



BEST PRACTICES - 2017

Today, Groupe SEB is the world leader in Small Household Equipment, with more than 32,000 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

GROUPE SEB ■

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COMMUNICATION ON PROGRESS – JULY 2017

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 2016

Human rights

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

In 2015, Groupe SEB decided to take 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 ⁽¹⁾, using the same specialist consulting firm (Intertek – see below).

The audits (conducted once every two 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 Organization

(1) Risky areas as defined by the firm Maplecroft in the Human Rights Risk Index.

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 2016, when this system was applied for the first time, 5 sites were audited in Colombia, China (SSEAC) and Vietnam. 3 sites in 5 were given a total compliance score of more than 85%, and no "zero tolerance" non-compliances were identified. The main areas of non-compliance relate to working hours and safety measures. Action plans have been produced for all of them. The two Colombian sites (Cajica and Rionegro) were given the Achievement Award (AA) label granted by Intertek, with a compliance score of more than 90% and no major non-compliances. 10 audits are planned for 2017 at industrial and logistics sites in Russia, India, China and Vietnam.

REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2016, p.101

Responsible purchasing

With more than 18,000 suppliers worldwide, 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. Since 2012, this policy has been bolstered by numerous projects:

- **Responsible Purchasing Charter**, in conjunction with the Group's Code of Ethics, available in French, English, Spanish and Chinese. Sent to listed suppliers ⁽²⁾, it explains what the Group requires from its suppliers in relation to Human Rights and its ethical, social and environmental principles. This Charter is sent to all of the Group's listed suppliers (including Supor) and around 90% have signed on to its requirements or have been deemed to be compliant thanks to their own existing policies;
- **Social and environmental criteria in the preliminary evaluation of new suppliers.** CSR criteria account for 25% of the score given to new suppliers of raw materials/components and finished products. Moreover, since 2013, if just one of the major social or environmental criteria is rated unsatisfactory, the supplier will be discarded. For the environmental aspect, these criteria primarily include the following factors: ISO 14001 certification, visible pollution (water, ground and air), and use of hazardous products. For the social aspects, the main criteria are: existence of a formal ethical/social policy or the signature of Groupe SEB's Responsible Purchasing Charter, working conditions, observance of employment law (age, working hours, etc.) and of safety rules. To evaluate new indirect (non-production) suppliers, the CSR criteria account for between 5% and 15% of the score, depending on the purchasing category;
- **Ethical, social and environmental audits.** These audits are conducted by the consulting firm Intertek. A global audit management tool ensures immediate and specific listed supplier monitoring and also makes it possible to compare the results obtained by the Group's suppliers with those of companies listed in the Intertek database (more than 30,000 audits). The procedure is very formal. During an initial in-depth audit (involving one to three days on site, depending on the size of the company), the auditor reviews nearly 300 checkpoints taken from the WCA (Workplace Condition Assessment) audit criteria. Each checkpoint is

⁽²⁾ Groupe SEB's listed suppliers comprise a selection of 475 direct suppliers (of materials and components), 53 finished product suppliers and 936 indirect suppliers (non-production). Listed suppliers account for over 85% of the Group's purchases in the raw materials/components and finished products categories. These preferred suppliers are considered to be particularly effective, based on criteria of quality, cost and corporate social responsibility.

assessed according to a four-level scale of compliance ranging from “zero tolerance” (forced labor, blocked emergency exits) to minor non-compliances, with moderate and major non-compliances (no pay slip, faulty electrical installation, etc.) in between. The final score, calculated out of 100, is ranked according to four performance levels: high performance (85 to 100), average (71 to 84), poor (51 to 70) and very poor (0 to 50). The audit report is sent to the Group’s Purchasing department. A single “zero tolerance” non-compliance (e.g. failure to comply with the legal working age) triggers the following actions: a letter from the Group’s Purchasing Director requiring the implementation of a corrective action plan within two weeks, immediate suspension of any new consultations and a follow-up audit (by Intertek) one month later to check that the issue has been resolved. If not, the Group ends the collaboration. With scores of less than 50, the Regional Head of Purchasing sends a formal letter warning the company to correct the breach and checks that the situation has been rectified through a follow-up audit three to five months later, depending on the non-compliances involved.

