1.1. HISTORY

Acquisitions *Organic development* *Innovation*

1857	Creation of a small tinplating workshop in Selongey, in the Burgundy region of France
1932	First hand-crank food mill, paving the way for the development of Moulinex
1944	The company takes the name SEB (Société d'Emboutissage de Bourgogne)
1950-1960	Marie, Charlotte and Jeannette food processors etc. from Moulinex
1953	Launch of the Super Cocotte pressure cooker, which was to give rise to the creation of Groupe SEB
1954	Invention of the first Tefal non-stick pan and the first Vapomatic Calor steam iron
1967	SEB invents the odourless electric fryer
1968	Acquisition of Tefal and its five European subsidiaries (Germany, Belgium, Denmark, Netherlands, Italy)
1972	Acquisition of Calor
1972	Opening of subsidiaries in the UK and the US
1972	First Tefal sandwich maker with detachable non-stick plates
1973	creation of Groupe SEB
1975	Stock Market listing of SEB S.A.
1978	First Tefal raclette grill
1981	First Calor electronic iron
1985	Tefal electronic scales
1988	Acquisition of the German company, Rowenta
1990	Aquagliss irons with anti-scale cartridge
1991-93	Opening of subsidiaries in Mexico, Poland, the Czech Republic, Slovakia, Hungary, Turkey, Canada and Portugal
1992	First Genius intelligent food processor from Moulinex
1994	Clipso pressure cooker with one-handed opening mechanism
	Dymbo vacuum with Delta System head from Rowenta
1994-96	Entry into Russia and the United Arab Emirates
1996	Arno self-clean blender
	Range of pots and pans with Ingenio detachable handles from Tefal
1997	Opening of a subsidiary in South Korea

1998	Opening of a subsidiary in Australia
1997	Acquisition of the Brazilian company, Arno
1998	Acquisition of the Colombian company, Samurai
2000	Tefal Thermospot (heat indicator incorporated in the non-stick coating)
2001	Acquisition of certain Moulinex assets, takeover of Krups
2003-04	Opening of a subsidiary in Thailand and in Malaysia
2004	Repelente anti-mosquito fan from Arno
2004	Acquisition of All-Clad, specialist top-of-the-range cookware operator in the United States
2005	Acquisition of the Brazilian company, Panex
	Acquisition of the Italian company, Lagostina
2006	Actifry, fryer which uses a spoonful of oil
2006	Opening of a subsidiary in Ukraine
2007	Silence Force vacuum from Rowenta
2007	acquisition of a majority shareholding in the Chinese company, Supor
2011	Acquisition of the Colombian company Imusa
	Acquisition of Asia Fan in Vietnam
	Majority shareholding in the Indian company, Maharaja Whiteline
	Creation of the SEB Alliance investment fund
	Acquisition of an additional 20% capital interest in Supor
2012	Freemove cordless iron, Cookeo the first multicooker and Steampod, the professional hair smoothing solution in partnership with L'Oréal
2013	Cuisine Companion, the first cooking food processor from Moulinex and Optigrill, the intelligent grill
2014	Acquisition of the remaining shares in Maharaja Whiteline and Asia Fan
2014	Cookeo Connect
2015	Acquisition of the Scandinavian company OBH Nordica
	Shareholding in Supor increased to 81% (subject to approval from the Chinese authorities)

1.2. BUSINESS SECTOR

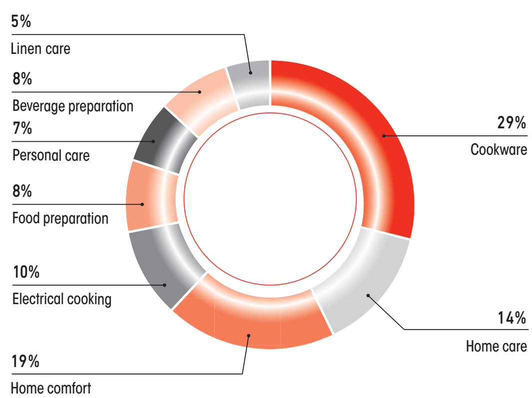
Groupe SEB operates in the Small Household Appliances market which includes small domestic appliances and cookware which account for 70% and 30% of its revenue respectively.

According to the latest estimates, the global market for small domestic appliances is worth approximately €34 billion and for cookware, €14 billion. These figures are estimates for the Group, calculated based on GFK and Nielsen surveys and from third-party organisations.

Overall, the Small Household Appliances sector is characterised by:

- moderate, yet steady, growth in the majority of mature markets where, although the appliance ownership rate is already high, it is uneven in terms of product families. This demand is, however, mixed and driven by strong reactivity to innovation (new products and concepts), by premiumisation associated with a desire for more status-related products, and by the need for basic products at low prices. At the same time, despite recent turbulence, emerging markets are experiencing steady growth. These markets are experiencing strong demand from first-time buyers, and their intense growth is fuelled by booming middle class access to consumption, increasing urbanisation and the development of the real estate market, increased buying power, the development of modern retail distribution and e-commerce, etc.;
- an average sale price of around €50 for a small domestic appliance in developed countries, being accessible for most consumers and requiring no or very limited use of credit;
- an increasing average appliance ownership rate in certain categories, which are driving these renewal markets;
- strong seasonality, shared by all market operators, primarily relating to the significant percentage of products, particularly small domestic appliances, sold during holiday periods (the fourth quarter for most markets, January/February for China);
- steady and increasingly unavoidable inroads of industrial partnerships between manufacturers of small domestic appliances and actors of various mass consumer goods, especially by joining forces to propose new offerings and services. Development of the single-portion coffee concept is the most significant example;
- the emergence of new consumer trends worldwide: more Western in Asian or South American countries, more ethnic in Western countries, back to home-made and control over food in Europe, heightened environmental awareness, etc.;
- a highly competitive and discount-driven market environment. The success of retailer loyalty programmes in boosting traffic in stores is a testament to this trend;
- the very rapid growth of alternative retail channels, and especially the e-commerce. Over the last few years, this trend has resulted in the emergence of new and highly dynamic specialist online sales operators (such as Amazon, Tmall and Nova Pontocom) and retailer websites whilst traditional retail sales via physical channels have stagnated.

+ BREAKDOWN OF THE GLOBAL SMALL HOUSEHOLD APPLIANCES MARKET BY PRODUCT



Sources : Consultants, Groupe SEB.

