 2018 plans, for which there is no additional lock-up period.

The performance-based criteria are related to the achievement of targets for Revenue and Operating Result from Activity over the vesting period.

CHARACTERISTICS OF STOCK OPTIONS AWARDED

The Group awarded stock options until 2012.

The exercise price is equal to the average of the last 20 stock market prices preceding the date of award by the Board. No discount is proposed on this average price.

The stock options last for eight years. They can only be exercised four years from their award date.

The stock options awarded to the Chief Executive Officer and to the other members of the Executive Committee are subject to performance-based criteria related to targets for Revenue and Operating Result from Activity. Some of these criteria are yearly, while others pertain to a four-year period.

HISTORY OF STOCK OPTION AWARDS FOR SHARE PURCHASE

At 31 December 2018	Purchase plan	Purchase plan
Meeting date	12/05/2010	10/05/2012
Number of options authorized by the General Meeting	649,373	415,000
Duration of the authorization	14 months	14 months
Date of Board of Directors' Meeting	18/06/2010	15/06/2012
Number of options granted	412,592	408,925
of which to the Management Committee	259,442	175,500
of which to executive officers	59,942	54,000
of which to employee recipients of the largest number of options	57,600	49,400
Number of initial recipients	144	186
Stock option exercise start date	18/06/2014	15/06/2016
Expiration date	18/06/2018	15/06/2020
PURCHASE PRICE (in €)	53.86	54.12
Average of last 20 prices prior to Board Meeting (in €)	53.85	54.11
Number of options exercised	394,079	316,696
Number of options canceled	18,513	17,621
BALANCE OF STOCK OPTIONS NOT YET EXERCISED	0	74,608

PERFORMANCE SHARES AWARDED TO STAFF

At 31 December 2018

Meeting date	12/05/2015	19/05/2016	11/05/2017	16/05/2018
Number of shares authorized by the General Meeting	171,075	171,075	196,000	196,000
Duration of the authorization	14 months	14 months	14 months	14 months
Date of Board of Directors' Meeting	12/05/2015	19/05/2016	11/05/2017	16/05/2018
Number of shares granted:	169,450	168,605	193,450	185,330
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)	54,000	47,250	47,250	38,750
of which 10 largest amounts awarded to employees (excluding executive officers/Executive Committee/Management Committee)	19,500	16,200	22,650	19,450
Number of initial recipients:	189	199	245	249
of which to executive officers	2	2	2	2
of which to the Management Committee/Executive Committee (excluding executive officers) ^(a)	15	7	7	6
of which 10 largest amounts awarded to employees (excluding executive officers/Executive Committee/Management Committee)	22	10	11	10
Award date	12/05/2015	19/05/2016	11/05/2017	16/05/2018
Vesting date	12/05/2018	19/05/2019	11/05/2020	16/05/2021
Expiry of lock-up period	12/05/2020	19/05/2021	11/05/2020	16/05/2021
Number of shares canceled	4,525	4,500	1,450	0
Number of shares vested	164,925	0	0	0
BALANCE OF SHARES YET TO BE VESTED	0	164,015	192,000	185,330

(a) The Management Committee was discontinued on 1 September 2015, the Group's Management is now concentrated in one structure, the Executive Committee.

Stock options granted in 2018

OPTIONS GRANTED TO THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER GRANTED IS THE HIGHEST

Total number of options allocated	Weighted average price	Plan in question
Not applicable	N/A	N/A

Stock options exercised in 2018

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY THE TOP TEN EMPLOYEES WHO ARE NOT EXECUTIVE OFFICERS AND WHO EXERCISED THE MOST OPTIONS

Date of the plan	18/06/2010	15/06/2012
Type of stock options	Purchase	Purchase
Price of option	€53.86	€54.12
Quantity of options exercised	31,692	18,520

Performance shares granted in 2018

PERFORMANCE SHARES GRANTED TO THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER GRANTED IS THE HIGHEST

Total number of shares granted	51,800
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Performance shares vested in 2018

PERFORMANCE SHARES VESTED BY THE TEN NON-EXECUTIVE OFFICER EMPLOYEES WHOSE NUMBER VESTED IS THE HIGHEST

Date of the plan	12/05/2015
Quantity	52,250

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

	2018	2017	2016
Stock market capitalization at 31 December (in €m)	€5,659	7,749	6,459
Highest price mid-session	€175.900	€169.900	€136.000
Lowest price mid-session	€105.600	€115.700	€79.900
Closing price on the last trading day	€112.800	€154.450	€128.750
Average of the last 30 prices for the year	€116.917	€154.185	€128.135
Average of the closing prices for the year	€149.663	€145.896	€109.626
Average daily trading volume (number of shares)	56,108	53,452	60,252

TRANSACTIONS IN 2018 ON NYSE EURONEXT

	Highest price mid-session (in €)	Lowest price mid-session (in €)	Number of shares traded	Capital traded (in € thousands)
			Daily averages	
2018	175.90	105.60	56,108	8,383
January	175.90	152.40	58,612	9,711
February	173.20	158.10	65,155	10,749
March	167.00	153.60	61,303	9,662
April	161.70	152.10	52,610	8,291
May	166.50	154.10	43,684	6,938
June	157.70	145.50	68,137	10,349
July	166.70	142.70	57,516	8,735
August	164.30	153.70	39,103	6,204
September	160.60	143.10	50,181	7,566
October	151.70	117.00	74,520	10,141
November	129.60	112.20	51,430	6,326
December	130.10	105.60	51,039	5,883

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 2019 to long-term shareholders in respect of shares registered in the same shareholder's name since

at least 31 December 2016 and still held on the ex-dividend date of 27 May 2019. 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 €)
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
2018		
Dividend	49,838,609	2.00
Dividend supplement	18,636,560	0.200

Based on the 2018 results, a net dividend of €2.14 per share will be proposed at the Annual General Meeting of 22 May 2019.

The ex-dividend date will be 27 May 2019 and the dividend will be paid on 29 May 2019.



8 Annual General Meeting

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8.1. Agenda for the Combined Annual General Meeting of 22 May 2019

RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY ANNUAL GENERAL MEETING

1. Approval of the separate financial statements for the year ended 31 December 2018.
2. Approval of the consolidated financial statements for the year ended 31 December 2018.
3. Allocation of the result for the year ended 31 December 2018 and setting of the dividend.
4. Appointment of Jean-Pierre Duprieu as a director.
5. Appointment of Thierry Lescure as a director.
6. Appointment of GÉNÉRACTION as a director.
7. Appointment of Aude de Vassart as a director.
8. Reappointment of William Gairard as a director.
9. Increase in the overall amount of the attendance fees allocated to the Board of Directors.
10. Approval of the commitments entered into between the company and Stanislas de Gramont, Chief Operating Officer, pursuant to the provisions of Articles L. 225-38 and L. 225-42-1 of the French Commercial Code.
11. Approval of the principles and criteria for determining, distributing and awarding the components of the remuneration and benefits of all kinds attributable to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, and to Stanislas de Gramont, Chief Operating Officer.
12. Approval of the fixed and variable components of the total remuneration and benefits of all kinds due or awarded for the 2018 financial year to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer.
13. Approval of the fixed and variable components of the total remuneration and benefits of all kinds due or awarded for the 2018 financial year to Stanislas de Gramont, Chief Operating Officer.
14. Approval of the fixed and variable components of the total remuneration and benefits of all kinds due or awarded for the 2018 financial year to Bertrand Neuschwander, Chief Operating Officer.
15. Authorization to be granted to the Board of Directors for the company to buy back its own shares.

RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY ANNUAL GENERAL MEETING

16. Authorization to be granted to the Board of Directors enabling the company to cancel its own shares.
17. 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.
18. 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.
19. 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).
20. Blanket ceiling on financial authorizations.
21. 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.
22. Authorization to be granted to the Board of Directors to grant performance shares.
23. Authorization to be granted to the Board of Directors to carry out share capital increases restricted to members of a Company or Group Savings Scheme and/or sales of reserved shares with waiving of pre-emption rights.
24. Amendment of Article 16 of the bylaws relating to the appointment of directors representing employees.
25. Powers to carry out formalities.

8.2. Draft resolutions and Board of Directors' report to the Combined Annual General Meeting of 22 May 2019

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 Annual General Meeting of SEB S.A. to be held in Paris on 22 May 2019.

