



AIRBAKE ALL-CLAD ARNO CALOR CLOCK IMUSA KRUPS LAGOSTINA MIRRO MOULINEX PANEX
PENEDO REGAL ROCHEDO ROWENTA SAMURAI SEB SUPOR TEFAL T-FAL UMCO WEAREVER



BEST PRACTICES - 2014

Groupe SEB today is the world leader in Small Household Equipment, with more than 25,000 employees spanning 50 countries.

The Group's growth and success draws on the sound corporate values deeply rooted in our history. The principles of the Global Compact, to which we subscribed in 2003, are in tune with our commitment to responsible corporate values.

I would like to renew my commitment to the 10 principles of the Global Compact and illustrate their application to our actions through these best practice codes.

Thierry de La Tour d'Artaise
Chief Executive Officer of Groupe SEB

COMMUNICATION ON PROGRESS – JULY 2014

HUMAN RIGHTS

Global Compact Principles

Principle 1: businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: ensure no company entity is complicit in any kind of human rights abuses.

Commitments: excerpts from Groupe SEB Code of Ethics

Responsibility extended to our suppliers

“We require all of our suppliers to respect our ethical commitments. These commitments are set out in detail in the Groupe SEB Responsible Purchasing Charter, which is applicable to all suppliers without exception.”

“We check that our suppliers respect our ethical requirements. If we detect any kind of non-conformity, we react immediately in order to remedy the situation.”

Health and safety

“We have set up a health and safety policy aiming to guarantee a healthy and safe working environment for each employee. This policy is applicable in all countries in which we operate. Each and every one of us must enforce this health and safety dimension in the way we work, by respecting instructions and raising the alarm for any potential risk.”

Developments 2013-2014

Self-evaluation with regard to Human Rights

At the very heart of the Group's commitments, respect for Human Rights is the subject of a self-assessment carried out by all sites with more than 10 employees via the HRCA Quick Check¹ or its Chinese equivalent, the CBSSC². **99% of workforce is thus covered by a self-evaluation concerning Human Rights**. The objective is to maintain a high level of vigilance in this area. This evaluation is carried out every two years and the corrective action plans are followed by the Internal Audit Department. The results for 2013 show an improvement, in particular concerning the monitoring of suppliers. A parallel can be drawn between this development and the adoption of a responsible purchasing Charter the previous year which gives joint responsibility to the Group and its suppliers, in particular in the field of Human Rights.

Human Rights and external growth

Since 2011, the Strategy Department uses a **questionnaire** on Corporate Social Responsibility into its preliminary take-over studies, based, in particular, on the HRCA Quick Check.

¹ *Human Rights Compliance Assessment Quick Check*: self-assessment tool with regard to the respect of Human Rights, developed by the Danish Institute for Human Rights

² *China Business and Social Sustainability Check*: equivalent of the HRCA Quick Check adapted to the Chinese context

Responsible purchasing

The Group's responsible purchasing Charter outlines its requirements from its suppliers in relation to Human Rights and ethical, social and environmental principles. It is issued to all buyers and suppliers in the panel, which represent around 80% of its purchases of raw materials, components and finished products. In 2013, **nearly 90% of suppliers who received the responsible purchasing Charter have signed up to its requirements** or been deemed to be compliant thanks to their own existing policies.

In 2013, the Group also strengthened its responsible purchasing policy in several areas. For the pre-assessment of new suppliers, for example, 15% of the social and environmental criteria need to be met by indirect (non-industrial) suppliers. This rises to 25% for direct (industrial) suppliers. If just one of these criteria is rated as unsatisfactory, the supplier will be struck off.

The Group has also substantially stepped up its ethical, social and environmental audits of suppliers, carrying out **145 in 2013** (against 80 in 2012). 103 of these audits were done by the specialist company SGS (i.e. more than 70%). Several of them revealed non-conformities, in particular relating to the non-respect of compulsory time off or excessive working hours. In all these cases, the Group immediately suspended any further consultation with the suppliers concerned, who had to present a plan of corrective measures very quickly. A control audit is then carried out systematically three months later to check that the situation has been resolved before work can resume with the supplier.

Groupe SEB aims to support its suppliers as they improve their social and environmental performance. It organised **two training sessions on this topic in Hong Kong in 2013, involving 33 Chinese suppliers and the buyers responsible for monitoring them**. With the aim of ensuring transparency, it also provides its suppliers with a document explaining its ethical, social and environmental audit policy, as well as the grid used during the audits, to help them make progress.