From a geographical viewpoint, the global market for Small Household Appliances does not present any real homogeneity because it is fragmented into numerous national/regional markets. These are fuelled by a complex and multi-faceted retail distribution network that varies depending on regional consumption habits, market maturity, targets and the level of product ranges.

Multiple forms of competition

The Small Household Appliances market is very fragmented globally, both in small domestic appliances and in cookware. In practice, changes in the sector over the last ten years – with, in particular, the increased relocation of production to countries with low production costs – have greatly changed the way in which markets are approached, more local today than global. The launch of international brands, which can in some cases be marketed under local/regional brands, falls in line with this dual-faceted market approach that makes it possible to take advantage of economies of scale as well as a strong local reputation. As such, Groupe SEB is the only player with such a broad international spectrum, and it draws in this respect on six international brands and a brand portfolio with local leadership.

The Group has numerous and various competitors worldwide, but few of them have truly global coverage:

- Philips is undoubtedly the Group's foremost rival through its large range of small domestic appliances and its presence on almost all of the world's continents (in both mature and emerging economies);
- De Longhi (De Longhi, Kenwood, etc.), a major player in coffee and food preparation appliances, also enjoys a presence in many regions and has expanded its line by purchasing rights to manufacture Braun-branded kitchen electrics and ironing products;
- Other industry giants with an extensive offering and global coverage include Conair (Babyliss, Cuisinart, etc.), Bosch-Siemens (which acquired Zelmer in Poland in 2012), Procter & Gamble (Braun and Oral-B) and the US group Meyer (Silverstone, Farberware, Prestige, Anolon, Circulon, etc.) and German companies WMF (WMF, Silit, Kaiser, etc.) and Fissler in cookware;
- Other players are primarily present in their domestic market or a small number of reference markets: Magimix, Taurus, Imetec, Severin, Zwilling/Staub, in particular, in various European countries; Arcelik in Turkey; Bork and Redmond in Russia; Spectrum Brands (Black & Decker, George Foreman, Russell Hobbs, Remington, etc.) and Jarden (Sunbeam, MrCoffee, Oster, etc.) in North America; Mallory, Mondial, Britania and Tramontina in South America; and Panasonic (also including the National brand) in Asia;
- Midea is the Group's main competitor in China. It has expanded greatly over the last ten years, not only in the Chinese market but also in South-East Asia. It sells numerous types of small and large domestic appliances. Other major competitors include Joyoung and Airmate in small domestic appliances and ASD in cookware;
- Numerous high-end specialists concentrate on one or two product segments – such as Dyson, Vorwerk, Jura and Laurastar, etc. in small domestic appliances – or on a special area of expertise, like the French company Le Creuset, which specialises in cast iron cookware.

Another form of competition comes from white label goods and retailer brands; both mainly consist of aggressively priced entry-level products. Certain promotional campaigns, with products manufactured under one-off contracts with Chinese subcontractors that aim mainly to generate traffic at points of sale also drive their growth. Nevertheless, on the whole, their market share remains low.

Market momentum remains primarily driven by:

- large European groups such as Groupe SEB, Philips, Bosch Siemens or De Longhi, which develop new products and concepts, open up new categories and set up in new territories;
- specialists focused on a single category, such as Dyson, which stand out thanks to innovative products and heavy marketing;
- local competitors, notably in booming Asian emerging markets (China, India and Indonesia), driven by buoyant domestic markets and, in the case of China, by an increase in exports, both regionally (particularly South-East Asia) and worldwide.

In general, competition has become fierce in recent years, both with regard to small domestic appliances and cookware. This is a result of retail distribution which is able to exert added pressure on prices to maintain or boost patronage in stores, especially in light of the strong rise in on-line sales.

1.3. A PROFITABLE GROWTH STRATEGY

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

Strong product innovation policy

Firmly rooted in the Group's values, innovation is one of its most powerful development and differentiation factors. It gives the Group the headstart it requires to stay ahead of the competition and to fight commoditisation. 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 COMMITMENT DATING BACK TO THE ORIGINS OF THE GROUP

The Group's history is one of continual innovations and breakthroughs incorporating unique concepts, new features or ingenious discoveries. These innovations have been reflected in tangible advances in the everyday life of consumers. Emblematic 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, odourless fryers, the Charlotte and Marie multi-purpose food processors, etc. The 1970s and 1980s marked the arrival of more sophisticated functions with the introduction of electronically enhanced products: bathroom scales, programmable coffee machines, etc. This era also saw the emergence of new lifestyles, reflected in the launch of informal meal appliances such as the raclette grill and home espresso coffee makers. In the decade from 1990 to 2000, both Groupe SEB and Moulinex brought new simplicity to the world of Small Household Appliances, with 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 designed for easy storage, etc.

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

- the Group's first partnerships, developed from 2006 onwards with leading food industry operators, which gave it access to new product categories such as pod coffee makers and beer-tapping machines;
- the introduction of several innovative concepts, in response to new consumer expectations (nutrition and health, home-made, ease, well-being, etc.), often accompanied by major commercial success: the Actifry minimal-oil fryer; the Silence Force and Silence Force Extreme vacuum cleaners, which combine power with very low noise levels; washable, detachable and silent fans; anti-mosquito devices, smart and/or connected appliances (Cookeo and Optigrill), and the Cuisine Companion cooking food processor;
- the introduction of new features such as a self-cleaning iron soleplate and rapid heating steam generators in linen care, and a heating blender for food preparation, etc.

A VIRTUOUS STRATEGY

Groupe SEB's innovation strategy is consistent with a pragmatic approach to product creation that involves both business teams and head office departments in research and development, industry, purchasing, logistics and strategic marketing, design and quality. New products are the result of the in-depth analysis of consumer needs (which include both expressed needs and latent needs), the invention of breakthrough concepts, the use and evaluation of new technologies and the creation of unusual 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 customer progress and satisfaction, it generates profitable growth which makes it possible to reinvest in innovation to restart the cycle.

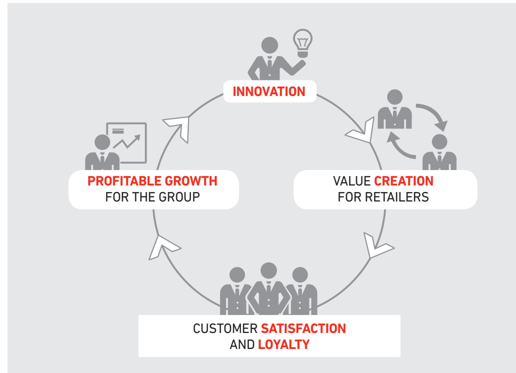
This approach to innovation operates on a shared, collaborative basis internally and is also open to external partners. The Group has, therefore, structured relations within its innovation community, comprising 1,300 employees, using collaborative tools that make it possible to enrich the collective point of view on strategic issues and to promote the sharing of knowledge and best practices.