ORDINARY RESOLUTIONS

RESOLUTIONS 1, 2 AND 3: APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED), ALLOCATION OF THE RESULT FOR 2018 AND SETTING OF THE DIVIDEND

Board of Directors' report

By voting on resolutions **1** and **2**, the Board of Directors invites the shareholders to approve:

- the separate financial statements for the year ended 31 December 2018 which show a net profit of €99,556,997, compared with €268,762,000 for 2017;
- the consolidated financial statements for the year ended 31 December 2018 which show a net profit attributable to owners of the parent of €419,047,985, compared with €375,048,000 for 2017.

Details of these financial statements appear in the 2018 Annual Financial Report, the main elements of which are contained in the meeting notice relating to the Annual General Meeting of 22 May 2019.

The aim of resolution **3** is to invite the shareholders to allocate the net result for 2018 and to set the dividend amount as follows:

- a net ordinary dividend of €2.14 per share having a nominal value of €1, an increase of 7% compared with the 2017 dividend;

- a supplementary dividend of 10% or €0.214 per share having a nominal value of €1.

The supplementary dividend will be paid on shares registered prior to 31 December 2016 and continuing to be registered in the name of the same holder until the ex-dividend date of 27 May 2019. These shares represent 58.03% 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 27 May 2019. The dividend will be paid as from 29 May 2019.

The dividend and the supplementary dividend qualify for the exemption referred to in Article 158-3.2 of the French General Tax Code.

Resolution 1: approval of the separate financial statements for the year ended 31 December 2018

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors on the company's operations and results for the year ended 31 December 2018, approves the financial statements as presented, which show net profit of €99,556,997.

Resolution 2: approval of the consolidated financial statements for the year ended 31 December 2018

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors, approves the consolidated financial statements for the year ended 31 December 2018, which show net profit attributable to owners of the parent of €419,047,985.



Resolution 3: allocation of the result for the year ended 31 December 2018 and setting of the dividend

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, on the proposal of the Board of Directors, resolves to appropriate the net profit for 2018 of €99,556,997 as follows:

Net profit	€99,556,997
Retained earnings brought forward from prior year	€940,432,124
Dividends on treasury shares credited to retained earnings	€1,028,172
Profit available for distribution	€1,041,017,293
Dividend	€106,333,593
Dividend supplement	€4,043,407
Retained earnings	€930,640,293

The amount distributed to shareholders represents a dividend of €2.14 per share having a nominal value of €1.

The ex-dividend date will be 27 May 2019 and the dividend will be paid as from 29 May 2019.

Furthermore, as provided for in Article 46 of the Company's bylaws, a supplementary dividend of 10% of the dividend, amounting to €0.214 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 2016 and the ex-dividend date, 27 May 2019.

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 dividends distributed will qualify for the 40% exemption for natural persons who are tax residents of France, as per Article 158.3-2° of the French General Tax Code.

The Annual General Meeting acknowledges that dividends distributed for the last three years were as follows:

Financial year	Dividend per share	Premium per share	Dividend qualifying for 40% exemption		Dividend not qualifying for 40% exemption
			Dividend	Premium	
2015	1.54	0.154	1.54	0.154	-
2016	1.72	0.172	1.72	0.172	-
2017	2.00	0.200	2.00	0.200	-

RESOLUTIONS 4 TO 8: APPOINTMENT OF FOUR DIRECTORS AND REAPPOINTMENT OF ONE DIRECTOR TO THE BOARD OF DIRECTORS

Board of Directors' report

We hereby inform the shareholders that the Board of Directors has taken note of the expiry of the terms of office of Hubert Fèvre, William Gairard and Cédric Lescure at the end of the Annual General Meeting.

The Board of Directors, on the recommendation of the Nominations and Remuneration Committee, decided to replace Cédric Lescure and Hubert Fèvre, with Thierry Lescure (resolution 5) and GÉNÉRACTION, represented by Caroline Chevalley (resolution 6). In addition, on the recommendation of the Nominations and Remuneration Committee, the purpose of resolution 8 is to submit for your approval the reappointment, for four years, of William Gairard as a director.

On the recommendation of the Nominations and Remuneration Committee, the purpose of resolutions 4, 5, 6 and 7 is to submit for your approval the appointment as directors, for four years, of Jean-Pierre Duprieu, Thierry Lescure, GÉNÉRACTION, represented by Caroline Chevalley, and Aude de Vassart.

Please note that information on directors whose appointment or reappointment is proposed can be found in Chapter 2 "Corporate Governance" of the 2018 Registration Document.

Below, the Board sets out the reasons for proposing the appointment or reappointment of each one. It is indeed the Board's aim to ensure a policy of diversity in its composition and a balance between the various interests involved. To this end, it emphasizes the complementarity of backgrounds and expertise.

- Appointment of Jean-Pierre Duprieu as an independent director due to his extensive international experience and various corporate roles.
- Appointment of GÉNÉRACTION, represented by Caroline Chevalley, lawyer and Chairwoman of GÉNÉRACTION, to replace Hubert Fèvre.

In addition, the following two appointments are being proposed by the Board of Directors, on the recommendation of the Nominations and Remuneration Committee, and in agreement with the family's concerted voting block, in order to rejuvenate the family representation and reappoint their representatives.

- Appointment of Thierry Lescure, a member of GÉNÉRACTION, to replace Cédric Lescure, in order to rejuvenate the family representation and because of his financial background and family office experience.
- Appointment of Aude de Vassart, a member of VENELLE INVESTISSEMENT, in order to rejuvenate the family representation and because of her engineering background, her experience in the high-tech sector and in the telecommunications and payment industries.
- Reappointment of William Gairard, 38, a graduate of EM Lyon and holder of an IUP Master's in Management Sciences from the Université Jean Moulin Lyon III. He is the director of the Mexican company Ecopro Solutions S.A. de C.V. and is the Chief Financial Officer of the Mexican company Minimalist Technology.

The Nominations and Remuneration Committee examined the independent status of Jean-Pierre Duprieu prior to its recommendation for the appointment, and found that the candidate meets all the independence criteria defined by the AFEP-MEDEF Code as described in Chapter 2.

At its meeting on 26 February 2019, the Board of Directors deemed Jean-Pierre Duprieu, Thierry Lescure, GÉNÉRACTION, represented by Caroline Chevalley, and Aude de Vassart, William Gairard capable of assuming the duties of director and of making an effective contribution to the work of the Board of Directors.

Resolution 4: Appointment of Jean-Pierre Duprieu as a director

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, appoints Jean-Pierre Duprieu as a director for a period of four years expiring at the close of the Ordinary Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2022.

Resolution 5: Appointment of Thierry Lescure as a director

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors,

appoints Thierry Lescure as a director for a period of four years expiring at the close of the Ordinary Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2022.

Resolution 6: Appointment of GÉNÉRACTION, as a director

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, appoints GÉNÉRACTION, which appointed Caroline Chevalley as its permanent representative, as a director for a period of four years expiring at the close of the Ordinary Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2022.



Annual General Meeting

Draft resolutions and Board of Directors' report to the Combined Annual General Meeting of 22 May 2019

Resolution 7: Appointment of Aude de Vassart as a director

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, appoints Aude de Vassart as a director for a period of four years expiring at the close of the Ordinary Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2022.

Resolution 8: Reappointment of William Gairard as a director

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, reappoints William Gairard as a director for a period of four years expiring at the close of the Ordinary Annual General Meeting to be held to approve the financial statements for the year ending 31 December 2022.

RESOLUTION 9: INCREASE IN THE OVERALL AMOUNT OF THE ATTENDANCE FEES ALLOCATED TO THE BOARD OF DIRECTORS

Board of Directors' report

On the recommendation of the Nominations and Remuneration Committee, and pursuant to the Board of Directors' meeting of 19 December 2018, the purpose of Resolution 9 is to submit for

your approval the increase in the overall amount of attendance fees allocated to the Board of Directors to take into account the increase in the size of the Board of Directors from 14 to 17 members.

Resolution 9: Increase in the overall amount of the attendance fees allocated to the Board of Directors

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General

Meetings, having considered the report of the Board of Directors, sets the maximum annual amount of attendance fees to be distributed among the members of the Board of Directors at €600,000 per year. This decision applies to the current financial year and will be maintained until decided otherwise.