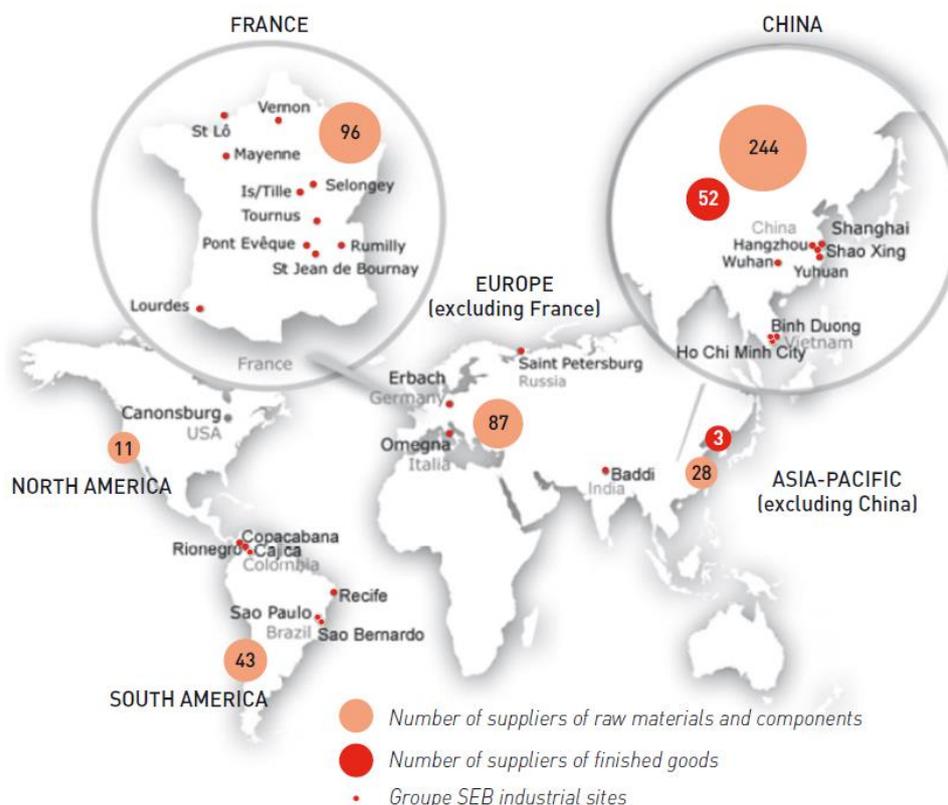
Every year the Group audits about a quarter of its listed suppliers of raw materials/components and finished products in terms of their compliance with its ethical, social and environmental requirements. Suppliers with a score of more than 70/100 are audited every four years, and the others once a year or every two years, depending on the volume of activity carried out with the Group. In 2016, it completed 153 initial audits (134 in 2015) of suppliers in Asia, South America, Europe and Turkey. Seven suppliers presented “zero tolerance” non-compliances. All seven cases involved blocked emergency exits. 15 other suppliers had a score of less than 50, primarily due to non-compliances relating to wages and working hours. These companies all took corrective actions, in accordance with the procedure set out by the Group. In May 2016, an industrial mold supplier (in China) that refused to undergo this audit procedure was removed from the list of suppliers and the Group stopped any new developments with this company. A total of 57 follow-up audits were carried out in 2016. 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 2016, 22 Group suppliers received the AA label (seven in 2015). The Group also recognized five suppliers as being “compliant” with the Group’s audit policy upon the presentation of the results of their BSCI⁽³⁾ (Business Social Compliance Initiative) audits, which were added to the Intertek database. As the BSCI audit program was already in place in companies newly acquired by Groupe SEB (OBH Nordica in 2015 and EMSA in 2016), the Group decided at the end of 2016 to sign up to the BSCI to more effectively monitor the integration of these audits. The Group’s approach is still focused on WCA, however.

- **Ethical, Social and Environmental Audit Charter.** For the sake of transparency, this document is sent to suppliers, along with the points on which they will be rated during audits. To help suppliers make progress in social and environmental matters, the Group organizes training sessions for their benefit on this topic. In 2016, the representatives of 83 Asian suppliers (including 77 Chinese companies) attended five sessions, along with the Group buyers responsible for monitoring them.
- **Internal global network of Social Audit Leaders.** Twelve Purchasing Directors, from Asia (5), South America (4) and Europe (3) make up the network of Social Audit Leaders. 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.

⁽³⁾ Business Social Compliance Initiative (2003).

- Mapping of CSR issues by purchasing family and pilot projects.** 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, in 2014 it 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 2016, subcontracted work to the disability and social integration sector totaled more than €3.8 million, equal to 146 Full-Time Equivalent (FTE) jobs, across all of the Group’s French sites. Another example of the action taken, this time in the environmental arena, is at the industrial site in Pont-Evêque (France), where suppliers of the polystyrene blocks that protect products inside packaging are recovering broken or damaged blocks for recycling. These waste products are reintroduced into the block manufacturing process.
- Raising the Purchasing community’s awareness of sustainable development.** The Purchasing teams total 230 people worldwide. To galvanize this community, the Purchasing department uses hour-long Web Forums, organized on a monthly basis on specific topics, including those relating to sustainable development.