Social and environmental clauses in invitations to tender

The Group is gradually including more **social and environmental clauses** in its invitations to tender in France. These predominantly concern the professional integration of disadvantaged or disabled people and the reduction of environmental impact.

In 2013, subcontracted work to the protected sector (companies providing work to people with disabilities) totalled **€3.2 million** across all French sites of the Group.

Health / safety measures

As the world leader in its sector, the Group also wants to have a leading position when it comes to health and safety. The OHSAS 18001³ program is progressing within Groupe SEB, with the certification in 2013 of the Imusa sites in Colombia. **91.7% of Groupe SEB industrial and logistics entities are now OHSAS 18001 certified** (excluding Asia Fan and Maharaja Whiteline). The objective is to reach 100% of certification by the end of 2015, excluding Maharaja Whiteline.

The Group's health and safety system was reviewed in 2013 to ensure that industrial, logistics and commercial sites are covered fully and efficiently. **30 Environment, Health and**

³ OHSAS 18001: « *Occupational Health and Safety Assessment Series* »: British standard related to Health and Safety

Safety coordinators have been appointed worldwide. In France, they have already started specific training courses.

Safety

Groupe SEB has rolled out an enhanced safety approach since 2008 to prevent accidents at work on its sites. **In five years, the lost time injuries rate fell from 6.34 to 3.63.** With a view to achieving top-rate safety levels and create a true culture of safety within its teams, the Group subsequently laid the foundation for a more safety conscious corporate culture, worldwide, by launching the “Safety in SEB” programme in 2012. This programme is led by a Strategic Health & Safety Committee with three members from the Executive Committee and an international Operational Committee. The Strategic Committee sets health and safety policy and direction for the Group and defines priorities. The Operational Committee identifies the necessary actions and standards to implement the Strategic Committee’s decisions. These Committees meet alternately each quarter.

The safety approach is backed by the highest levels of management, as shown by the letter sent by Thierry de La Tour d’Artaise to all employees on this issue in 2013. The CEO has also made a video presenting the Group’s safety policy, which has been translated into **eight languages** and disseminated widely among the teams, with the support of local management.

On the ground, the roll-out of best practices continues with a view to it becoming standard for the Group. This was the case with the Behaviour-Based Safety Visit, adopted by Colombia in 2013. Each plant and logistics site also implemented **five “unbreakable rules”** to address major risks, no deviation from which will be tolerated. In addition, the **Flash Safety Vigilance** information tool, introduced at end-2011 in France, was extended to all sites worldwide in 2013, including tertiary. Every accident that has a direct relation to work and results in a loss of work time is reported to the whole community of site managers and EHS coordinators in Groupe SEB to strengthen preventive measures.

Health

The Health Plan, launched in 2009, has become a major strand of Groupe SEB’s employee policy as tool for preventing risks due to the lack or limitation of abilities on the part of employees. It focuses on preventing workplace accidents, particularly Musculoskeletal Disorders (MSDs) to the upper body and back pain. The aim is to prevent them from appearing and slow their deterioration. This is a major issue for the plants, particularly in Europe, exacerbated by the ageing of the workforce and extensions to the pension age.

In France, every industrial and logistics site has set up a Steering Committee for Musculoskeletal Disorders and trained several contacts who will ensure risks will be taken into account upstream, at the product design stage, and downstream, by amending workstations where appropriate. Ergonomic improvements to workstations, training and staff rotation, warm-up and cooldown exercises, as well as quick response whenever an employee indicates discomfort while working have helped reduce, since 2010, the number of MSDs reported. The approach is gradually being rolled out internationally, in ways suited to local issues.

LABOR STANDARDS

Principles of the Global Compact

Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor;

Principle 6: the elimination of discrimination in respect of employment and occupation.

Commitments: excerpts from Groupe SEB Code of Ethics

Social dialogue

"We respect freedom of association all over the world and we encourage social dialogue within our subsidiaries, at both an individual and a group level. Going beyond the procedures that are already in place, dialogue is part of our managerial values and we put it into practice as widely as possible."

Working conditions

"We reject any form of illegal employment or working conditions. (...) We forbid all forms of forced or compulsory labor within the Group or its subsidiaries, and any form of undeclared work. (...) We prohibit the use of child labor."

Equity and diversity

"We are committed to treating our employees equally and to providing them with equal opportunities. Only their professional ability shall be taken into account when it comes to their recruitment, remuneration and development within the Group."

"We believe that diversity is an important resource for the company. We encourage initiatives that may help increase the diversity of our teams in many different ways - male/female equality, mixing of ethnic and social origins, places allocated to young as well as senior people, integration of disabled people."