RESOLUTION 10: APPROVAL OF THE EXECUTIVE OFFICER AGREEMENT AND THE COMMITMENTS ENTERED INTO BETWEEN THE COMPANY AND STANISLAS DE GRAMONT, CHIEF OPERATING OFFICER, PURSUANT TO THE PROVISIONS OF ARTICLES L. 225-38 AND L. 225-42-1 OF THE FRENCH COMMERCIAL CODE

Board of Directors' report

Pursuant to Article L. 225-38 of the French Commercial Code, the purpose of Resolution 10 is to submit for your approval the executive officer agreement and the commitments entered into between the company and Stanislas de Gramont, Chief Operating

Officer, which were authorized at the Board of Directors' Meeting of 19 December 2018, as detailed in Chapter 2.5 of the Registration Document.

Resolution 10: Approval of the executive officer agreement and the commitments entered into between the company and Stanislas de Gramont, Chief Operating Officer, pursuant to the provisions of Articles L. 225-38 and L. 225-42-1 of the French Commercial Code

The Annual General Meeting, having considered the statutory auditors' special report on regulated agreements and the Board

of Directors' report, approves the executive officer agreement and the commitments entered into between the company and the Chief Operating Officer, Stanislas de Gramont, establishing in particular his pension benefits and incapacity, disability and death insurance, as well as the performance criteria governing the payment of his severance allowance and the conditions for payment of any non-compete compensation.

RESOLUTION 11: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND AWARDING THE COMPONENTS OF REMUNERATION AND BENEFITS OF ALL KINDS

Board of Directors' report

Pursuant to Article L. 225-37-2 of the French Commercial Code, Resolution 11 invites the shareholders to approve the principles and criteria for determining, distributing and awarding the fixed, variable and extraordinary components of the total remuneration and benefits of all kinds awarded to the Chairman and Chief Executive Officer and to the Chief Operating Officer in consideration for the performance of their duties in 2019 and 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 2018 Registration Document.

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 shareholders approval at the Annual General Meeting to be held to approve the 2019 financial statements.

Resolution 11: Approval of the principles and criteria for determining, distributing and awarding the components of the remuneration and benefits of all kinds awarded to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, and to Stanislas de Gramont, Chief Operating Officer

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual 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 of all kinds awarded, as consideration for their duties, to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, and to Stanislas de Gramont, 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 2018 Registration Document.

RESOLUTIONS 12, 13 AND 14: APPROVAL OF THE FIXED AND VARIABLE COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID OR ALLOCATED FOR THE 2018 FINANCIAL YEAR TO THIERRY DE LA TOUR D'ARTAISE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, TO STANISLAS DE GRAMONT, CHIEF OPERATING OFFICER, AND TO BERTRAND NEUSCHWANDER, CHIEF OPERATING OFFICER

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 II law), the fixed and variable components of the total remuneration and benefits of all kinds due or granted for the 2018 financial year to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, to Stanislas de Gramont, Chief Operating Officer, and to Bertrand

Neuschwander, Chief Operating Officer, must be approved by the Annual General Meeting.

Details of the various remuneration components are provided in the 2018 Registration Document, Chapter 2 "Corporate governance", section 5 "Say on Pay: Remuneration due or awarded to executive officers in respect of the year ended 31/12/2018".

Resolution 12: Approval of the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated for the 2018 financial year to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer

Pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the Annual General Meeting, voting in accordance

with the quorum and majority requirements for Ordinary Annual General Meetings, approves the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated for the 2018 financial year to Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, as set out in the "Say on pay – Remuneration due or awarded to executive officers in respect of the year ended 31/12/2018" section 5 of Chapter 2 "Corporate governance" of the 2018 Registration Document.

Resolution 13: Approval of the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated for the 2018 financial year to Stanislas de Gramont, Chief Operating Officer

Pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the Annual General Meeting, voting in accordance with the quorum and majority requirements for Ordinary Annual General Meetings, approves the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated for the 2018 financial year to Stanislas de Gramont, Chief Operating Officer, as set out in the "Say on pay – Remuneration due or awarded to executive officers in respect of the year ended 31/12/2018" section 5 of Chapter 2 "Corporate governance" of the 2018 Registration Document.

Resolution 14: Approval of the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated for the 2018 financial year to Bertrand Neuschwander, Chief Operating Officer

Pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the Annual General Meeting, voting in accordance with the quorum and majority requirements for Ordinary Annual General Meetings, approves the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated for the 2018 financial year to Bertrand Neuschwander, Chief Operating Officer, as set out in the "Say on pay – Remuneration due or awarded to executive officers in respect of the year ended 31 December 2018" section 5 of Chapter 2 "Corporate governance" of the 2018 Registration Document.

RESOLUTION 15: 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 16 May 2018 authorized the Board of Directors to trade in the company's shares. In 2018, under its share buyback program, the company bought back 258,109 shares at an average price of €143.17 and sold 63,882 shares upon exercise of stock options at an average price of €53.96. In addition, a total of 459,651 shares were purchased at an average price of €149.24 and 447,771 shares sold at an average price of €150.26 under the liquidity contract.

At 31 December 2018, the company held 575,888 treasury shares with a par value of €1 and a gross value of €64,960,166.40. These treasury shares represent 1.15% of the company's share capital, including 558,086 under the buyback agreement and 17,802 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 2019, Resolution 15 invites the shareholders to again authorize the Board

of Directors, for a period of 14 months, to trade in the company's shares at a maximum price of €210 per share, excluding trading fees.

The authorization would cover a maximum of 10% of the share capital. the company could buy back its own shares with a view to:

- maintaining a liquid market for the company's shares through an investment service provider acting on a fully independent basis;
- allocating shares to eligible employees and executive officers of the company;
- canceling shares in order to increase return on equity and earnings per share or to offset the dilutive impact of any capital increases on existing shareholders' interests;
- delivering or exchanging shares in connection with any future external growth transactions;
- allocating shares on the exercising of rights attached to securities.

In accordance with the law, these shares have been stripped of their voting rights.

Resolution 15: Authorization to be granted to the Board of Directors for the company to buy back its own shares

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors:

- resolves to terminate the share buyback program authorized by the Combined Annual General Meeting of 16 May 2018;
- resolves to adopt the program described below, and accordingly:
 - to authorize the Board of Directors, or any representative of the Board empowered to act on the Board's behalf, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, to buy back shares of the company representing up to 10% of the share capital, subject to the limits set down by law,

- that the shares may be bought back for the following purposes:
 - i) to maintain a liquid market for SEB's shares through an independent investment service provider under a liquidity contract that complies with the AMAFI Code of Ethics recognized by the Financial Market Authority,
 - ii) for allocation to eligible employees and executive officers of the company or the Group in the form of performance shares governed by Articles L. 225-197-1 et seq. of the French Commercial Code, or in payment of statutory employee profit-shares, or in connection with an employee stock ownership or stock saving plan,
 - iii) for cancellation, in order to increase return on equity and earnings per share and/or to offset the dilutive impact of any capital increases on existing shareholders' interests, provided that such cancellation is authorized by the Extraordinary Annual General Meeting,

- iv) for delivery or exchange in connection with any future external growth transactions, up to a limit of 5% of the capital,
 - v) for allocation on the exercising of rights attached to 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 end of the Ordinary Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2019 or 14 months, whichever is shorter.

EXTRAORDINARY RESOLUTIONS

RESOLUTION 16: 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 16 May 2018 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 2019, Resolution 16 invites the shareholders to once again authorize

the Board of Directors to cancel some or all of its shares, under the same terms and conditions.

This authorization would be given for a period of 14 months from the date of the Annual General Meeting.

Resolution 16: Authorization to be granted to the Board of Directors enabling the company to cancel its own shares

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' report:

- authorizes the Board of Directors to cancel, on one or more occasions at its discretion, some or all of the shares currently held

or that may be held in the future by the company following share buybacks carried out pursuant to Article L. 225-209 of the French Commercial Code, provided the number of shares canceled in any 24-month period does not exceed 10% of the total shares outstanding. The difference between the purchase price of the canceled shares and their par value will be deducted from additional paid-in capital and retained earnings, with an amount corresponding to 10% of the share capital reduction being deducted from the legal reserve;

- authorizes the Board of Directors to place on record the capital reduction(s), amend the bylaws to reflect the new capital and carry out any and all formalities, make all declarations to any organizations and generally undertake whatever is necessary;
- authorizes the Board of Directors to delegate all necessary powers to permit the implementation of its decisions, subject to compliance with the laws and regulations in force when this authorization is used;
- grants this authorization to the Board of Directors for a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

RESOLUTIONS 17, 18, 19 AND 20: 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 2018

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 **17**, 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 2018.