MAPPING OF LISTED SUPPLIERS OF RAW MATERIALS/COMPONENTS AND FINISHED PRODUCTS AS OF 31/12/2016



N.B: Listed suppliers represent 528 suppliers of finished goods and raw materials/components, the difference with the sum of suppliers mentioned above (564) is explained by suppliers present in several regions. Also note that sourced finished products account for 29% of Groupe SEB sales.

*REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2016, p.100-103***Health and safety**

For several years, Groupe SEB has taken steps to reduce the number of workplace accidents and limit the number of work-related illnesses (and particularly musculoskeletal disorders (MSDs) in France).

The health and safety policy is steered by the Quality department, with two people dedicated to it full-time. It is based on a global network of 29 Environment, Health and Safety (EHS) Coordinators, who cover all of the industrial and logistics sites. Note that, in 2015, the subsidiary Supor introduced the role of Environment, Health and Safety (EHS) Coordinator, who supervises the EHS Coordinators' activities on the various sites in China and Vietnam. Since the end of 2015, quarterly video conferences have been held involving the whole network, during which much time is devoted to exchanges of good practices between sites. They also allow coordinators to get to know each other better, and make it easier for new arrivals to integrate. Tertiary sites have EHS advisors. The Group has also undertaken the certification of its health and safety management system (OHSAS 18001), with nearly 92% of industrial and logistical entities certified at the end of 2016.

- Safety

Groupe SEB gave new impetus to its safety efforts in 2012 when it launched the global "Safety in SEB" program. This program 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.

In 2016, the Group continued to roll out its safety standards worldwide. These procedures formalize the Group's minimum requirements, above and beyond compliance with national and international regulations. These standards are incorporated into safety management procedures and are written in English, French and Chinese. They apply to all teams worldwide. Some standards concern safety organization and management, while others target the prevention of specific risks (falls from a height, machine protection etc.). Internal audits are conducted to ensure their application. At the end of 2016, 17 standards were operational. Two of the new standards rolled out in 2016 are particularly important: forklift safety measures and safety procedures prior to working on machines or equipment.

Being aware that over 80% of accidents could be avoided by a change of behavior, the Group included tools such as behavior based safety visit (VCS) in these standards. The aim of these inspections is to eliminate dangerous practices and conditions on the basis of dialogue between "inspected" employees and their line managers. Every industrial or logistics site employee is inspected twice a year on average for risky sectors. Training in how to conduct VCS continued in 2016 (in Italy, Russia, China, and so on). In China, the Supor sites have taken considerable measures to reinforce the safety culture: they performed more than 2,600 VCSs in 2016. Another good practice which has become a Group standard is the Safety Pyramid. This aims to detect future events likely to result in accidents so that these can be prevented. When faced with a potentially hazardous situation or a "near miss", the individual is therefore supposed to take immediate action to prevent the risk and to report it so that corrective measures can be taken. The number of VCSs and the number of reports in connection with the Safety Pyramid are used by the Group as safety policy management indicators.

Since 2013, every workplace accident has been reported to all site managers and to Groupe SEB's safety community to strengthen preventive measures (Safety Vigilance Flash system). Each industrial and logistics site has also defined 5 "unbreakable rules" to address major risks, no deviation from which will be tolerated. These supplement the six universal

“golden rules” that are designed to ensure that everyone within the Group contributes to the safety of all. These golden rules, illustrated notably in the form of a cartoon, were translated into Hindi in 2016 (they are now available in 10 languages).

In 2016, the Group strengthened the safety culture in its tertiary and commercial entities (offices and shops). The golden rules were systematically communicated and some sites have already introduced their unbreakable rules. These entities are also now part of the Safety Vigilance Flash system.

- **Health**

The Groupe SEB Health Plan, implemented mainly in France since 2009, is focused on fighting musculoskeletal disorders (MSDs) in 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 industrial sites, particularly in Europe, exacerbated by the aging of the workforce and extensions to the pension age. The Group’s response involves awareness raising and training measures, taking MSD prevention into account from the design phase forward and carrying out specific measures on the sites.

Every French industrial and logistics site has a Steering Committee for Musculoskeletal Disorders and one or more MSD Specialists who ensure that risks are taken into account upstream, at the product design stage, and downstream, by amending workstations where appropriate. Ergonomic improvements to workstations, training and staff rotations, warm-up and cool-down exercises, as well as a quick response whenever an employee indicates discomfort while working have helped reduce, since 2010, the number of MSDs reported.

In 2015, the Groupe SEB University and the Industry department launched a training program, primarily aimed at the Methods teams, several modules of which are devoted to the prevention of MSDs (School of Methods).

In 2016, Groupe SEB laid the groundwork for an international health plan (Health in SEB). An analysis was performed on all the industrial and logistics sites to identify the main health risks (dust, noise, repetitive work, etc.). This inventory will be used as a basis for the creation of Group standards and to define health targets, accompanied by monitoring indicators.