At the same time, the Group enjoys partnerships with universities, research institutes and other companies, working with them on major projects which enable it to widen its field of activities and benefit from additional tools and skills. Notable examples include projects concerning health and nutrition with Nutrition-Santé-Longévité, Vitagora and Q@limed. The Group has also entered into a major European collaborative project in the field of healthy living and general health, known as a Knowledge Innovation Community.

In 2014, 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 Groupe SEB. 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.

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 the connected home and digital applications, robotics, well-being and population ageing, and sustainable development. These companies furnish the technological bricks that the Group can use to develop its products. Since it was founded, SEB Alliance has made direct investments in eight active companies, notably in fields such as big data, air treatment, water filtration and robotics-related products.

+ A VIRTUOUS STRATEGY



AN INNOVATION POLICY SUSTAINED BY MAJOR INVESTMENT

The Group invests significant amounts each year in R&D, product design and strategic marketing, honing its range as far as possible to target consumer expectations and enabling it to stand out as one of the most innovative players in its industry. In 2015, R&D investment amounted to €93 million (€86 million in 2014), inclusive of Research Tax Credits (€7 million, unchanged from 2014). Investment in strategic marketing stood at €67 million in 2015 (€60 million in 2014). 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 specialised engineers, for instance. These specialists bring expertise in cutting-edge fields such as coatings and materials, connected products, batteries, motors, food processing, sensors, etc.

An unrivalled brand portfolio

For a number of years now, the Group has been bolstered by the largest brand portfolio in the industry. This portfolio is made up of six international brands (Tefal, Moulinex, Krups, Rowenta, Lagostina and All-Clad) and leading local brands (SEB, Calor, Supor, Arno, Imusa, OBH Nordica, etc.).

INTERNATIONAL BRANDS
ALL-CLAD, KRUPS, LAGOSTINA, MOULINEX, ROWENTA, TEFAL

LOCAL BRANDS
AIRBAKE, ARNO, ASIA FAN, CALOR, CLOCK, IMUSA, MAHARAJA WHITELINE, OBH NORDICA, PANEX, ROCHEDO, SAMURAI, SEB, SUPOR, T-FAL, UMCO, WEAREVER

This multi-brand strategy makes it possible for the Group to:

- better address the various needs of consumers throughout the world, with each brand responding to specific consumer behaviours;
- offer relevant and complementary responses to retailer strategies.

Each brand has a clearly defined identity with specific values that are expressed through the variety, features and design of the products as well as by means of brand-specific marketing.

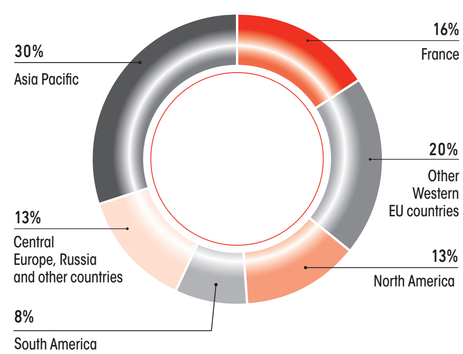
In addition to its brand portfolio, the Group takes a partnership approach and works with other groups or organisations to develop new concepts and boost sales. Accounting for almost 10% of sales, these partnerships are major drivers of growth and innovation for the Group. For instance, the Group has signed joint development agreements 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. These arrangements can also take the form of image partnerships that associate our products with other brands or organisations (WWF, etc.), licensing agreements with brands such as Elite, endorsement contracts where, for example, cookware lines are developed in collaboration with renowned chefs such as Jamie Oliver or Thomas Keller.

A global and diversified presence

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

The Group's strong local presence is due to the relevance of its offering and its capacity to adapt to the needs of different markets. Its global presence enables it to seize opportunities for profitable growth in the various countries in which it has a presence and to diversify its exposure to different economies. In 2015, 54% of its sales were made in mature countries and 46% in emerging countries.

+ GEOGRAPHICAL BREAKDOWN OF SALES IN 2015



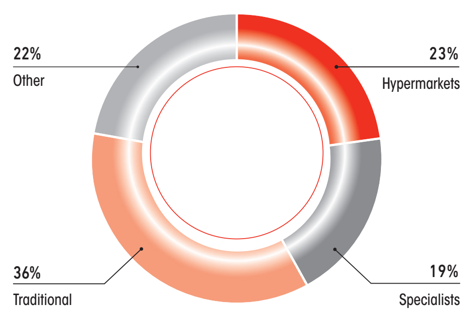
A multi-channel distribution strategy

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 offer 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 local stores or groups of independents, of which there are still a high percentage in emerging markets. The percentage of sales made online is growing significantly due to the number of purely online operators as well as via websites created by physical retailers, mainly specialist brands. Furthermore, the Group has developed a network of its own retail brand outlets (Home & Cook, Tefal shops, Supor Lifestores, etc.), the aim of which being, on the one hand, to reach out to consumers in certain emerging countries where retail coverage is inadequate, and on the other, to promote the flow of discontinued products in mature countries.

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 with regard to in-store execution, to ensure that its products are promoted on its customers' shelves and websites. This approach was supported by investment in marketing and publicity of €318 million in 2014 (up from €305 million in 2013). This expenditure enables the Group both to establish the reputation of its brands and products by means of advertising, and also to seek the best in-store execution through category management, effective merchandising, the creation of dedicated stores-in-stores or even promotional events. Digital marketing (brand websites, digital campaigns etc.) is taking up an increasing share of this investment due to the rise of e-commerce and the importance of on-line research conducted by consumers prior to making a purchase, whether said purchase is ultimately made online or in-store.

+ BREAKDOWN OF SALES BY DISTRIBUTION CHANNEL



An active acquisitions policy

Acquisitions are another pillar of the Group's growth strategy. As an operator in the Small Household Appliances market, which is still highly fragmented, the Group is positioning itself as its industry consolidator. The Group's history is one of numerous transactions which have enabled it to take leading positions in many countries and product categories.