In order to readily take any opportunities that may arise, we would ask shareholders to pass Resolutions **18** and **19** 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 14 of the 17 directors. Previously set at 12/14th, the Board of Directors decided to bring this majority into line with the new make-up 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 16 May 2018 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 **20**, we invite the 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 17, 18 and 19.

Resolution 17: Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or share equivalents and/or debt securities, with pre-emption rights

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-132, L. 225-133, L. 225-134 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 14 of the 17 members present or represented, with the option to further delegate in the manner provided for by law and regulations, to issue, on one or more occasions, company shares and securities giving immediate or future access, by any means, to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- resolves that issues of preference shares or securities convertible by any means, immediately or in the future, into preference shares are expressly excluded from this delegation of authority;
- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;
- resolves that the amount of share capital increases that 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 option to further delegate in the manner provided for by law and regulations, to in particular increase the share capital and determine the securities to be issued, determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back on the open market, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, to determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, to write off any and all amounts against the issue premium, including the issuance costs, and to take all necessary or appropriate measures and enter into any and all agreements in connection with the placement of the issues, to place on record the resulting share capital increase(s) and to amend the bylaws to reflect the new capital. In the case of any issue of debt securities, the Board of Directors shall have full powers, including the right to delegate such powers under the conditions set by law and regulations, to decide whether to issue subordinated or unsubordinated debt, to set the interest rate, the life of the securities, the redemption price – which may be fixed or variable and may or may not include a call premium – the terms of early redemption depending on market conditions and the basis on which the debt securities are convertible, exchangeable, redeemable or otherwise exercisable for shares of the company;
- grants this authorization to the Board of Directors for a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

Resolution 18: Delegation of authority granted to the Board of Directors to issue ordinary shares and/or share equivalents and/or debt securities, with waiving of pre-emption rights in the course of a public offering

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-2, L. 225-136 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 14 of the 17 members present or represented, with the option to further delegate in the manner provided for by law and regulations, to issue by way of a public offering, on one or more occasions, company shares and any hybrid securities giving immediate or future access by any means to equity in the company or any company in which it directly or indirectly owns more than half of the share capital or equity securities giving entitlement to debt securities, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- resolves that any shares and securities issued under this delegation may be subscribed for in cash or by offsetting against outstanding receivables;
- resolves that the amount of share capital increases that 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 19 of this Annual General Meeting;
 - formally records that, pursuant to Article L. 225-136 of the French Commercial Code:
 - the issue price of directly issued shares must be at least equal to the minimum price permitted under applicable laws and regulations on the date of the issue,
 - the issue price of securities giving access or potentially giving access to equity in the company must be such that the sum received immediately by the company plus, as the case may be, any sum it may subsequently receive for each share issued as a result of the issue of these securities is at least equal to the minimum subscription price defined in the above paragraph;
 - resolves that the Board of Directors shall be fully empowered to use this delegation, with the option to further delegate in the manner provided for by law and regulations, to in particular determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, to write off any and all amounts against the issue premium, including the issuance costs, and to take all necessary or appropriate measures and enter into any and all agreements in connection with the placement of the issues, to place on record the resulting share capital increase(s) and to amend the bylaws to reflect the new capital.
- The Board of Directors shall be fully empowered, with the option to further delegate in the manner provided for by law and regulations, to decide whether to issue subordinated or unsubordinated debt securities, set the interest rate, maturity, redemption price (which may be fixed or variable and may or may not include a premium), terms of early redemption depending on market conditions and the basis on which these securities give access to company equity;
- grants this authorization to the Board of Directors for a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

Resolution 19: 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)

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' special report and in accordance with Articles L. 225-129 to L. 225-129-2, L. 225-136 and L. 228-91 et seq. of the French Commercial Code:

- gives the Board of Directors the power to decide by a qualified majority of 14 of the 17 members present or represented, with the option to further delegate in the manner provided for by law and regulations, to issue by way of an offering falling within the scope of Article L. 411-2 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 18 of this Annual General Meeting;
 - formally records that, pursuant to Article L. 225-136 of the French Commercial Code:
 - the issue price of directly issued shares must be at least equal to the minimum price permitted under applicable laws and regulations on the date of the issue,
 - the issue price of securities giving access or potentially giving access to equity in the company must be such that the sum received immediately by the company plus, as the case may be, any sum it may subsequently receive for each share issued as a result of the issue of these securities is at least equal to the minimum subscription price defined in the above paragraph;
 - resolves that the Board of Directors shall be fully empowered to use this delegation, with the option to further delegate in the manner provided for by the legal and regulatory provisions, and by the applicable contractual stipulations if these exist, to in particular determine the dates and terms of the issues, as well as the form and characteristics of the securities to be issued, set the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price of the shares or other securities issued and, if appropriate, the conditions under which they may be bought back, the right to suspend the exercise of the rights attached to the securities to be issued for a period of no more than three months, determine the arrangements for protecting the rights of holders of share equivalents that give future access to equity, pursuant to applicable laws, regulations and, as the case may be, contractual provisions, to write off any and all amounts against the issue premium, including the issuance costs, and to take all necessary or appropriate measures and enter into any and all agreements in connection with the placement of the issues, to place on record the resulting share capital increase(s) and to amend the bylaws to reflect the new capital.
- The Board of Directors shall be fully empowered, with the option to further delegate in the manner provided for by law and regulations, to decide whether to issue subordinated or unsubordinated debt securities, set the interest rate, maturity, redemption price (which may be fixed or variable and may or may not include a premium), terms of early redemption depending on market conditions and the basis on which these securities give access to company equity;
- grants this authorization to the Board of Directors for a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.



Resolution 20: Blanket ceiling on financial authorizations

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors, resolves to set at €10 million the maximum par value of immediate and/or future share capital increases that may be carried out pursuant to the authorizations in Resolutions 17, 18 and 19, 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 21: 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 21, 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 21: Delegation of authority granted to the Board of Directors to increase the share capital by capitalizing retained earnings, profit, premiums or other items that may be capitalized

The Annual General Meeting, meeting as an Extraordinary Annual General Meeting but voting in accordance with the quorum and majority voting requirements for Ordinary Annual General Meetings, having considered the report of the Board of Directors, gives the Board the necessary powers to carry out one or more share capital increases by successively or simultaneously capitalizing some or all of the company's retained earnings, profit or additional paid-in capital or any items that may be capitalized under the bylaws or by law, and to issue and award bonus shares and/or raise the par value of existing shares or a combination of both.

The Annual General Meeting resolves that the maximum par value of share capital increases that shall be made under this delegation may not exceed €10 million, it being noted that this ceiling is independent of the ceiling provided for in Resolution 20.

The Annual General Meeting resolves that the Board of Directors shall have the power to decide that fractional shares will be non-transferable and that the corresponding shares will be sold, with the proceeds of such sale attributed to the rights holders no later than thirty (30) days following the date on which the whole number of shares allocated to them is recorded in their account.

The Annual General Meeting fully empowers the Board of Directors, with the option to further delegate in the manner provided for by law and regulations, to determine the timing and terms of the issues, set the amounts thereof, take the necessary action to protect the rights of holders of share equivalents that give immediate or future access to equity, deduct any sums necessary to top up the legal reserve and more broadly take all appropriate measures to enable the successful completion and carry out all actions and formalities required to effect the capital increase(s) and accordingly amend the bylaws.

The Annual General Meeting sets this authorization granted to the Board of Directors at a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

RESOLUTION 22: 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 22, to authorize the Board to grant bonus shares representing up to 234,000 shares or 0.4664% of the share capital, comprising existing shares bought back for this purpose by the company. The grants would be made to some or all employees of the company and its subsidiaries, or to certain categories of those employees and/or to the senior managers referred to in Article L. 225-197-1 II of the French Commercial Code.

All performance shares will vest only if certain performance targets for revenue and Operating Result from Activity are met, as set by the Board of Directors each year, based on budgetary objectives assigned to the Group.

The number of shares awarded to the executive officers will be limited to 18,000 shares or 0.0359% of the share capital for Thierry de La Tour d'Artaise, and to 11,000 shares or 0.0219% of the share

capital for Stanislas de Gramont. We would ask shareholders to set the operational performance measurement period at three years, following which the shares shall vest for beneficiaries.

The Board of Directors feels that assessing performance criteria over a sufficiently long period, namely three years, is in accordance with the Group's long-term outlook while remaining a source of motivation for beneficiaries.

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 2018.