Developments 2013-2014

Collective agreements

Backed by a long tradition of social dialogue, recently reaffirmed by the Code of Ethics, Groupe SEB signed **135 new collective agreements worldwide** in 2013. These included two major agreements in France.

One of these involves implementing concrete measures to keep people with disabilities in employment or to recruit people with disabilities. For disabled people nearing the end of their careers, the agreement provides for the option of reducing working hours by **20%** and keeping the same pay (with a medical prescription). A proactive communication campaign will also allow to change employees' views towards disability: Sessions to raise awareness of visible and invisible disabilities, an information booklet, a guide to the available assistance etc.

The second agreement concerns inter-generational contracts. This is part of the Group's longterm GPEC (forward planning careers and skills management) policy and it incorporates the agreement on employment for Seniors finalised in 2009. Each French company has set ambitious targets to converge with those of the Group. **Between 445 and 465 new hirings are planned by 2016, including 25% young people rising to 33% when replacing retirements at industrial sites.** To encourage the long-term integration of young people, in particular those without qualifications, the Group is going to set up a training and support programme, based in particular on a sponsorship system. The agreement also reasserts the company's commitment to work placement training and provides for a mentoring system to ensure that skills are passed on.

At end-2013, almost **90% of Groupe SEB's staff is covered by a collective agreement**. In countries where the Group has industrial facilities, this percentage stands at **97%**.

Non-discrimination and diversity

A signatory of the Diversity Charter in France since 2005, Groupe SEB endeavours to foster its teams' diversity in all aspects: the cultural diversity that is a natural result of the Group's international character, equality between men and women, places allocated to older people, a mix between different ethnic and social backgrounds etc.

In France, the Group is working on the latter with specialist consultancy firms such as Mozaïk RH and the equal opportunities network "Nos Quartiers ont des Talents". It also encourages its temporary work agencies to take the diversity dimension into account. To combat any potential form of discrimination, advice and mediation committees offering equal representation have been set up in the Group, in particular the Diversity Council in France. Groupe SEB also wrote, in partnership with the **LICRA**⁴, a "Guide to managing religious practices" for use by its managers.

Gender equality

The Group is committed to ensuring equal opportunities for all of its employees. Only their professional ability shall be taken into account when it comes to their recruitment, remuneration and development within the Group. Gender equality progressed still further in 2013: **35.5% of management positions were occupied by women**, compared with only 25% in 2005. This trend is linked with women's increasing interest in management experience and mobility, in particular moving abroad, and with Groupe SEB's non-discriminatory policy. More and more women are occupying management positions outside their home countries – a third of the "expatriations" in 2012/2013 involved women. A good example of this international mobility is the appointment in 2013 of two women to head up the new subsidiaries in Egypt and South Africa.

Training programmes in technical skills are also provided in French factories. Specifically intended for women who want to move on to industrial positions, they enhance women's access to jobs that have traditionally been carried out by men. In Saint Jean-de-Bourney and Pont-Evêque (France), **85% of the operators of automated equipment are women**.

In terms of remuneration policy, specific budgets have been negotiated to ensure equal pay between men and women.

⁴ LICRA: International League Against Racism and Anti-Semitism

Training and employability

Excluding Supor, almost 68% of Group employees benefited from at least one training session in 2013. Since training fuels the development of skills and professional advancement, Groupe SEB aims to help employees at all levels benefit from it. Since 2008, more than **1,330 of the least qualified employees in France have benefited from training, with the aim of improving their employability.** Once they have taken refresher courses in writing, reading and IT skills, they can then undertake training resulting in qualifications and certificates. Groupe SEB also encourages its non-graduate employees to commit to projects for validating experienced gained, either on an individual or group level. The Group is also working on developing employability in local jobs pools for jobs that go beyond its direct workforce.

ENVIRONMENT

Principles of the Global Compact

Principle 7: businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Commitment: excerpt from Groupe SEB Code of Ethics

“We ensure that respect for the environment is an important consideration throughout the entire lifecycle of our products. We also make it a part of our everyday business by aiming to reduce our water, energy and paper consumption and we support all those initiatives that help to preserve the environment across all our areas of activity.”

Developments 2013-2014

4 environmental commitments to meet by 2020

In 2013 the Group set four ambitious targets to be met by 2020:

- 20% less energy consumption by electrical goods;
- 20% less energy consumption by production plants;
- at least 20% recycled materials in new products;
- 20% less greenhouse gas emissions from transporting products (per unit transported).