In addition to having the necessary financial capacity, external growth requires an ability to integrate new acquisitions effectively and to generate synergies. With its many acquisitions over the years, Groupe SEB has built up experience in integrating new acquisitions: after the takeover of Moulinex-Krups in 2001-2002, it acquired All-Clad in the United States in 2004, Panex in Brazil and Lagostina in Italy in 2005, Mirro WearEver in the United States in 2006, and took control of the Chinese company, Supor, in late 2007. This most recent operation stood out because of the major challenges it presented (separation both in terms of distance and culture, language barrier, more complex integration, coordination of communications between two listed companies, etc.). The Group's equity interest was increased in several stages: in December 2011 (20% of the capital), in January 2015 (1.6% of the capital) and in December 2015 (7.9% of the capital, the transaction is still subject to approval from the Chinese authorities), bringing its holding to 81.03%.

Furthermore, in February 2011, the Group acquired Imusa, a Colombian cookware company. In May 2011, the Group took control of a Vietnamese company – Asia Fan – specialising in the production and sale of fans, and in December, it acquired a 55% stake in an Indian company – Maharaja Whiteline – specialising in small domestic appliances. In early 2013, the Group partnered with its long-standing distributor in Egypt (Zahran) to form a joint venture (Groupe SEB Egypt for Household Appliances), in which it has a 75% interest. At the end of the financial year, the Group acquired the Canadian company Coranco to take direct control over the marketing of Lagostina products in Canada. 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 the Scandinavian markets.

Competitiveness

This is the second pillar of Groupe SEB's strategy. In addition to innovation, commercial excellence and exemplary in-store execution, which are all crucial factors, the Group's competitiveness is based on a balanced manufacturing base, on long-term optimisation of industrial productivity and on a rigorous and responsible purchasing policy.

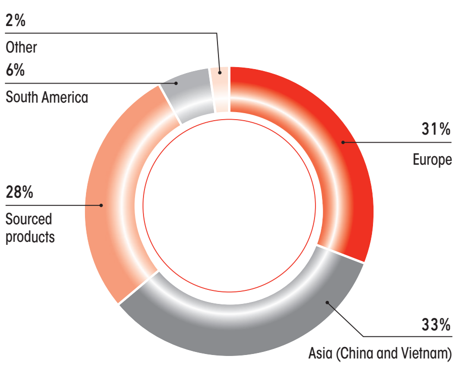
A BALANCED MANUFACTURING BASE

Throughout the world, the Group's manufacturing base is utilised in a way that responds 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);
- on outsourcing of production for basic, everyday products, products where the Group lacks a strong leading position, or in the case of partnerships.

It has 29 manufacturing sites which produce 72% of the products sold by the Group throughout the world. The other 28% are outsourced, in particular to China.

+ LOCALISATION OF SALES PRODUCTION



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

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

- centres of product expertise bring together the specific expertise in research and development, industrialisation and production for a given product category;
- technological centres reinforce the centres 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 centres of industrial expertise in the development of product offerings. This allows the concept of the "technical basis" to be promoted so as to standardise sub-assemblies and components, in order to be more responsive to customer demand.

To ensure and optimise the competitiveness of its manufacturing base, the Group continues to upgrade its factories, taking account of economic market realities by adjusting production volumes or rescaling sites (Lourdes in France), transferring operations from one entity to another (closure of Copacabana under way and transfer to Rionegro), refitting sites (São Paulo, for example), strict control of manufacturing costs, refocusing of production and use of outsourcing, according to need.

In 2015, the Group's factories operated against the backdrop of relatively buoyant global demand for small household appliances with, however, some extremely volatile markets. The Lourdes site continued to experience a significant fall in its meat mincer volumes, a product typical to the Russian market, which slumped in 2014, and a decline in business for Fresh Express. In addition, the Group continued to reorganise its manufacturing base in Brazil to improve competitiveness in a challenging market and a difficult monetary environment. In contrast, the Chinese sites benefited from sustained local demand and the continued reintegration into China of a portion of production that had previously been outsourced.

CONTINUAL OPTIMISATION OF INDUSTRIAL PRODUCTIVITY

Our global programme of industrial and operational excellence, OPS (Opération Performance SEB) continues via the rollout of "fundamentals" (5S, TPM, etc.) to improve site productivity. This plan takes the form of certification of 18 additional Green Belt-trained leaders, and by the implementation of 100 or so projects and over 250 workshops across all the Group's production sites. OPS is a practical programme of continuous performance improvement which:

- links health and performance in all improvement projects;
- involves all hierarchical levels (managers, technicians and operators) and all departments;
- aims to share best practice 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.

Launched in 2011, OPS is currently in its mature phase and enjoys strong ownership by the manufacturing site teams. Projects and workshops conducted in 2015 enabled significant new savings to be made.

In early 2013, the Group also introduced the PCO (Product Cost Optimization) project which aims to reduce the retail price of current products, to optimise the future product offering and to increase perceived value. The approach consists of implementing a method of analysing products and listening to consumers with the involvement of experts (R&D, marketing, design, manufacturing, etc.) within the context of multidisciplinary group workshops, to challenge existing solutions and invent new ones. One of the initiatives resulting from these workshops that deserves particular mention was the introduction or expansion of the technical platform concept (for steam irons, kettles, deep fryers etc.) and the specification of the new Compacteo Cyclonic vacuum cleaner.

These improvement plans are systematically supported by the Group's approach to health and safety and a great deal of importance is attached to continuous improvement of the health and safety of personnel in the workplace. A three-year plan has been launched in this regard, aiming for a steady decrease in the number of workplace accidents. When complete, the plan should halve the annual incidence of accidents (refer back to section 3 "Corporate Social and Environmental Responsibility" on pages 98 to 100 for more details).

Lastly, another key component of the Group's competitiveness, the supply chain, is managed on a global level with the aim of rationalising finished product inventory, optimising the quality of this inventory and implementing a process to improve customer service and ensure customer satisfaction. To deliver these results, the Group is focusing on a series of common and shared processes, supported by the rollout of plans to optimise the global logistics chain, from marketing company sales forecasts to planning capacities and production. At the same time, the creation of a Supply Chain School means that the aptitudes and skills of our specialist teams can be developed.

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-systems, etc.) for manufacturing, non-production purchasing (transport and logistics, services, information systems, travel, etc.) and purchases of sourced finished products. Generally speaking, purchases are increasingly managed at Group level via a panel of approved suppliers and the use of shared global product family platforms so as to consolidate volumes and standardise materials and components. This approach makes it possible to optimise negotiations (on price, quality, on-time delivery, etc.) and to develop pooled procurement leading to greater flexibility between manufacturing sites and increased synergies within the Group.