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 22: Authorization to be granted to the Board of Directors to grant performance shares

The Annual General Meeting, voting in accordance with the quorum and majority voting requirements for Extraordinary Annual General Meetings, having considered the report of the Board of Directors and the statutory auditors' special report:

- authorizes the Board of Directors, in accordance with Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to award existing bonus shares in the company on one or more occasions, to employees of the company or certain categories of employee and/or to the senior managers referred to in Article L. 225-197-1 II of the French Commercial Code, and to employees and senior managers of companies or economic interest groupings affiliated to the company within the meaning of Article L. 225-197-2 of the French Commercial Code;
- resolves that the total number of shares that may be granted may not exceed 234,000 shares or 0.4664% of the company's share capital on the date of this Annual General Meeting, with the understanding that the number of shares granted to executive officers may not exceed the following limits: 18,000 shares or 0.0359% of the company's share capital on the date of this Annual General Meeting for Thierry de La Tour d'Artaise and 11,000 shares or 0.0219% of the company's share capital at the date of this Annual General Meeting for Stanislas de Gramont.

The Annual General Meeting authorizes the Board of Directors to make the stock grants, within the limits set out in the preceding paragraph, using shares bought back by the company in accordance with Articles L. 225-208 and L. 225-209 of the French Commercial Code;

The Annual General Meeting resolves to set a vesting period of three years with effect from the date of grant by the Board of Directors during which period the rights shall not be transferable and at the end of which the rights shall vest to the beneficiaries, provided the performance targets for revenue and Operating Result from Activity, assessed over the three-year vesting period, have been met, in accordance with Article L. 225-197-3 of the French Commercial Code.

The Annual General Meeting fully empowers the Board of Directors, within the limits set out above, to:

- draw up the list of beneficiaries or decide the category/categories of beneficiaries, bearing in mind that no shares may be awarded to employees or executive officers who individually hold over 3% of the share capital and that the bonus shares may not have the effect of raising the interest held by any such person to above the 3% ceiling;
- determine, on one or more occasions, the amounts and timing of the share awards;
- set the criteria and any other conditions of eligibility for share awards, including but not limited to years of service and continued employment by the company throughout the vesting period;

- set the vesting period, within the limits specified above by the Annual General Meeting;
- if any of the financial transactions governed by Article L. 228-99 I of the French Commercial Code are carried out during the vesting period, take any and all appropriate measures to protect and adjust the rights of grantees, in accordance with the provisions of said Article.

In accordance with Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, the Board of Directors shall prepare a special report for each Ordinary Annual General Meeting on the transactions carried out under this authorization.

The Annual General Meeting sets this authorization granted to the Board of Directors at a period of 14 months and consequently decides that this authorization cancels all authorizations given previously for the same purpose.

RESOLUTION 23: 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 23, to empower the Board of Directors, with the option to further delegate, to resolve to carry out one or more share capital increases that are restricted to members of a Company or Group Savings Scheme, with waiving of pre-emption rights, up to a maximum of €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 20.

The issue price of these new shares or share equivalents may not be more than 20% below the average quoted SEB share price on the NYSE Euronext Paris regulated market over the 20 trading sessions preceding the date on which the decision is taken setting the opening date of the subscription period, it being noted that this discount may be raised to 30% for members of a savings scheme, the rules of which specify a lock-up period of at least 10 years.

This delegation would be given for a period of 14 months from the date of this Annual General Meeting and would cancel the delegation given in Resolution 18 of the Annual General Meeting of 16 May 2018.

Resolution 23: Authorization to be granted to the Board of Directors to carry out share capital increases restricted to members of a company or Group Savings Scheme and/or sales of reserved shares with waiving of pre-emption rights

The Annual General Meeting, having considered the report of the Board of Directors and the statutory auditors' special report, as required by law and in particular Articles L. 225-129 to L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 et seq. of the French Labor Code:

- authorizes the Board of Directors, with the option to further delegate in the manner provided for by law and regulations, to resolve to carry out one or more share capital increases as and when it sees fit, by issuing ordinary shares (other than preference shares) or equity securities giving access to future company shares, restricted to members of a Company or Group Savings Scheme: eligible executive officers, employees and former employees of the companies and of French and foreign companies affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
- resolves to set at €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 20;

- 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 10 years. Nevertheless, the Annual General Meeting authorizes the Board of Directors to replace some or all of the discount with a grant of bonus shares or equity securities giving access to future company shares, to reduce or not grant this discount, to the extent permitted by law and regulations;
- resolves that the Board of Directors may, within the limits set by Article L. 3332-21 of the French Labor Code, make matching payments in the form of grants of new or existing bonus shares or equity securities giving access to future company shares, where necessary by capitalizing retained earnings, profit or additional paid-in capital;
- sets the period of validity of this authorization at 14 months from the date hereof and cancels the previous delegation with the same purpose;

- fully empowers the Board of Directors, with the power to delegate in the manner provided for by law and regulations, to determine all the terms and conditions for the various operations and in particular:
 - exclude companies eligible for the company or Group Savings Scheme from the scope of the offering,
 - set the terms and conditions of the issues to be carried out under this delegation of authority, in particular deciding the subscription amounts, and setting the issue prices, dates, deadlines, terms and conditions regarding subscription, paying up, settlement and enjoyment of the shares or equity securities giving access to future shares in the company,
 - as it sees fit, following each capital increase, set the costs of the share capital increases against the related premiums and deduct therefrom the sums necessary to raise the legal reserve to one tenth of the new share capital,
 - carry out all actions and formalities required to effect the capital increase(s) carried out under this authorization, and in particular amend the bylaws accordingly and, more generally, do whatever is necessary.
- In accordance with applicable legal provisions, the transactions carried out under this resolution may also take the form of sales of shares to members of a Company or Group Savings Scheme.

RESOLUTION 24: AMENDMENT OF THE TERMS OF ARTICLE 16 OF THE BYLAWS RELATING TO THE APPOINTMENT OF DIRECTORS REPRESENTING EMPLOYEES

Board of Directors' report

The Company's bylaws currently refer to the threshold set out in Article L. 225-27-1 II of the French Commercial Code. However, new legislative changes (as part of the PACTE bill) are expected to be adopted in the near future and will result in a change to the threshold set in that Article, reducing it from 12 directors to 8.

The shareholders are invited to amend the bylaws by referring to the legislative provisions in force in order to avoid a subsequent amendment of the bylaws and to enable your Company to take into account these changes as soon as possible or at the latest on the deadline for their entry into force.

Resolution 24: Amendment of Article 16 of the bylaws relating to the appointment of directors representing employees

Amendment of the terms of Article 16 of the bylaws relating to the appointment of directors representing employees.

ARTICLE 16: CORPORATE GOVERNANCE – BOARD OF DIRECTORS' COMPOSITION**Former Text**

“The company is governed by a Board of Directors whose minimum and maximum numbers are set by law. The directors are appointed by the Ordinary Annual General Meeting, which may dismiss them at any time. Legal entities appointed as directors are required to appoint a permanent representative subject to the same conditions and obligations as if he or she were an individual director.

An employee of the company may only be appointed as a director if his or her employment contract corresponds to active employment. The number of directors under a contract of employment with the company may not exceed one-third of the directors in office.

Each director must, throughout his or her term of office, own at least one company share in pure registered form.

In accordance with the applicable legal provisions, when the number of members of the Board of Directors appointed by the Ordinary Annual General Meeting is less than or equal to 12, a Director representing the employees is appointed by the Group Works Council (France). When the Board of Directors is composed of more than 12 members, a second Director representing employees is appointed by the European Works Council.

Neither the directors elected by employees pursuant to Article L. 225-27 of the French Commercial Code, nor the employee shareholder directors appointed pursuant to Article L. 225-23 of the French Commercial Code are taken into account in determining the number of directors covered by the provisions of Article L. 225-17 of the French Commercial Code.

The term of office of directors representing employees is four years.

The provisions of this article shall cease to apply when, at the end of a financial year, the Company no longer satisfies the conditions precedent to the appointment of directors representing employees, with the proviso that the term of office of any director representing employees appointed pursuant to this article shall expire at the end of his or her full term.

Unlike the directors appointed pursuant to the provisions of Article L. 225-23 of the French Commercial Code, directors representing employees are not taken into account for the calculation of gender balance.

As an exception to the provisions of these bylaws, directors representing employees are not required to hold a minimum number of Company shares during their term of office”.

New Text

“The company is governed by a Board of Directors whose minimum and maximum numbers are set by law. The directors are appointed by the Ordinary Annual General Meeting, which may dismiss them at any time. Legal entities appointed as directors are required to appoint a permanent representative subject to the same conditions and obligations as if he or she were an individual director.