- **OHSAS 18001 certification**

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 2016, 92% of the Group’s industrial and logistics entities had this workplace health and safety certification.

Action plans have been launched to bring this figure to 100% by the end of 2017.

REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2016, p.111 - 114

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 all illegal forms of work and employment conditions. (...) We prohibit any form of forced or compulsory labour within the Group and all its subsidiaries and we are committed to fighting against concealed (nondeclared) work. (...) We do not allow child labour."

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 2016

Social Dialogue

Groupe SEB is committed to respecting freedom of association everywhere in the world and encourages employee-management dialogue at its subsidiaries, on both an individual and collective basis. It also works to create employee representation bodies in all the countries in which it operates. This commitment was reaffirmed in the Group's Code of Ethics.

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

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

- **Collective agreements**

A total of 133 collective agreements were signed in 2016. 30.8% of these agreements related to remuneration (41), over 19.5% to health and safety (26), 10.5% to diversity (14) and 9% to employee-management dialogue (12). In France, the Group signed several agreements in 2016 covering: quality of life at work, inter-generational contracts, health insurance and supplementary retirement plans.

At the end of 2016, almost 89% of Groupe SEB's workforce was covered by a collective agreement signed in the course of the year. In countries where the Group has industrial sites, this percentage stands at 97%.

Diversity

Because diversity is a source of vitality, creativity and innovation, the Group promotes it in all its aspects: gender equality, ethno-social diversity, age-group balance, inclusion of people with disabilities, etc. Groupe SEB has a non-discrimination policy to ensure that all employees are treated equally as regards their recruitment, pay and career development within the Group, in accordance with our Code of Ethics.

In France, 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. The Diversity Monitoring Committee, which was created in 2011, actively supported the implementation of the Diversity action plan. As diversity is now monitored by specific committees covering signed collective agreements on this issue, this committee ceased to operate in 2016. It has been replaced by an "Equality and Diversity" discussion and action group, which is more forward-looking, and whose participants are employees, Human Resources managers and employee representatives. It met for the first time in December to consider religion in a corporate environment, three years after the Group published its first in-house guide on the subject (which was updated in 2015). With the support of a specialized consulting firm, the working group produced an analysis grid, which complements the guidelines and takes a very practical approach, to help managers, including HR Managers, to deal with the various possible scenarios. To promote diversity and combat the risk of discrimination, each site in France has a local Diversity Committee. All the local committees have been trained in diversity indicators and measurement by the specialized body ISM Corum. The Group has also set up (in 2011) a Diversity Council incorporating the LICRA ⁽⁴⁾. This body provides mediation services and recourse to employees regarding any type of diversity or discrimination related issues that are not successfully resolved by local bodies within the Group. It hasn't yet needed to meet.

Gender equality

Nondiscrimination and diversity promotion policy carried out by Groupe SEB. In France, it is the subject of a collective agreement (renewed at the end of 2015). It requires that each of the Group's French subsidiaries compile an action plan with a set of indicators for monitoring remuneration, promotion/classification and training. It is reported on in a comparative annual report. 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 March 2016, the Group took another step forward by organizing a Forum on gender equality in the workplace, attended by the Group's Chairman and CEO and the Senior Executive Vicepresident, Human Resources. The forum's participants consisted of 150 employees, from all the French sites, 1/3 of whom were men. It resulted in proposals, some of which have already been implemented. For example, it was suggested during the Forum that, to make it easier for women to rise to senior management positions, there should be at least one woman in the short list of applicants for key posts. This measure has been applied by the Human Resources department since September 2016. The proposed implementation of a mentoring program has also been tested in France since February 2017.

Thanks to this program, which is available for both women and men, experienced managers support and advise talented young people for one year to help them successfully develop their career within the Group. The initial pairings obey a strict gender parity rule with regard to both mentors and mentees. Other ideas were taken up in the agreement on quality of life at work signed in June, such as telecommuting and the introduction of measures for an improved worklife balance.

In addition, to make it easier for women to move into technical jobs, traditionally held by men, specific training (awarding academic credits) has been offered to women in some French plants since 2011. In 2016, this initiative was extended to all French industrial sites, which are obliged to introduce these types of training course, the aim being offers of higher grade jobs. Production operators can in this way become line supervisors, machinists or welders. The Group is also a partner in the digital platform Egalités.fr, which promotes gender equality. Under the heading "The gender of my job", it includes the profiles of several women within the Group with jobs that have been traditionally considered to be masculine roles.

The balance between men and women is also improving in management at a global level: in 2016, 37% of managers were women (27% in 2006) and 47% of new hires in this category.

⁽⁴⁾ International League against Racism and Antisemitism.