For a number of years now, production purchases have been centralised and organised in a way that is tailored to each project and each contract. The Group's direct purchasing policy is based on reducing costs by seeking out and selecting the most competitive suppliers at the same time as introducing suppliers to the Group's approach to innovation and its required quality standards. Amongst other things, this policy makes it possible to establish and maintain a real partnership with the best-performing suppliers and to closely involve them in the improvement process and the Group's objectives in terms of competitiveness. In 2015, for production purchases, the Group consolidated its panel of suppliers, increasing its global purchasing coverage from 82% in 2014 to 85% with 470 suppliers.

Non-production purchases currently 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 41% of non-production purchases. Over the last few years, the team has been significantly strengthened to cover a far wider range of expenses and a much-expanded international scope. Calls for tender are launched on a regular basis and cross-functional teams thoroughly rework our specifications to optimise purchasing in new fields.

For sourced finished products, the organisational 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 process in order to foster greater fluidity in creating the product offering. This approach meant that the Group was able to obtain a more concentrated panel of approved finished product suppliers, which, at year-end 2015, comprised 52 companies representing 91% of purchases made (at year-end 2014, 88% of purchases made).

The Group's approved supplier panels consist of carefully selected and tested companies in terms of both performance (lead times, quality, cost, etc.) and social and environmental responsibilities (environmental impact, compliance with Human Rights, etc.).

1.4. RISK FACTORS

Groupe SEB operations are exposed to different types of risks, i.e. risks relating to its operations, legal risks and financial and market risks. These risks may have a negative impact on the Group's results or assets and may have repercussions for its different stakeholders - consumers, employees, customers, suppliers or its environment. Groupe SEB pursues a policy of active, prudent management of the risks inherent in its business, with the purpose of protecting the Group's assets and/or the interests of its stakeholders. This approach is based on a detailed mapping and analysis of the main risks faced by the company, which makes it possible to rank them on the basis of their potential impact on the Group's operations and performance, and according to the probability of such risks occurring. A comprehensive review of these risks is carried out regularly with the Group Executive Committee and the Audit Committee. It should, however, be mentioned that other risks of which the Group is not yet aware or that it believes to be immaterial at the current time may negatively affect it.

Risks inherent in operations

COUNTRY-SPECIFIC AND ECONOMIC SITUATION RISKS

The international nature of the Group's business exposes it not only to currency risk (covered in Note 26.2.1 to the Consolidated Financial Statements) but also to risks of political instability, economic, monetary or labour risks, especially in emerging countries where the Group conducts a significant percentage of its business. The Group is particularly exposed to China which, following sharp growth over the last few years, is now the country where the Group conducts the highest percentage of its business. In addition to these risks, certain countries have less developed legal systems or offer little in the way of intellectual property protection, import taxes (*e.g.* Turkey for certain domestic electrical products), restrictive measures on imports (e.g. in Argentina and Ecuador for electronics and cookware), or exchange controls (Argentina, Venezuela), etc. These factors may interfere with the Group's business and impact on its financial position. Nonetheless, this major international presence also offers protection through risk diversification.

In consideration of the very nature of the business and the limited investment represented by the purchase of small household equipment, the Small Household Appliances industry tends to hold up better than others in periods of crisis. In the past, the Group's business has sometimes bucked the trend in challenging economic climates. The Group's highly globalised presence also helps to balance out sales and offset different countries and geographic regions.

Nonetheless, the Group's operations depend on the economic climate and changes in consumer habits, which, in turn, are related to consumer purchasing power and the financial and economic health of the Group's retail distribution networks.

RISKS RELATING TO THE SEASONALITY OF BUSINESS

A significant proportion of the Group's products are purchased to be given as gifts and so in many markets, a large percentage of sales are made at the end of the year, or in the first quarter in China for the Chinese New Year and, more generally speaking, during festive periods. Any upheaval likely to affect the economic climate during these periods could, therefore, have adverse consequences for the Group's results. Some products are also dependent on weather conditions such as, for example, fans in Latin America.

The Group limits this risk, on the one hand, by virtue of its global exposure, which tends to smooth out the seasonal effects mentioned above. It also strives to boost its business outside these periods by launching new products or by implementing marketing initiatives.

RISKS RELATING TO SOLD PRODUCTS

Groupe SEB considers consumer safety an absolute priority. In this respect, it affords maximum attention to safety precautions in terms 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, incurring significant costs and impacting on the Group's profitability.

To manage such risks, the Group carries out numerous quality controls on the products that it sells. It also endeavours to include user information sheets with its products to warn of potentially hazardous uses. Lastly, the Group has made provision for warranty liabilities based on historical statistics and taken out insurance policies to cover civil liability (see paragraph on Insurance on page 21).

RISKS RELATING TO THE IMPAIRMENT OF INTANGIBLE ASSETS

Groupe SEB has built its business on a powerful portfolio of brands, some of which are treated as assets in its balance sheet. The total value of brands on the balance sheet as at 31 December 2015 was €393 million, mainly All-Clad, Supor, Lagostina, Arno and Rowenta.

Moreover, as Groupe SEB regularly engages in external growth transactions, goodwill is shown in the Consolidated Financial Statements at the end of 2015 for an amount of €545 million, most of this having been recognised at the time of the All-Clad and Supor acquisitions.

Under IFRS accounting standards, the value of brands and goodwill must be reviewed annually to check that the value entered in the balance sheet is consistent with the actual performance of the relevant brands and subsidiaries in their own markets. Any significant drop in expected cash flow, notably with regard to a brand's commercial under-performance, or reduced profitability of the subsidiaries concerned, could require an adjustment in the balance sheet which may involve a partial or total recognition of impairment of the asset's value.

Furthermore, with a view to creating value for its brands, the Group is investing in R&D in order to supply its offering with innovative, ground-breaking products, as well as in advertising and marketing with the aim of improving the visibility of its brands, boosting its sales and strengthening its competitive positions in the field.

Supplementary information is provided in Note 10 to the Consolidated Financial Statements.

CUSTOMER RISKS

The Group sells its products to a large number of distributors and is therefore exposed to the risk of non-recovery of receivables as a result of cash flow issues or bankruptcies.