Eco-design: a guide for action

In 2013, Groupe SEB has developed a new internal eco-design guide in order to replace the previous one which was around ten years old. Indeed, the Group has made a lot of progress in that time with its approach to eco-design, which aims to reduce the environmental impact of our products. It has therefore decided to carry out an in-depth revision of its eco-design guidelines to incorporate all stages of the product's lifecycle and their packaging, from extraction of raw materials, through manufacturing, transport, use to end-of-life. This new guide is more comprehensive and more operational and is **structured around the Group's 7 eco-design priorities**: energy efficiency, recyclability, repairability, use of recycled materials and/or biobased polymers, reduction of the number of unpopular substances and of carbon footprint during transport.

For each eco-design priority, the guide sets out the Group's ambitions and defines various performance levels based on measurable criteria (minimum, normal, good, excellent). Integrated into the product design process, this guide will be a key tool in meeting the 2020 environmental targets.

Energy efficiency

Energy efficiency, one of the main priorities when it comes to eco-design, has been a key focus for the Innovation teams for several years now. Thanks to this work, which was intensified in 2013, the Group has managed to anticipate developments in European regulations on the energy consumption of vacuum cleaners – from 1 September 2014, their power will be limited to 1,600 watts and they will all have to feature the kind of energy

labelling seen on large household appliances. The Group has been selling high-performance vacuum cleaners requiring less than 1,100 watts (Silence Force Extreme) since 2011, a range which was expanded in 2012 and 2013. In March 2014, Groupe SEB launched Ergo Force Cyclonic, a vacuum cleaner **using only 700 watts**, without any compromise on the suction power, equivalent to 2,100 watts.

Repair to make things last

To extend the service life of its products, Groupe SEB has been committed to a policy of reparability since 2008 and is a pioneering figure in this respect. In 2013, **68% of the total number of products sold by the Group were fully repairable and 94% were partially repairable**. The inclusion of the reparability objective in the new eco-design guide, adopted in 2013, has given this approach further impetus. For products under guarantee, the Group encourages consumers to go for repair rather than exchange by directing them to the approved repair centres in its network (**more than 6,500 worldwide of which 2,800 in China**). In fact, the rate of products repaired by approved centres is increasing, **exceeding 79% in Western Europe in 2013**.

In order to support the repair of products outside their guarantee period, the Group ensures that some **36,000 different spare parts remain available to repair centres for an average of seven to ten years** and at the lowest possible price. In addition, consumers from many countries can order accessories, consumables and various parts from the www.accessories.home-and-cook.com website. In several markets (USA, Turkey, Germany, France etc.), the Group is also looking at ways of helping consumers who want to repair their products themselves.

Eco-production and ISO 14001 certification⁵

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

The ISO 14001 program is progressing within Groupe SEB, with the certification in 2013 of the subsidiary Imusa in Colombia. **94.4% of Groupe SEB industrial and logistics entities are now ISO 14001 certified** in accordance with Groupe SEB standards (excluding Asia Fan in Vietnam and Maharaja Whiteline in India). Acquired entities are also committed to this approach. The objective is to reach 100% of certification by the end of 2015, excluding Maharaja Whiteline.

Finally, in a logic of sharing best practices, French industrial and logistics entities transmit to the headquarters since 2012, their environmental initiatives which are then communicated to all sites. This approach will be extended internationally in 2014. These projects will be helpful in achieving the goal of 20% less energy consumption for production sites by 2020.

Eco-logistics

In order to limit the environmental impacts of transport associated with the manufacture and sale of its products, Groupe SEB launched in 2009 its first audit of greenhouse gas (GHG) emissions from transport logistics, making it possible to calculate the carbon footprint of an

⁵ ISO 14001: Environmental management standard

individual product. The carbon footprint from a product includes all greenhouse gases emitted during its transport, and transport of its components and raw materials.

The transport flows consist of:

- transport of components and raw materials between tier 1 suppliers and the manufacturing site if this belongs to Groupe SEB;
- transport of finished products between tier 1 suppliers and warehouses of Groupe SEB subsidiaries;
- transport of the finished product between its manufacturing site and the subsidiary's warehouse;
- distribution from the subsidiary's warehouse to the clients delivery address.

All modes of transport are included: road, rail, sea, waterways and air.

Each year, a new audit is carried out. The new methodology used in 2013 led to a significant increase of the greenhouse gas (GHG) emission linked with transport (**+16.7% vs. 2012**).