They also represented 1/3 of expatriate managers and 50% of the population of “young talents”. In some countries, the position of women has led the government to enact laws against sexual harassment in the workplace. This is particularly the case in India (law of 2013). GS India has committed, at its level, to preventing such conduct: in 2016 the subsidiary organized awareness-raising sessions for all of its employees and set up a sexual harassment committee tasked notably with handling complaints.

A fair remuneration

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

REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2016, p.108-114

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 2016

From a product’s design to its end of life, the Group takes measures to limit its environmental footprint (eco-design, eco-manufacturing, eco-logistics, recycling etc.). It does so by means of its product eco-design guide and ISO 14001 international certification. In the factories, offices, laboratories or warehouses all employees and contractors of the Group 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.

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** (base year: 2013).
Progress at the end of 2016: the Group has identified the product families with the greatest impact in terms of energy consumption, and defined methods for the precise measurement of this consumption. It is targeting its efforts on these families;
- **20% less energy consumption by the production sites** (base year: 2010).
Progress at the end of 2016: 13% reduction at constant scope ⁽⁵⁾;
- **at least 20% recycled materials in new products.**
Progress at the end of 2016: 37% for the products manufactured by the Group;
- **20% fewer greenhouse gas emissions from product transport** (per sold product) (base year: 2013).
Progress at the end of 2016: 24% reduction.

Eco-design of products

Groupe SEB's policy of eco-design of products aims to reduce the environmental footprint of the Group's products throughout their life cycle. To make progress in this area, it employs an eco-design guide, completely revised in 2013. The new guide clearly incorporates all stages of the life cycle of products and their packaging (extraction of raw materials, manufacturing, transport, use, end of life). It is structured around the Group's eco-design priorities: energy efficiency, recyclability, repairability, use of recycled materials and bio-sourced polymers, reduction of carbon footprint during transport, replacement of unpopular substances, etc. For each eco-design priority, the guide states the Group's ambitions and defines performance levels based on measurable criteria. Eco-design is embedded within the product design process and allows project teams to select the appropriate performance level for each new product based on the specifications.

This guide is a key tool in meeting the 2020 environmental targets. It has been distributed to the Group's entire innovation community, i.e. the marketing, R&D, design, purchasing, quality and legal teams. Its introduction was underpinned by a major training initiative which, in 2014/2015, took the form of 36 training sessions in France, China and South America, and additional training is regularly organized for the development teams, especially in the measurement of the environmental performance of products.

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. 5 have already been disseminated with the support of an e-learning module (in French and English) and are available on the intranet.

To date, Groupe SEB has also carried out life cycle studies on 95% of its product families. These significant studies ⁽⁶⁾, which measure the various impacts of products on the environment, make it possible to orient our research so as to reduce their ecological footprint.

⁽⁵⁾ Covers all the industrial and logistics sites within the 2010 sustainable development reporting scope.

⁽⁶⁾ Life cycle studies conducted on the models that are most representative 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 of small electrical appliances ⁽⁷⁾, $\frac{3}{4}$ of the energy impact comes from their energy consumption during the use phase, which far outstrips the figure for the manufacturing phase. Groupe SEB is taking many measures to reduce this consumption and making significant progress. Vacuum cleaners are a good example. In less than three years, the Group's R&D teams have succeeded in reducing the energy consumption of cylinder vacuum cleaners almost three-fold, with no trade-off in terms of cleaning power. As of 2015, all the new Rowenta models have had a power rating of 750 to 900 watts, which is well below the European regulatory threshold of 1,600 watts. The improvement continued in 2016, with a power rating for new cylinder vacuum cleaners of less than 800 watts, again below the new European threshold of 900 watts, scheduled for September 2017. All the ranges launched in 2016 are 60% to 70% more energy efficient than the 2014 ranges. To achieve this level of performance, the Group developed low input/high output motors, designed more effective suction nozzles and improved all the air flows to reduce charge losses.

In terms of energy consumption on stand-by, all the Group's products are below the thresholds set by the European regulations, applicable since September 2013 (0.5 W on stand-by without display and 1 W with display). This indicator is therefore no longer an issue for the Group and is no longer included in reporting.

- **Recyclability**

All of the Group's products are evaluated in terms of their potential recyclability, using a harmonized approach, which was set out in 2016. To increase the rate of recyclability, the Group gives preference to materials that can be recycled (metallic components, certain plastics like polypropylene) and seeks to reduce the number of different materials used in its products to facilitate sorting. It also provides for quick and easy disassembly of its appliances. The average potential recyclability for new product families designed in 2016 reached around 80%. As for cookware, the materials of these items are about 80% recyclable, essentially comprising metals (aluminum and steel).