The Group's broad geographical distribution, as well as the variety and number of its retail distribution networks, limit risk and, therefore, the probability of a major impact at a consolidated level. In addition, the Group's position in the cookware and small domestic appliance market contributes to a diversified customer base. The retail sale of cookware occurs, in large part, in mass food retail, while specialised distributors play an important role in the sale of small domestic appliances. In 2015, the Group's ten largest customers accounted for almost 23% of consolidated sales, bearing in mind that no one customer exceeds 5% of sales. On a country level, however, a customer bankruptcy (especially a major customer) may have significant consequences for the trading activity of the subsidiary in question.

In addition to diluting customer risk at Group level, the Group takes out customer insurance which enables it to limit the risk of claims considerably. In 2015, these policies covered over 90% of consolidated revenue, despite a fall in coverage in Ukraine, Greece and Brazil. At the same time, the Group maintains an internal risk-taking policy allowing it to manage its relations with retailers on a long-term basis. Such risk-taking is strictly controlled and so the risk of any customer failure having a major impact on the Group's results is very limited.

Supplementary information is provided in Notes 16 and 26.4 to the Consolidated Financial Statements.

RISKS RELATING TO COMPETITION

In all its markets, the Group faces fierce global and/or local competition as well as the rise of e-commerce, leading it to conduct periodic reviews of the price positioning of its products. Because of the strong market positions that it holds, the Group is also obliged to respond on a regular basis to industry surveys or surveys on anti-competitive practices conducted by the French or European competition authorities. These types of surveys may result in sanctions or compliance undertakings. As a major operator within its business sector, the Group is also called upon to cooperate with the French Competition Authorities by way of questionnaires intended to help said authorities define their doctrine or recommendations in certain areas (e-commerce in 2012, concentration of food retailers in France in 2015).

In this highly competitive market, gains in market share can be achieved by brand reputation and the relevance of the product offer, spurred by innovation alongside strong advertising, marketing and pricing support.

A capacity to develop and launch genuinely differentiating, added-value innovations is therefore fundamental. An entire product family can be severely and lastingly damaged by the launch of a new concept that wins over consumers, having a significant impact on results: highly positive for the breakout product in question, very negative for its competitors. Groupe SEB therefore strives to limit the risk of competition by boosting its R&D efforts (this area has seen steady growth in budget allocations in recent years in both skills and investment) and increasing its marketing and advertising spend.

PRODUCTION AND SUPPLY CHAIN-RELATED RISKS

Groupe SEB is exposed to events of varying origins (natural disasters, fire, technical failures, contamination, etc.) that may have a negative impact on a plant or logistics warehouse's operations, thereby affecting the market availability of products. These types of events may have negative consequences for the Group's business, preventing it from achieving sales targets. The possibility that these types of events, particularly those affecting the Group's production sites, may have environmental repercussions, also cannot be ruled out.

The Group takes an active approach to industrial risk prevention through regular audits, investment in maintenance and the optimisation of certain processes in order to limit the probability of such risks occurring. In practice, the European, US and Chinese sites are generally not, or only slightly, exposed to major natural risks (hurricanes, floods, earthquakes, etc.). The Group has also introduced training initiatives to help its employees deal with these types of events.

In parallel, the Group has long prioritised safeguarding the environment by implementing an eco-production policy to limit its environmental footprint, which involves ISO 14001 certification of its industrial sites. Details of measures adopted are given in section 3, pages 111 to 118.

RISKS RELATING TO EMPLOYEE HEALTH AND SAFETY

The health and safety of its employees is one of Groupe SEB's foremost concerns. The risk of occupational illness or workplace accidents damaging physical integrity or posing a threat to human life cannot be ruled out. Besides metal stamping (for pressure cookers, frying pans and saucepans), surface treatments (non-stick) and the production of certain components that occupy less than 10% of total manufacturing personnel, most of Groupe SEB's production involves assembly operations. The most sensitive processes are closely monitored. In assembly processes, the most likely risks are minor bodily injuries or injuries due to handling, as well as musculoskeletal disorders for which the Group takes all necessary precautions (training in ergonomics, specialist advisers and Steering Committee on each site, etc.) to minimise their occurrence. The Group makes employees at all levels aware of safety issues, particularly via the global Safety in SEB programme which aims to spread good practice and systematically propose corrective measures to combat potentially hazardous situations. Details of Group initiatives to reduce workplace accidents and musculoskeletal disorders are given in section 3, pages 98 to 100.

Despite the Group's efforts to limit workplace accidents and occupational illnesses, they cannot be completely ruled out and may have a negative effect on results in the event of civil or criminal sanctions, as well as damaging the Group's reputation.

COMMODITY RISK

Groupe SEB's operations involve the use of several major raw materials in its manufacturing processes: aluminium (for cookware), nickel (for certain steel alloys), copper (mainly wire for motors and electric cables), plastic (a key material in small domestic appliances) and paper products for printed documents and packaging. These materials account for a varying percentage of the production purchasing budget for the Group, including Supor: in 2015, aluminium accounted for approximately 14% of direct manufacturing purchases (unchanged from 2014), steel/metal parts for 13% (unchanged from 2013) and plastics/plastic parts for 20% (compared with 19% in 2014).

Groupe SEB is therefore exposed to risks concerning the availability of raw materials and fluctuations in their prices insofar as it could suffer from a shortage and/or have to pass on any price increases – whether in full or in part – in its retail prices. This would have a potential impact on the level of trading activity, profitability and cash flow.

To deal with this intrinsic exposure related to its manufacturing operations, Groupe SEB adheres to a partial hedging policy intended to protect it against the effects of abrupt changes in the prices of metals and to enable it to forecast or limit any price hikes that it may have to pass on to its customers. This policy is not for speculative purposes but, for any given year and in relation to actual market prices, may produce:

- positive results when raw material prices are rising;
- negative results when the same prices are dropping.

In addition, the Group constantly endeavours to improve its manufacturing productivity and to reduce its purchasing costs, which helps to compensate for market volatility.

The hedging and sensitivity of commodity risks are dealt with in Note 26.2.3 to the Financial Statements.

RISKS CONCERNING INFORMATION SYSTEMS

The Group continues to roll out consistent IT systems in all its subsidiaries to ensure better management and client service and to minimise the risks inherent in obsolete local systems. It concentrates its IT budget on a limited number of software packages used selectively throughout the Group, depending on the size of each subsidiary (SAP R/3 for larger entities, or those participating in clusters, and SAP Business One for more compact entities, etc.).