To improve the carbon footprint of its logistics activities, Groupe SEB is focusing on increasing the loading rate of transport units (lorries or containers) and developing new modes of low-impact transport as alternatives to road transport (water transport, rail, etc.). In France, for instance, 90% of logistics flows between the port of Fos and the Lyon region went by waterway in 2013.

The optimisation of packaging size is another major way to increase loading rates. The EffyPACK project (PACKaging System for Supply Chain EFFiciency) seeks to incorporate logistics constraints (pallet and transport mode optimisation) from stage one of the product and packaging development process. This should improve loading rates for transport units and help reduce CO₂ emissions. It is not just the product that determines the size of packaging but the loading rate of the transport method used. EffyPACK was rolled out at 11 sites, the Group's biggest, in France, China and Brazil. Products manufactured or sourced and managed by these sites account for 80% of Groupe SEB's sales.

Palletisation software, currently being introduced, should help optimise packaging and allow immediate visualisation of the loading ratio and number of products by container based on the dimensions selected.

The aim is to cut GHG emissions from product transport (per product transported) by 20% by 2020.

Chemical substance traceability

Groupe SEB requires all its suppliers to contractually undertake to avoid the use of any substance forbidden by the regulations of countries in which products are sold. This commitment covers RoHS⁶ / REACH⁷ European directives and involves targeted analysis. In the face of increasingly complex regulations and a rising number of concerned substances, Groupe SEB decided to employ the services of **cabinet EcoMundo's**, to ensure substance management and traceability. Specialized in regulatory compliance linked with chemical substances, EcoMundo provides suppliers concerned with a dedicated internet portal via which they can enter the required information. This specialist organisation manages the conformance of almost 1,000 suppliers concerned.

⁶ RoHS: "Restriction Of Hazardous Substances" European Directive limiting the use of certain hazardous substances in electric and electronic equipment

⁷ REACH: "Registration, Evaluation, Authorization and restriction of Chemical substances", European Regulation relating to chemical substance management

Towards responsible eco-management of computer equipment

Respect for the environment is also reflected in the daily running of the Group, for example in its responsible printing policy. Launched in France in 2008, it was introduced to other European countries in 2013, with **more than 500 old printers being replaced by 193 multi-functional shared machines**. Further progress made in 2013 included the worldwide roll-out of Lync instant messaging software, which was a huge success within the Group and had a noticeable effect on reducing travel. Finally, the virtualisation of IT servers enables an **annual energy savings of 125,000€**

End-of-life of products

In Europe, the collection and processing of small domestic appliances are managed by eco-organisations. In France, Groupe SEB played a leading role in 2006 **in creating Eco-Systèmes**, a government authorised eco-organization which handles almost $\frac{3}{4}$ of the electrical and electronic waste in France, including small domestic appliance waste. Groupe SEB has chaired the agency since it began and has a second representative on the board of directors. In other European countries, Groupe SEB is a member of various eco-organizations such as Ecoped in Italy, Repic in the UK, ElektroEko in Poland, etc. Each year, he spends **more than €8 million in fees** for managing the end of product life.

But if small domestic appliances at the end of their lifecycle are collected and processed by eco-organisations, saucepans and casseroles do not yet have a specific process dedicated to them. In 2012, Groupe SEB carried out its first operation in France for recovering cookware alongside Eco-systèmes and E.Leclerc stores. The experiment was extended in 2013 to include Cora and Boulanger shops. **More than 120 tonnes were collected and recycled by Tefal since 2012**. Other countries have carried out similar campaigns, including Colombia.

In Thailand, a similar initiative was organised in 2013 but the products collected were returned to a local charity making prosthetic limbs. Most of these are aluminium and cookware collected can be turned into artificial legs.

COMBATING CORRUPTION

Principle of Global Compact

Principle 10: businesses should work against corruption in all its forms, including extortion and bribery

Commitment: excerpt from Groupe SEB Code of Ethics

“We are strongly against any kind of corruption in our relationships with our commercial and institutional partners and with the government. No financial reward or benefits in kind may be given with a view to gaining an advantage or received in return for preferential treatment of a company or a person.”

Developments 2013-2014

This commitment to fight against corruption is formalized in the Groupe SEB Code of Ethics and in the responsible Purchasing Charter. All employees of the Group were made aware of this issue during the sessions of deployment and training of the Code of Ethics.

In January 2014, members of the Human Resources Direction Committee were also trained to the fight against corruption by Transparency International.

Countries/Zones: France, World

Key words: Code of Ethics, responsible Purchasing, Human Rights, health and safety, social dialogue, non-discrimination, diversity, eco-design, eco-production, eco-logistics, green IT, repairability, recycling, fight against corruption

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