- **Use of recycled materials**

Groupe SEB is using more and more recycled materials in its products. For instance, since 2009, Tefal's Enjoy spatulas have been made of 95% recycled PET plastic, and its Natura cookware range has been made of 100% recycled aluminum. In 2014, the Group intensified its work on incorporating recycled plastics into its products, spurred on by the Purchasing, Quality, Standards and Environment and Research departments: collaboration with recyclers to improve the quality of plastics, verification of their compliance with regulations, performing injection and prototype testing, launch of pre-production runs, etc. It notably set up a circular economy loop for small electrical appliances with Veolia and Éco-Systèmes in France. This cooperation resulted, in 2015, in the sale of a steam generator whose shell is made of polypropylene recycled from electrical and electronic devices, which is a first for the Group. Compared with virgin plastic, the recycled plastic used to manufacture this product reduces the impact on global warming by nearly 70%. A raclette grill with a base that also contains recycled polypropylene was launched in 2016. In total, around a dozen new products containing recycled polypropylene or ABS were under development for launches in 2017/2018. Aside from its partnership with Veolia, the Group has also developed its dealings with other recyclers with the aim of increasing its expertise to meet its needs. It is carrying out training and awareness-raising operations in-house for the relevant teams (design teams, laboratories, quality, marketing, etc.). To date, for products manufactured in-house, it has already exceeded its target of incorporating 20% recycled materials in new products by 2020: at the end of 2016, the share was more than 37%.

⁽⁷⁾ Excluding battery-operated products.

This recycled plastics initiative attracted the attention of the European Commission, which invited the Group to make a presentation at a study day in 2015, and applauded its voluntary commitment in this field.

- **Repairability**

Extending product lifetimes is beneficial to the consumer (economic benefit), the environment (reducing the resources consumed and the waste produced) and Groupe SEB, which ensures the loyalty of users of its products by extending their period of use for as long as possible. The Group is a pioneer with its repairability policy, which was started in 2008 and reached maturity in 2015 with the “10-year repairable product” commitment (see below).

Repairability is one of the focal points of 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 an even more demanding definition of the level of repairability of its products. In addition to the availability and price of parts criteria, this definition now includes the percentage of repairable faults. The Group considers a product to be mostly repairable if at least 80% of faults are repairable (one or two parts at most are not available or cost more than half of the product’s price, and this/these part(s) account for less than 20% of the risk of faults). A product is fully repairable (100% of faults are repairable) if all the components that can be replaced are available and none cost more than half the price of the product.

In 2016, according to this new, more restrictive, definition, 95.4% of the total volume of electrical appliances sold were at least mostly repairable (97% according to the previous criteria) and, above all, 74% were fully repairable (67% in 2015). Groupe SEB won many awards in 2016, in France, as a result of this repairability commitment, such as: The circular economy trophy at the Pollutec trade show, the ESSEC prize in the “Product end of life” category, the Top/Com HEC de l’Audace Marketing prize and the Press Relations and Public Relations prize (Communication & Entreprise).

Whether or not products are under warranty, the Group encourages its consumers to have them repaired in preference to exchanging them by pointing them towards the approved repair centers in its network (over 6,500 worldwide). To achieve this, it is increasing the number of information channels, with product documentation, brand websites, explanatory videos, etc. As a result, the percentage of products repaired in approved centers is increasing. In Europe, for example, the percentage rose from 72% in 2013 to more than 80% since 2015 for products under warranty, and was up by 24% for products out of warranty.

To encourage product repairs, the Group guarantees its repair centers that some 40,000 listed spare parts will be available for as long as 10 to 15 years after products cease to be manufactured, at the cheapest possible price (down by 30% 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 or spare parts on the brand websites (or on the www.accessories.home-and-cook.com website in some countries). Direct orders were possible in 24 countries in 2016. This same year, the Group opened a second spare parts and accessories warehouse in Hong Kong to more quickly deliver parts to repair centers or customers in Asia.

The Group is also exploring new methods such as the 3D printing of spare parts. Manufacturing parts on demand will simplify stock control and extend availability almost indefinitely. A project relating to this issue was launched in 2015 and qualification testing is under way with initial repairs for volunteer “pilot” customers. These customers regularly provide the Group with information about how the parts hold up over time. The tests will continue in 2017.

Eco-manufacturing

Since 2003, the Group has adopted a worldwide environment management system. This system aims, first and foremost, to control the use of resources (energy and water) and to reduce waste and emissions. This approach has resulted in the gradual ISO 14001 certification of the sites. The Group is committed to adhering to the guidelines set forth in the standard: compliance with the regulations and laws in force, as well as continuous improvement and pollution prevention.