This increased dependency on information systems and the greater integration with outside partners poses risks concerning the integrity and confidentiality of data and possible interruption of IT services. A failure might lead to loss of data, errors or delays that could impede the proper functioning of the company and affect its results. Thorough testing prior to the deployment of new systems and a strict information system security policy (monitored by a Steering Committee) are in place to ensure that systems are fully reliable, secure and accessible. Regular investments are made to improve the Business Continuity Plan in case of a major disaster on the primary IT processing centre. Anti-hacking audits are carried out each year to identify any security loopholes in the Group's network. Lastly, the management rules for access rights to systems are audited and then updated on a regular basis.

RISKS RELATING TO HUMAN RESOURCES MANAGEMENT

Groupe SEB is built on the skills of its employees, particularly those with key roles, and on its ability to attract talented individuals to aid its growth. Should the Group fail to attract or retain these key personnel, it may find it difficult to implement its strategy, with an accompanying negative impact on its business and its results. This is why it strives to provide a motivational working environment and to retain talented individuals. It also implements succession plans to mitigate possible employee departures.

In addition, Groupe SEB is constantly adapting its structures, particularly its manufacturing base, to ensure that it remains competitive. It has established a forecast planning system for jobs and skills in a permanent effort to address industrial and employment issues in collaboration with employee representatives and to take the necessary steps to avoid redundancies. The Group relies heavily on the quality of employee-management dialogue to solve difficult labour issues responsibly and in the best possible conditions for everyone. Throughout its history, Groupe SEB has carried out restructuring on various occasions, both domestically and outside of France, and has always done so in keeping with its corporate ethics. The Group has a history of committing substantial resources in order to help every employee concerned to find a solution. Groupe SEB provides retraining and ensures that practical steps are taken for the industrial redevelopment of the employment areas in question.

RISKS RELATING TO ACQUISITIONS

For more than 40 years, Groupe SEB has combined organic growth and acquisitions while pursuing its leadership strategy. Today, it plays a key role in consolidating the still-fragmented Small Household Appliances sector. As a consequence, the Group may decide to make new acquisitions.

Despite the disciplined approach and resources devoted to due diligence work ahead of these types of transactions and to the integration process once acquisitions have been made, the Group may encounter difficulties in integrating the operations, personnel, products or technologies of the companies acquired, under the terms originally envisaged. The Group cannot be absolutely certain that the businesses or companies acquired do not include liabilities that were not identified at the time of the acquisition and against which the Group may not be protected or may be only partially protected by the transferor or partner.

An Integration Committee regularly monitors the progress of each project and the synergies implemented in order to limit the risk of failure and to refocus action as necessary. Groupe SEB implements this approach consistently to optimise the integration of newly acquired companies.

FRAUD AND CORRUPTION RISKS

The Group's expansion into new locations, the development of new technologies that facilitate fraud and greater competitive pressure all increase the risk of fraud occurring within the Group's entities. The Group is increasing its control measures at various levels to address this heightened risk.

With respect to the fight against external fraud, a process of systematically reporting information on attempted fraud to the Internal Audit department allows the Group to analyse these situations, inform all entities of the risks and respond quickly by implementing new checks. A major initiative to raise awareness among financial employees and the systematic application of dual checks, for example, have limited the risk of customer, supplier and Group manager identity theft through technological means.

A mapping of fraud risks in our sales branches was drawn up in 2014. This mapping forms the basis for tests performed on our IT systems by the Internal Audit department to identify potential fraud.

Groupe SEB's code of ethics clearly sets out the requirements of the Group's management with respect to anti-corruption measures. In terms of relationships with suppliers, the Responsible Purchasing Charter sets out the required rules of conduct.

Checks are carried out in the field by internal audit teams on decision-making processes affecting relationships with suppliers, and with customers who represent the main risk areas of passive and active corruption. These checks focus in particular on collective responsibility and transparency when a decision is taken to award a contract to a supplier on the one hand, and on strict control over the amount and type of business expenditure on the other.

IMAGE AND REPUTATIONAL RISKS

Groupe SEB is exposed to the risk of information, whether founded or unfounded, being circulated via the media or social networks and having a negative impact on its brand image or reputation. Its global presence and the speed at which information can circulate due to the introduction of new technologies mean that this risk is now more acute than in the past.

In order to reduce the risks that may result from such occurrences, Groupe SEB has introduced a monitoring system allowing it to alert the Group's management where necessary and to set up a crisis management unit if needed.

DEPENDENCE ON SUPPLIERS

As part of its global purchasing policy, Groupe SEB relies on an approved panel of suppliers for production (470 in 2015 versus 452 in 2014), which accounted for approximately 85% of its worldwide needs in 2015. The top 50 suppliers accounted for 41% of direct production purchases by value (41% in 2014). With respect to the procurement of finished products, Groupe SEB has established a panel of some 50 suppliers who account for 91% of total purchases (88% in 2014).

Based on 2015 figures, the top three production suppliers provide nearly 6% of production (up from 5% in 2014), split almost evenly among them. The top three suppliers of finished products provide around 23% of the total (24% in 2014), with the leading supplier contributing around 14% alone and the second and third biggest 4% each. Excluding the leading supplier, the low numbers of the next-in-line show that the Group's policy of optimising purchasing procedures (in particular procuring from a smaller number of suppliers) has not resulted in concentration of risks. The Group is effectively dependent on external suppliers, where a late service or delivery or even bankruptcy could be highly prejudicial to its trading activity; it is therefore especially vigilant in spreading its risk base and limiting its reliance with regard to procurement. Its priority is to ensure continuity of production under optimum economic conditions and to have a variety of options at its disposal, within a single product family or for a specific technology.

Legal risks

RISKS ASSOCIATED WITH COUNTERFEITING

The Group is forced to constantly defend its brands and protect its business assets by filing patents and registering trademarks and designs. Accordingly, in 2015, the Group filed 107 patents, in line with previous years (117 in 2014 and 115 in 2013), making it the 16th largest filer in France. Groupe SEB also applies a policy of protecting the digital assets used on its websites. Moreover, a number of domain names using the Group's brands were delisted. These measures are not always sufficient on a global scale, as some countries offer less protection than the Group's historic markets in Europe and North America. As a result, sales are often "appropriated" by copied and counterfeited products and this can have a significant effect on growth and profitability. This obliges the Group to protect its rights by being extremely vigilant in the most critical zones (China and the Middle East), by having these products seized and destroyed by local authorities, or by taking legal action. Such measures inevitably come at a cost, but this is less than the loss of earnings as a result of counterfeiting.

In 2015, Groupe SEB renewed its investments in terms of industrial property rights, with a specific allocation for each type of action carried out (filing patents, measures to combat counterfeiting, litigation management, etc.).