An employee of the company may only be appointed as a director if his or her employment contract corresponds to active employment. The number of directors under a contract of employment with the company may not exceed one-third of the directors in office.

Each director must, throughout his or her term of office, own at least one company share in pure registered form.

In accordance with the applicable legal provisions, when the number of members of the Board of Directors appointed by the Ordinary Annual General Meeting is less than or equal to the threshold provided for in Article L. 225-27-1 II of the French Commercial Code, a Director representing the employees is appointed by the Group Works Council (France). When the Board of Directors has more members than the threshold provided for in Article L. 225-27-1 II of the French Commercial Code, a second Director representing employees is appointed by the European Works Council.

Neither the directors elected by employees pursuant to Article L. 225-27 of the French Commercial Code, nor the employee shareholder directors appointed pursuant to Article L. 225-23 of the French Commercial Code are taken into account in determining the number of directors covered by the provisions of Article L. 225-17 of the French Commercial Code.

The term of office of directors representing employees is four years.

The provisions of this article shall cease to apply when, at the end of a financial year, the company no longer satisfies the conditions precedent to the appointment of directors representing employees, with the proviso that the term of office of any director representing employees appointed pursuant to this article shall expire at the end of his or her full term.

Unlike the directors appointed pursuant to the provisions of Article L. 225-23 of the French Commercial Code, directors representing employees are not taken into account for the calculation of gender balance.

As an exception to the provisions of these bylaws, directors representing employees are not required to hold a minimum number of Company shares during their term of office”.

RESOLUTION 25: POWERS TO CARRY OUT FORMALITIES

Board of Directors' report

Resolution 25 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 25: 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 Auditor's Report on Regulated Agreements and Commitments

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.

Shareholders' Meeting for the approval of the financial statements as of 31st December, 2018

To the Shareholders' Meeting of SEB SA,

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 the shareholders, based on the information provided to us, on the main terms, conditions and reasons underlying the 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 shareholders' responsibility to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide the shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements 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

In accordance with article L. 225-40 of the French commercial code, we have been informed of the following agreements and commitments previously authorized by the Board of Directors.

With Mr. Stanislas BOUBEE de GRAMONT

Following his appointment as Deputy CEO as of 3rd December, 2018, by decision of the Board of directors on 10th October, 2018, the following commitments have been made to the benefit of Mr Stanislas Boubee de Gramont:

- **1. Nature:** Termination compensation in the event of revocation of his corporate appointment

Terms and conditions: In the event his duties were terminated, Mr Stanislas Boubee de Gramont shall receive a severance payment equivalent to two years' compensation (fixed and variable) less any amounts due to be paid as a result of a non-competition clause.

Payment of this indemnity is subject to the performance criteria described in the agreement below.

- **2. Nature:** Determination of the performance criteria governing the payment of termination benefits to the Deputy CEO in the event of the revocation of his mandate.

Terms and conditions: The termination benefit, equivalent to two years' compensation will be adjusted based on actual performance in relation to targets over the last four years of service:

- If the average rate is below 50%, no termination compensation shall be paid;
- If the average rate is between 50% and 100%, termination compensation shall range from 75% to 100% of the base used for calculation, determined on a straight-line basis;
- if the average rate is higher than 100%, termination compensation shall equal 100% of the base used for the calculation.

If the revocation arises during the first two years of his appointment as Deputy CEO, the termination compensation will be calculated as follow:

- After six months at his position and before the end of the twelfth month: termination benefits equal to six months compensation (fixed and variable) shall be paid;
- After twelve months at his position and before the end of the twenty-fourth month: termination benefits equal to twelve months compensation (fixed and variable) shall be paid;
- Afterwards termination benefits shall be capped at twenty-four months of compensation (fixed and variable)

- **3. Nature:** Non-compete compensation in the event of revocation or dismissal.

Terms and conditions: In the event of the interruption of his mandate, by revocation or dismissal, Mr Stanislas Boubee de Gramont, Deputy CEO, agrees not to practice any form of professional activity for a Groupe Seb competitor engaged in the development, manufacture or commercialization of products which have, are or shall be developed, manufactured or commercialized in the future by Groupe Seb. In return for the fulfillment of this obligation, and for the period for which it is applicable (one year renewable once), Mr Stanislas Boubee de Gramont will receive a monthly amount of non-compete compensation from the company equal to 50% of the average monthly salary (fix and variable) paid to him over the last twelve months of his presence within the Group. The Board of Directors can release Mr Stanislas Boubee de Gramont from this obligation by waiving the non-competition clause.

- **4. Nature:** Individual life insurance plan in favor of Mr Stanislas Boubee de Gramont, Deputy CEO of Groupe Seb.

Terms and conditions: In addition to the Group death, disability and related benefit insurance plan, Mr Stanislas Boubee de Gramont benefits from an individual death insurance.

- **5. Nature:** Supplementary and top-up retirement plan.

Terms and conditions: As with all other members of the Executive and Management Committees, Mr Stanislas Boubee de Gramont is entitled to a supplementary and top-up pension plan.

This scheme complements the statutory schemes and is composed as follows :

- a defined-benefit deferred compensation plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the target remuneration for the past three years

- a defined-benefit supplementary pension plan, under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated on the average of the target remuneration for the past three years and capped at 20 years' seniority

This dispositive guarantees annuities equivalent to a 41% maximum compensation replacement rate, including the benefits of statutory retirement plans. The reference salary, which is used as the basis for calculating the retirement benefits, is limited to 36 times the French Social Security ceiling prevailing at the date of calculation.

Payment is subject to the following conditions:

- The executive officer must be at least 60 years of age, having definitively stopped working and having settled the basic retirement entitlements of the supplementary and mandatory AGIRC and ARCCO plans.
- The executive officer shall only receive the guaranteed rate upon leaving the Group to claim his retirement benefits. However, he shall be entitled to benefits in the event his employment contract be terminated after he is 55, if he subsequently ceases to exercise a professional activity.
- The executive officer must have sat on the Executive or the Management Committee for eight years. The maximum duration of the vesting period is 20 years.

The motives justifying the interest of those commitments for the company must be considered in the light of Stanislas de Gramont's international experience, distribution and mass market expertise which are valuable assets for the group which wants to maintain a profitable growth and to improve its worldwide rankings.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING.

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS

Which have been pursued during the last year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed of the following agreements 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 SA and Zhejiang Supor Co Ltd, so as to pool the experience and know-how of both parties with respect to cookware and electrical cooking appliances.

Terms and conditions: The "Master Joint Research and Development Agreement" covers reciprocal exclusivities in relation with projects jointly developed. Industrial property rights that may be registered will be jointly managed and registered by Zhejiang Supor Co Ltd and SEB SA in their respective territories. For its manufacturing needs, SEB SA will nevertheless be granted a free and permanent license for rights registered in Zhejiang Supor Co Ltd territories.

This agreement was authorized by the Board of Directors on 13th April, 2012 and concerns Mr Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer of your company and Chairman of the Board of Directors of Zhejiang Supor Co Ltd.

As in 2017, in 2018 the cooperation agreement resulted in the sharing of employees and resources in favor of four projects concerning developments on rice cookers, five projects concerning developments on home and individual care items and three projects concerning culinary articles.

With Mr Bertrand Neuschwander

On 10th October, 2018, in line with its CEO's proposal and after having taken into account the recommendations of the Appointments and compensation Committee, the Board of Directors of the company decided to revoke Mr Bertrand Neuschwander from his Deputy CEO position. Therefore, the commitments involving his own person have no longer been in the scope of articles L.225-38 and L.225-42-1 of the French Commercial Code since 15th November, 2018. The agreements and commitments are presented in this report under their monitoring.

- **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-compete 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 based on actual performance in relation to targets over Mr. Neuschwander's last four years of service:

- If the average rate is below 50%, no termination benefits shall be paid;
- If the average rate 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 rate 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.

Following Mr Bertrand Neuschwander's revocation as Deputy CEO the expense recorded as termination benefit represents a total of €1,260,500.

- **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 waiving the non-competition clause.

Following Mr Bertrand Neuschwander's revocation as Deputy CEO the expense recorded as non-compete compensation represents a total of €517,300. This compensation covers a one-year period, ending on 7th November, 2019.

- **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 was the beneficiary of an individual death-in-service policy. Since the end of December 2018, Mr Bertrand Neuschwander has no longer benefited from this individual death-in-service policy.

- **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.