In order to share good practices, each industrial and logistics site worldwide is invited to present at least one “eco-innovative” project designed to reduce its environmental impact. Several of the 36 projects listed at the end of 2016 related to the reduction of waste. This is based on the principle that less waste created means less “lost” material to be processed or recycled, which is positive for the environment and also reduces costs. For example, some packaging of components received by plants is now returned to suppliers, which reuse it for subsequent deliveries. This is the case in Erbach (Germany) for the cardboard sheets that protect the bases of irons (6.4 tons of waste avoided each year), and in Selongey (France) for module containers and pressure cooker handles. In Vernon, component delivery pallets have been aligned with the Group’s finished product palletization standards so that they can be reused for shipments to customers. Other initiatives concern product manufacturing procedures. In Rionegro, for example, the optimization of the aluminum smelting process has halved the quantity of material needed to produce a caldero (pressure cooker) and the energy consumption per unit produced has been reduced by nearly 10%. The approach followed for this project is exemplary, as it is based on collaboration between local teams and Group centers of expertise, the use of a benchmark and external experts, and the provision of the necessary change management support. Water is also a resource whose consumption the Group is trying to limit. The Supor site in Hangzhou in China and the Rionegro site in Colombia have introduced wastewater recycling initiatives. After being treated by a treatment plant, the water is reused in the production process or to supply the site’s washrooms with water. This recycling is able to reduce water withdrawal and decrease the volume of effluents to be treated. The Rionegro site has also shifted towards the use of rainwater.

With regard to energy, the program to gradually replace existing lighting (and particularly neon strip lighting) with LED systems (50% to 75% lower consumption) is continuing on many sites. As lighting is one of the sites’ main items of energy consumption, this operation will not only result in a reduction in the energy footprint but will also generate significant savings. Various initiatives are leading to the sharing of good practices, as in Omegna (Italy), where the site has taken advantage of two existing 80m wells (used for its industrial processes) to introduce a reversible cooling/heating system for its offices. The system is based on the fact that, at that depth, water remains at a stable temperature (around 10°C), whatever the season. Passing through a circuit which does the rounds of the site premises, the water cools the buildings in summer and can heat them in winter.

To move forward with energy optimization, the Group relies on the Energy Category team, whose members include the Purchasing department, the Sustainable Development department, the Quality department, the Buildings and Energy managers of the French sites and the Cookware Energy coordinator. Its members meet every six months to share their experiences, analyze different energy conservation options (processes and buildings), define good practices and define the indicators for monitoring their application. Three industrial sites received ISO 50001 certification for their energy management systems in 2016: Erbach (Germany), Rumilly and Tournus (France).

Since 2010, the Group has reduced the energy consumption of its industrial and logistics sites by 13%, at constant scope, and is on its way to achieving the target of a 20% reduction that it has set itself for 2020.

Generally speaking, Groupe SEB takes environmental considerations into account in the development of its industrial processes. An example of this is the preparation of aluminum disks for coating purposes when manufacturing pans and pots. A few years ago, at its Rumilly site in France, the Group adopted a mechanical treatment (brushing) that requires little water and abrasive, to partially replace the chemical treatment that it previously used. This process is just as effective, but is more environmentally friendly and compatible with a wider variety of aluminum. The São Bernardo do Campo plant in Brazil has also adopted this process.

- **ISO 14001 Certification**

Groupe SEB's goal is for all of its industrial and logistics entities to be ISO 14001 certified worldwide.

At the end of 2016, 94 % of the Groupe's entities are certified. The two sites operated by the Asia Fan company, acquired in 2011, are part of this certification scope. In 2016, the Asia Fan site in Vinh Loc was ISO 14001 certified. The Copacabana site in Colombia left the certification scope at the end of 2016 following the transferring of production from this site to another Colombian Groupe SEB site. Action plans are in place to bring entities that are not yet certified up to Groupe SEB standards.

- **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. Greenhouse gas emissions fell by 4% in 2016 (from 239,911 in 2015 to 229,728 tons of CO₂ equivalent in 2016) following a fall in electricity consumption at the Supor sites in Yuhuan, Hangzhou and Wuhan. With regards 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.

Eco-logistics

The transport of products, as well as the raw materials and components used to make them, is the main source of greenhouse gas emissions within Groupe SEB, which clearly hopes to reduce them: it has set itself a target of reducing greenhouse gas emissions from transport per product sold by 20% by 2020 (reference year 2013). The target was reached at the end of 2016 with a 24% reduction in emissions per product sold compared with 2013. Reducing the carbon footprint is one of the main priorities of the eco-design guide. In addition, between 2013 and 2016, greenhouse gas emissions from product transport fell by 20%.

An initial assessment of greenhouse gas emissions related to transport was conducted by the Group in 2009 and its reliability is steadily improving. To improve the carbon footprint of its logistics activities, Groupe SEB is focusing on two main areas: increasing the loading rate of transport units (trucks or containers) and developing new, low-impact transport methods as alternatives to road transport (river transport, rail, etc.).