RISKS ASSOCIATED WITH CHANGES IN TAX REGULATIONS

Groupe SEB has a commercial presence in many countries and is subject to numerous different domestic tax laws. Adverse changes in tax regulations in certain countries in which it has a presence cannot be ruled out. It is, in particular, exposed to risks of increases in existing taxes or of the introduction of new taxes, especially those relating to corporate income tax, customs duties, statutory deductions or the repatriation of dividends from its various subsidiaries. These factors could have an adverse effect on the Group's tax liability, cash flow or earnings.

Financial and market risks

LIQUIDITY AND COUNTERPARTY RISK

Groupe SEB's business is based on a short-term cycle and requires little heavy capital investment.

Liquidity risk management is handled centrally by the Treasury and Financing department. It is based on a solid financing architecture (no financing comes with early repayment clauses linked to covenants) and diversified over the short and medium-terms, with commercial paper, syndicated loans, Schuldschein private placements and bonds. Groupe SEB also has unused confirmed medium-term credit lines with leading banks.

The Group considers itself to have little exposure to financial counterparty risk as it prioritises 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.

CURRENCY RISKS

Groupe SEB sells its products in more than 150 countries. With production mainly concentrated in France and in China, its business is, therefore, highly exposed to transaction currency risk when products are billed to our customers in a currency that is different from that used in production. There is also a currency effect from conversion into euros when revenues and earnings from different countries are consolidated. Exchange rate swings thus affect the Group's ability to be competitive, so that these must be effectively managed from a long-term perspective. The Group's currency position remains short in dollars and yuan and long in several other currencies. To limit its risk, the Group hedges part of its highly probable cash flows, as well as almost all of its balance sheet transaction exposure, by put and call futures.

Nevertheless, for several years, the Group's trading activity has been strongly disrupted by volatile exchange rates. Given the sometimes sudden fluctuations in exchange rates, the Group is constantly forced to adapt 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. The effects on the Group's financial performance are therefore very different from one year to the next.

Details of exchange rate risks are given in the notes to the Consolidated Financial Statements (Notes 26.2.1).

INTEREST RATE RISK

The Group uses different types of financing (bank borrowing, private placements, bonds, commercial paper etc.) to meet its development and investment policy requirements. It uses mostly fixed-rate loans, in particular with long maturities, in currencies that correspond to its needs (mainly the euro and the US dollar). The longest-term among these loans, extending to 2022, has been financed at a fixed rate, making it possible for the Group to protect itself against the likelihood of interest-rate rises.

It should be noted that none of these loans comes with early repayment clauses based on covenants.

Details of interest rate risks are given in the notes to the Consolidated Financial Statements (Notes 26.2.2).

RISKS RELATING TO SHARES

As at 31 December 2015, Groupe SEB held 1,074,453 treasury shares for a total value of €71.2 million. This treasury stock is deducted from shareholders' equity at acquisition cost.

Based on the closing price of the SEB share as at 31 December 2015 (€94.60), the market value of treasury stock was €101.6 million (this market value has no impact on the Group's Consolidated Financial Statements). A 10% increase or decrease in the share price would therefore have led to a €10.0 million change in the fair value of treasury stock. This change has no impact on the consolidated income statement or shareholders' equity.

Further information on share risks is given in Note 26.2.4 to the Consolidated Financial Statements. This data also takes account of risk on the Supor share which is quoted on the Shenzhen stock market.

Sensitivity analysis

Groupe SEB conducted a sensitivity analysis of data published in 2015 to assess the impact of euro-dollar exchange rate fluctuations on its operating profit from ordinary activities and the effect of interest-rate variations on profit before tax.

Concerning the euro-dollar exchange rate, as a regular buyer of dollars or in "dollar zones" (raw materials, products sourced in Asia, etc.), Groupe SEB has held a short position in this currency for several years. The sensitivity analysis shows that a 1% change in the euro-dollar exchange rate would have an impact of about €6 million on the operating profit from ordinary activities. The Group also holds a significant short position on the Chinese yuan. A 1% change in the euro-yuan exchange rate would have an impact of about €4 million on the operating profit from ordinary activities. However, other important operating currencies for the Group could also have a significant impact on operating profit from operating activities. These include the yen, the rouble, the Brazilian real, the pound sterling, the Turkish lira, the Korean won, the Polish zloty, and the Mexican peso.

This sensitivity analysis does not take into account the impact of currency exchange fluctuations on the competitiveness of the European manufacturing base, which still accounts for a large percentage of the Group's production: a strong euro in relation to most other currencies, notably the US dollar, makes European manufacturing more expensive than production in dollar zones, and thus acts as a curb on exports. Conversely, a stronger dollar is a source of better competitiveness for our European manufacturing base. Since Groupe SEB relies less on sourced finished products than its competitors, its exposure to the US dollar (which remains the standard currency for purchasing outsourced products) is ultimately less than that of other companies.

With regard to interest rates, sensitivity analysis shows that the impact of a change of 100 base points in short-term interest rates on profit before tax would be €3.0 million, based on 2015 Group debt.

Notes 26.2.1, 26.2.2 and 26.2.3 to the Consolidated Financial Statements provide additional information on the Group's sensitivity to currency fluctuations, changes in interest rates and raw material prices.

Insurance

GROUP GENERAL INSURANCE COVER

Groupe SEB's policy concerning insurance cover 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.

INTEGRATED WORLDWIDE COVER

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

DAMAGE TO ASSETS AND LOSS OF EARNINGS

Cover for risk of damage to property and consequent loss of earnings due to the customary risks (fire, flooding, etc.) amounts to €250 million per claim for factories and warehouses.

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

This insurance cover 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 scheme that covers liability relating to their operations and the products that they manufacture or distribute, as well as the cost of product recalls.

Cover amounts are based on reasonable estimates of the risks incurred by the Group in view of its business.

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

ENVIRONMENT

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

Cover applies to:

- accidental, historical and gradual pollution;
- damage to biodiversity;
- depollution 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 loss 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.

CUSTOMER RISK

With rare exceptions relating to local issues, the Group's subsidiaries have taken out credit risk insurance under a Group scheme 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.

Significant events and litigation

There were no exceptional events or litigation proceedings other than those referred to in Note 29.1 to the Consolidated Financial Statements.

In the past 12 months, other than the proceedings reflected in the financial statements or 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 significant effects on the Group and/or its financial position or profitability.