When claiming for his pensions rights to the social security authorities Mr. Bertrand NEUSCHWANDER shall retain entitlement to his supplementary retirement scheme, in accordance with the plan regulation provided that he subsequently ceases to exercise a professional activity when leaving the group.

With Mr Thierry de La Tour d'Artaise

- **1. Nature:** Termination benefits and maintenance of stock options stipulated in the employment contract, suspended on March 1st, 2005, of Mr Thierry de La Tour d'Artaise, CEO of SEB SA.

Terms and conditions:

- In the event the employment contract is terminated at the employer's initiative, except on grounds of serious misconduct or gross negligence, or due to forced departure as a result of a change in the control of Groupe SEB, his overall termination benefits shall be equivalent to two years' compensation, payable subject to the performance criteria described in the agreement below.
- In the event Mr Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same exercise terms and conditions that would have applied had he remained in office. This provision shall also apply in the event Mr Thierry de La Tour d'Artaise's employment contract is terminated pursuant to a decision from the Group, were such decision to arise from a change in the control of the Group. However, he shall forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as corporate officer should he resign at his own initiative.
- **2. Nature:** Determination of the performance criteria governing the payment of termination benefits to the Chairman, as stipulated in his employment contract.

Terms and conditions: The Chairman's termination benefits, equivalent to two years' earned compensation plus bonuses, are adjusted based on actual performance in relation to targets over Mr. Thierry de La Tour d'Artaise's last four years of service as follows:

- If the average percentage achieved is below 50%, no termination benefits shall be paid;
- If the average percentage achieved is between 50% and 100%, termination benefits shall range from 75% to 100% of the base used for calculation, determined on a straight-line basis;
- If the average percentage achieved is higher than 100%, termination benefits shall equal 100% of the base used for calculation.

The Board of Directors retains the right to reduce such termination benefits, by half at most, if the previous year-end presents a net loss, without such benefits falling below the fixed compensation plus bonuses of the previous year-end, should application of the performance criteria based on the achievement of objectives entitle the payment of termination benefits.

- **3. Nature and purpose:** Individual life insurance plan for Mr Thierry de La Tour d'Artaise, Chairman of SEB SA.

Terms and conditions: In addition to senior management's Group death, disability and related benefit insurance plan, Mr Thierry de La Tour d'Artaise is the beneficiary of an individual life insurance policy with a capital totaling €3,652,134. The expense recorded for the year ended December 31st, 2018 totals €71,078.

- **4. Nature and purpose:** Supplementary and top-up retirement plan.

Terms and conditions: As with all other members of the Executive and Management Committees, Mr Thierry de La Tour d'Artaise is entitled to a supplementary and top-up retirement plan.

This scheme complements the statutory schemes and is composed as follows :

- a defined-benefit deferred compensation plan, under which beneficiaries are subject to seniority and presence conditions. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated on the average of the target remuneration for the past three years
- a defined-benefit supplementary pension plan, under which under which beneficiaries are also subject to seniority and presence conditions. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated on the average of the target remuneration for the past three years and capped at 20 years' seniority

This dispositive guarantees annuities equivalent to a 41% maximum compensation replacement rate, including the benefits of statutory retirement plans. The reference salary, which is used as the basis for calculating the retirement benefits, is limited to 36 times the French Social Security ceiling prevailing at the date of calculation.

Payment is subject to the following conditions:

- The executive officer must be at least 60 years of age, having definitively stopped working and having settled the basic retirement entitlements of the supplementary and mandatory AGIRC and ARCCO plans.
- The executive officer shall only receive the guaranteed rate upon leaving the Group to claim his retirement benefits. However, he shall be entitled to benefits in the event his employment contract be terminated after he is 55, if he subsequently ceases to exercise a professional activity.
- The executive officer must have sat on the Executive or the Management Committee for eight years. The maximum duration of the vesting period is 20 years.

Lyon and Courbevoie, 25th March, 2019

The Statutory auditors

PricewaterhouseCoopers Audit

Nicolas BRUNETAUD

Mazars

Thierry COLIN





9 Additional information

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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.

1 April 2019



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)	2018	2017	2018	2017	2018	2017	2018	2017
Audit								
Statutory auditor, certification, review of individual and consolidated financial statements								
SEB S.A., issuer coordination and consolidation	221	270			207	178		
Fully integrated subsidiaries	1,408	1,306			1,705	1,444		
SUB-TOTAL	1,629	1,576	74%	87%	1,912	1,622	93%	80%
Other services performed by the networks for fully integrated subsidiaries								
SEB S.A., issuer coordination and consolidation	2	77			76	361		
Fully integrated subsidiaries	558	159			71	54		
SUB-TOTAL	560	236	26%	13%	147	415	7%	20%
TOTAL	2,189	1,812	100%	100%	2,059	2,037	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			
<i>Objective and exhaustive analysis of developments in the company's and Group's business, performance and financial position</i>	181-197	X	X
<i>Key non-financial performance indicators relevant to the company's specific business activity</i>	113-177		X
<i>Significant stakes acquired during the financial year in companies headquartered in France</i>	194	X	X
<i>Significant events that occurred between the financial year-end and the date on which the report was drawn up</i>	197	-	X
<i>Foreseeable developments regarding the position of the company and the Group</i>	196	X	X
<i>Dividends distributed over the three preceding financial years and amount of income distributed for these years</i>	314		X
Presentation of the Group			
<i>Description of the main risks and uncertainties faced by the company</i>	36-50	X	X
<i>The company's use of financial instruments: objectives and policy in relation to financial risk management</i>	247-257	X	X
<i>Company's exposure to price, credit, liquidity or cash flow risks</i>	256 -257	X	X
<i>Social and environmental consequences of business (including "Seveso" facilities)</i>	113-177		X
<i>Research and development activities</i>	19- 22	X	X
Information on the company and its share capital			
<i>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</i>	55 , 75-80		X
<i>Powers of the Board of Directors or Management Board, in particular concerning the issue or buyback of shares</i>	309	X	X
<i>Purchases and sales of treasury stock during the financial year</i>	309	X	X
<i>Adjustments for share equivalents in the event of share buybacks or financial transactions</i>	-	-	-
<i>Structure of and changes to the company's share capital</i>	303-308	X	X
<i>Statutory limitations on the exercise of voting rights and transfer of shares or clauses in agreements brought to the attention of the company</i>	301-305	X	X
<i>Direct or indirect shareholdings in the company of which the company is aware</i>	272	X	X
<i>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</i>	310-312		X
<i>Holder of any securities conferring special control rights and a description of those rights</i>	-		-
<i>Control mechanisms within any employee shareholding system, where control rights are not exercised by the employees</i>	-		-
<i>Agreements between shareholders of which the company is aware and which may give rise to restrictions on share transfers and voting rights</i>	303-305	X	X
<i>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</i>	-		-
<i>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</i>	83-111, 262, 291-292		X

	Page numbers	Annual Financial Report	Management report
<i>Injunctions or fines as a result of anti-competitive practices</i>	-		-
Financial statements			
<i>Changes in the presentation of the financial statements or in the valuation methods used</i>	205	X	
<i>Profit over the last five financial years</i>	294	X	
Consolidated financial statements	199-267	X	
Company financial statements	273-295	X	
Statutory auditors' reports on the company and Consolidated Financial Statements	268-272 295-298	X	
Fees paid to the Statutory auditors	343	X	
Corporate governance report			X
<i>Information on the composition, operation and powers of the Board of Directors:</i>			
• <i>Reference to a Corporate Governance Code</i>	54		
• <i>Composition of the Board of Directors and conditions governing the preparation and organization of meetings</i>	55-81		
• <i>Principle of gender balance</i>	55		
• <i>List of the offices and positions of each director</i>	57-68		
• <i>Agreements signed between a director or a shareholder holding more than 10% of the voting rights and a subsidiary</i>	72		
• <i>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</i>			
• <i>Conditions governing the exercise of executive powers</i>	54		
• <i>Conditions governing shareholder participation in Annual General Meetings</i>	80		
<i>Information on the remuneration of executive officers:</i>	83-111		
• <i>Remuneration policy (ex-ante say on pay)</i>			
• <i>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</i>			
• <i>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</i>			
• <i>Conditions for the exercise and retention of stock options by executive officers</i>			
• <i>Conditions for the retention of performance shares awarded to executive officers</i>			
• <i>Transactions by senior managers and associated persons involving the company's shares</i>			
• <i>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</i>			
<i>Information on factors which could affect a takeover bid</i>	302		
Statutory auditors' report on the Corporate governance report	297	X	X
Report by one of the statutory auditors on the consolidated human resources, environmental and social information included in the management report	178-180	X	X
Statutory auditors' report on regulated agreements and commitments	334-337	X	
Declaration by the person responsible for the Annual Financial Report	341	X	

9.5. Cross-reference table for the Registration Document

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20.6.2. Interim information not yet published	N/A
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21.1.5. Terms governing unissued capital	N/A
21.1.6. Capital under option	N/A
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The following information is incorporated by reference in this Registration Document:

- The Registration Document for the 2017 financial year was filed with the French Financial Markets Authority on 29 March 2018, under number D.18-0220. The Consolidated Financial Statements appear on pages 163 to 232 and the corresponding audit report appears on pages 233 to 236 of this document.
- 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.