Groupe SEB's Supply Chain department oversees the Group's eco-logistics policy and strategy. Its eco-logistics unit coordinates all actions, in France and internationally, and consolidates annual data using the Tennaxia sustainable development reporting system. It relies on the logistics managers of the plants and commercial subsidiaries in carrying out this work. In conjunction with the Purchasing teams, the eco-logistics unit also monitors haulage firms (inserting social and environmental clauses into Purchasing contracts, requesting CO₂ and alternative transport reports each month, setting up sustainable development systems

within the company, etc.) and encourages the use of alternatives to road transport to cut the Group's CO2 emissions from product transport.

Since 2005, Groupe SEB has also been part of the Club Déméter, alongside distributors, logistics partners, manufacturers and public bodies such as Ademe⁽⁸⁾, the University of Aix-Marseille and Mines Paris. It is the Club's Vice-president. 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. Work topics in 2016 included: optimization of rail flows and pooling of means of transportation and logistics platforms between contractors.

- Loading transport units

To reduce CO2 emissions from the transport of products and components, the Group continues to improve the loading rate of transport units. It makes particular use of the EffyPACK (which stands for PACKaging system for supply chain EFFiciency) approach, which optimizes packaging dimensions according to pallet size. For example, it only took cutting a few centimeters off the Fresh Express packaging (in 2014) to increase the number of products per pallet by 50%. At the end of 2015, the Group decided to push the EffyPACK logic further by reducing, as far as possible, the percentage of empty space inside the packaging. A tool was created in 2016 to measure this empty space and, since January 1, 2017, this parameter has been incorporated within the product design/development process. Transporting less empty space means emitting less CO2 while cutting costs. Three training sessions have been organized to present the tool to the relevant teams (R&D, design and quality) using an e-learning module. Around fifty people have already been trained in France and China. Containers departing from China have a loading rate of 84.3%, which is stable compared with 2015. Containers departing from Europe have a loading rate of 88.2%, slightly up on 2015 (+0.2%). These performances are close to the optimum for maritime transport.

- Selecting and arranging 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, meaning transport by rail and river. In the future, road transport must become the exception rather than the rule. To improve the oversight of this initiative, the Group created a tracking chart to monitor the percentage of non-road transport for pre- and post-shipment to/from ports. For each entity (plant, warehouse, commercial subsidiary etc.), changes in this percentage have a two-fold impact in terms of cost and CO2 emissions. This dashboard chart, which was begun in 2015, was extended in 2016 to all the European entities and is currently being introduced on the other Continents. In Europe, the non-road transport rate is rising significantly, reaching 43% in 2016. In Germany, for instance, the review of the transporting of containers from the port of Hamburg to the Duisburg platform resulted in all of 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).

⁽⁸⁾ French Agency for the Environment and Energy Management.

In 2015, the Group also conducted tests on rail transport between China and Europe. The objective is to be able to use this solution rather than using air travel in the event of urgent demand for supplies. Transport by rail cuts the maritime freight time by almost half, which is often enough, and savings in terms of cost and carbon footprint are extremely favorable (CO2 emissions down by 98%).

The Group also optimizes the organization of transport flows, for example, by developing direct shipments from its plants to commercial subsidiaries, without passing through redistribution platforms. In 2016, these direct shipments (departing from France) accounted for 21% of the shipments carried out, resulting in a 13% increase in savings and a 15% fall in CO2 emissions (compared with 2015).

Product end of life

In Europe, the collection and processing of small electrical appliances are managed by national eco-organizations. Groupe SEB is especially involved in this endeavor in France, as part of Éco-Systèmes, the country's largest eco-organization for WEEEs.

Still, frying pans, saucepans and stew pots have as yet no specific process set up for them. Since 2012, Groupe SEB France has worked with Éco-Systèmes and the major distributors to set up a recycling chain for end-of-life cookware: consumers are asked to deposit their old products in stores, for a discount voucher. The products are then sorted and a sufficient quantity of raw material is recycled. 1,280 hypermarkets participated in this initiative in 2016. Since 2012, 870,000 items of cookware have been collected, then recycled, as a result of these operations. This initiative won Groupe SEB the 2015 Grand Prix for Responsible Consumer Industries organized by the ESSEC Business School in the Resource Management category. Other countries have been implementing these types of initiatives for several years now. In the Netherlands, for example, more than four times as many items of end-of-life cookware were collected in 2015 than in 2014, with major involvement on the part of distributors committed to this initiative. 2016 saw similar operations organized in Belgium and the Nordic countries. In Asia, Thailand has also been moving in this direction since 2013. In that country, products collected were turned over to a local association that manufactures prostheses (artificial legs) largely made of aluminum.

In 2015 in the USA, All-Clad launched an innovative initiative to give its pans, known for their extreme longevity, a second life. Pans are reconditioned and offered to chef customers at half the price of new pans.

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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 2016

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

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