9.6. Cross-reference table, Grenelle II, GRI and global compact

Indicators	Grenelle 2 - Article 225	GRI 3.1	Global Compact	References	
				Registration Document	Website sustainable development section
SOCIAL PERFORMANCE INDICATORS					
Employment					
Total employees	1.a-1	LA1		page 134	Key figures
Breakdown of employees by gender	1.a-1	LA1/LA13		page 139	
Breakdown of employees by age group	1.a-1	LA13		page 139	
Breakdown of employees by geographical region	1.a-1	LA1		page 134	
Breakdown of employees by type of work		LA1		page 139	
Breakdown of employees by employment contract type		LA1		page 137	
Hires	1.a-2	LA2		page 135	
Redundancies	1.a-2	LA2		page 135	
Remuneration	1.a-3	LA3/LA14		page 145	
Change in remuneration over time	1.a-3	LA3		page 145	
Organization of work					
Organization of working hours	1.b-1			page 150	
Absenteeism	1.b-2	LA7		page 149	
Labor relations					
Organization of employee-management dialog	1.c-1	LA4/LA5	3	page 140	
Collective bargaining agreements	1.c-2	LA4/LA5		page 140	
Health and safety					
Workplace health and safety conditions	1.d-1	LA6/LA8	4-5	pages 141-144	Health/Safety
Agreements signed with trade unions in relation to workplace health and safety	1.d-2	LA9		page 140	
Frequency and severity of workplace accidents	1.d-3	LA7		page 143	
Work-related illness	1.d-3	LA7		page 144	Health/Safety
Training					
Policies in place with regard to training	1.e-1	LA11		pages 146-149	Expertise
Total number of training hours	1.e-2	LA10		page 147	
Number of employees receiving regular performance and career development reviews		LA11		page 132	
Equal opportunity					
Measures taken to promote gender equality	1.f-1	LA14		pages 138-139	Fairness and diversity
Measures taken to promote employment opportunities for and integration of disabled people	1.f-2	LA13		page 140	Fairness and diversity
Anti-discrimination policy	1.f-3	LA13		pages 138-139	Fairness and diversity
Governance					
Composition of corporate governance bodies		LA13		chapter 2	Governance
Promotion of and adherence to the ILO's fundamental conventions					
Respect for freedom of association and the right to collective bargaining	1.g-1	HR5/LA4/LA5	3	page 140	Respect for ethics
Elimination of discrimination in employment and occupation	1.g-2	HR4/LA13/LA14	6	pages 138-140	Fairness and diversity

Indicators	Grenelle 2 - Article 225	GRI 3.1	Global Compact	References	
				Registration Document	Website sustainable development section
Elimination of forced or compulsory labor	1.g-3	HR6/HR7		pages 129-132	Respect for ethics
Effective abolition of child labor	1.g-4	HR6	4 - 5	pages 129-132	Respect for ethics
Other actions taken to promote Human Rights	3.e				Respect for human rights
Investment and procurement practices					Responsible purchasing
Percentage of major suppliers and contractors verified as compliant with Human Rights; measures taken		HR2		pages 130-131	
Total number of training hours for employees on policies and procedures regarding Human Rights relevant to their job; percentage of employees trained		HR3		pages 129-132	
Evaluation					Responsible purchasing, Respect for human rights
Percentage or number of activities for which the organization has conducted Human Rights reviews or impact assessments		HR10	1 and 2	pages 129-132	
Corrective action					
Number of Human Rights grievances filed, handled and resolved according to a Human Rights grievance management procedure		HR11	1 and 2	page 130	
ENVIRONMENTAL PERFORMANCE INDICATORS					
General policy toward the environment					Reducing environmental impacts
Company organization to address environmental issues. Environmental evaluation or certification procedures, where applicable	2.a-1			pages 166-167	Shrink our environmental footprint
Employee training and education initiatives taken with regard to safeguarding the environment	2.a-2			page 115	
Resources allocated to prevent environmental risks and pollution	2.a-3	EN30		pages 166-167	Eco-manufacturing
Provisions and guarantees for environmental risks (unless this information could be detrimental to the company)	2.a-4	EN28/EC2	7 à 9	page 258	
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 171-175	Eco-manufacturing
Measures to prevent noise pollution and any other form of pollution stemming from operations	2.b-3	EN25		page 174	Eco-manufacturing
Total discharge into water		EN21	7 to 9	page 174	
Circular Economy					The central role of the circular economy in sustainable innovation
Prevention and waste management					
Measures to prevent recycle, reuse, other ways of waste recovery and dispose of waste	2.b-2	EN27		page 166	Recycling for reuse
Total waste produced		EN22/EN24		page 173	
Measures against food waste				page 160	

Indicators	Grenelle 2 - Article 225	GRI 3.1	Global Compact	References	
				Registration Document	Website sustainable development section
Sustainable use of resources					
Water consumption and supply according to local constraints	2.c-1	EN8/EN9/EN21		page 173	
Consumption of raw materials	2.c-2	EN1		pages 172-173	
Consumption of recycled materials		EN2		pages 165-166	Eco-design
Measures taken to improve the efficient use of raw materials	2.c-2	EN10		pages 172-173	Eco-design; Eco-manufacturing
Energy consumption	2.c-4	EN1/EN3/EN4		page 171	Eco-design; Eco-manufacturing
Measures taken to improve energy efficiency and use of renewable energy	2.c-4	EN5/EN6/EN7		pages 169-170	Eco-design
Land use	2.c-3		7 to 9	page 173	
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 175-177	Shrink our environmental footprintT
Adaptation to the consequences of climate change	2.d-2	EN18/EC2	7 to 9	pages 167-177	
Biodiversity protection					
Measures taken to preserve or promote biodiversity	2.e-1	EN11 to EN15/ EN25	7 to 9	pages 174-175	
Products and services					
Initiatives to reduce the environmental impact of products and services; scope of these initiatives		EN26	7 to 9	page 166 and 169-170	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 175-177	Eco-logistics
INFORMATION ON CORPORATE CITIZENSHIP COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT					
Regional, economic and social impact of the company's operations					
With regard to employment and regional development	3.a-1	EC8/EC9		page 154	
On neighboring or local populations	3.a-2	EC1/EC6/SO1/ SO9/SO10		pages 151-153	Good corporate citizen
Relations with individuals or organizations that have a stake in the company's operations					
Conditions for dialog with these individuals or organizations	3.b-1			page 123	
Corporate partnership or philanthropy actions	3.b-2	EC1		page 154	
Contractors and suppliers					
Inclusion of social and environmental criteria in the procurement policy	3.c-1	EC6/HR2/ HR 5 to 7		pages 130-131	Ethics, Responsible purchasing
Extent of sub-contracting and consideration of CSR factors in relations with suppliers and contractors	3.c-2		1 and 2	pages 130-131	Ethics, Responsible purchasing
Fair business practices					
Actions taken to prevent corruption	3.d-1	SO2 to SO4/SO7/ SO8	10	page 132	Respect for ethics
Measures taken to promote consumer health and safety	3.d-2	PR1/PR2		page 156	Respect of consumers
Anti-competitive practices					

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Additional information

Cross-reference table, Grenelle II, GRI and global compact

Indicators	Grenelle 2 - Article 225	GRI 3.1	Global Compact	References	
				Registration Document	Website sustainable development section
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

25 APRIL 2019, AFTER MARKET CLOSING

2019 First-quarter Sales and Financial Data

22 MAY 2019 , AT 2:30 PM

Annual General Meeting

24 JULY 2019, BEFORE TRADING

2019 First-half Results

29 OCTOBER 2019, AFTER MARKET CLOSING

Nine-month 2019 Sales and Financial Data.

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