

PROMISING INNOVATION*

OVER 4,000 PEOPLE COMMITTED
TO OUR CUSTOMERS' FUTURE

*Since 1918, World leading
company for advanced batteries
designed for industry*





COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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Chairman's message

*Dear Customers,
Dear Shareholders,
Dear Suppliers,
Dear Stakeholders*

I am pleased to confirm in this second communication on progress that Saft reaffirms its support for the ten principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Those principles are an integral part of our Group's operations.

In this annual communication on progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our main communication channels.

A handwritten signature in blue ink, appearing to read 'G. Lescuyer', with a stylized, cursive style.

Ghislain Lescuyer

Chairman of the Management Board

1 Group presentation

1.1 GROUP PROFILE

1 Group presentation

1.1 GROUP PROFILE

SAFT IN BRIEF

€678,4

sales in 2014

4,078

staff worldwide

present IN

18 countries

around the world

9,5%

of sales invested in Research and Development in 2014

14

manufacturing sites worldwide

Soft, the world leader in advanced and innovative battery systems*

Created in 1918, Saft is the world's leading designer, developer and manufacturer of advanced technology batteries for industry. With a consolidated turnover of €678.4m in 2014, Saft sells multi-technology battery systems meeting the needs of a wide variety of customers worldwide:

- nickel-based and primary lithium batteries for industrial infrastructure, transportation, civil and military electronics applications;
- lithium-ion solutions for energy storage, telecoms, vehicles, marine, space and defence applications.

Saft's customers include original equipment manufacturers (OEMs), distributors, and final end-users. Saft works in close cooperation with them to develop the batteries that best meet their needs, continuing to develop new generations of batteries for new applications, helping customers to propose innovative products and services. On most of the advanced-technology battery markets targeted, the Saft brand is a key criterion in the customers' purchase decisions. However, the Group also markets products under other well-known brands: Alcad, Tadiran, Eternacell, Nife and Ferak. This strategy enables the Company to leverage its position on certain specialised markets throughout the world and meet the diverse needs of its customers.

Saft operates through two divisions:

- the **Industrial Battery Group division (IBG)**, which manufactures rechargeable batteries for transportation, stationary backup power applications and energy storage systems. In 2014, IBG sales represented 61% of the Group's consolidated turnover;
- the **Specialty Battery Group division (SBG)**, which manufactures primary and rechargeable batteries for civil and military electronics activities, space and defence. In 2014, SBG sales represented 39% of the Group's consolidated turnover.

2014 key events are presented in the management report in chapter 5 of this Registration Document. Key dates of Saft history are presented in chapter 8.

* Management estimation.

1.2 GROUP STRATEGY AND COMPETITIVE ADVANTAGES

There is growing awareness throughout the world, both at government and consumer levels, that whatever the price of fossil fuels, it has become imperative to turn to sustainable and clean sources of energy. This means the battery market has a promising future.

Saft's strategy is to address the market segments where its advanced technologies provide a significant advantage over alternative technologies. This strategy is founded on three principles: innovation, growth and excellence.

● Innovation

Saft invests significant resources in its Research and Development activities, employing approximately 475 engineers and technicians who work in applied research, develop new battery technologies, and optimise existing products, adapting various batteries to customer specifications. Saft employs a wide range of technologies: the Group filed 6 new patents in 2014 divided into 147 patent families related to its battery technologies;

● Growth

Saft identifies markets and advanced industrial applications with a high growth potential where customers need customised products. To this effect, Saft works in close collaboration with its key customers.

● Excellence

Saft supplies batteries for applications where the cost of failure would be very high to the end-user, particularly in the aviation, defence and space industries. With nearly one hundred years' experience in the battery market, Saft's reputation for making reliable, safe, and high performance products represents a significant competitive advantage in these markets.

Saft develops solid relationships with its main customers enabling the Group to work with

them hand-in-hand in the development phase for new applications, which in turn leads to opportunities for new supply contracts.

Saft is present in 18 countries, has 14 manufacturing facilities at sites in nine countries, and its broad sales network mean Saft can service customers worldwide on a local basis giving it a key competitive advantage.

These three principles give the Group key assets and lead to high margins justified by the technology used and the technical know-how required. In addition, this strategy enables Saft to have customers in a wide range of different industrial sectors thereby limiting exposure to the cyclical fluctuations which can affect certain industries. Finally, it enables the Group to hold significant market shares worldwide in most of its markets and to implement a premium pricing policy in line with its financial strategy.

Saft intends to maintain this strategy and use its competitive advantages to increase its market shares in the sectors where it operates, to increase sales and operating margins, and to gain new markets and new industrial applications for the lithium-ion technology it has developed.

To achieve these objectives, Saft relies on:

- continued investment in its various technologies and in new markets;
- further expansion of its commercial presence, notably in Asia;
- cutting production costs. Saft continues to seek opportunities to reduce component and manufacturing costs in order to improve its competitiveness while maintaining a high level of quality through, among other things, its World Class Manufacturing Program for continuous improvement.

1.3 ACTIVITIES

Saft's strategy of innovation entails proposing a portfolio of advanced technologies to multiple industrial markets.

1.3.1 TECHNOLOGIES

Batteries are stand-alone power sources that convert chemical energy into electrical energy through a chemical reaction when the battery is discharged. There are two main types of batteries produced by Saft: non-rechargeable batteries (primary) and rechargeable batteries (secondary):

- the active materials in a non-rechargeable battery are irreversibly converted during the chemical reaction that produces

energy. The principal primary battery technologies Saft uses are lithium-based;

- rechargeable batteries are batteries that can be used (charged and discharged) repeatedly. The achievable number of recharge cycles varies among technologies and is an important competitive factor. The main rechargeable battery technologies used by Saft are nickel and lithium-ion (Li-ion). These advanced technologies offer better and more reliable performance,

1 Group presentation

1.3 ACTIVITIES

especially under extreme conditions, and the batteries have a longer life, reducing the frequency with which they must be replaced and therefore cutting costs for the customer.

The main technologies used by Saft are:

- **Nickel-based:** Developed in 1910 this technology remains, with lead acid, the main technology for industrial batteries. Nickel technology based batteries accounted for approximately 48% of the Group's consolidated revenues in 2014;
- **Primary lithium:** (Non-rechargeable) lithium batteries, which were first developed in the 1960s, have high end-storage and performance capabilities over a large range of formats. Primary lithium batteries accounted for approximately 30% of the Group's consolidated revenues in 2014;

- **Rechargeable lithium (Li-ion):** Li-ion is a rechargeable lithium technology, developed in the early 1990s, that Saft expects will be increasingly used in advanced applications in the defence, marine, and transportation markets. Li-ion technology based batteries accounted for approximately 18% of the Group's consolidated revenues in 2014. In addition Saft has developed a Super-Phosphate Lithium-ion technology for applications that require a high tolerance to abuse, for example in the medical and marine sectors;
- **Other technologies:** Silver-based technologies are used to manufacture batteries for missiles and torpedoes. They accounted for approximately 1% of the Group's consolidated revenues in 2014.

1.3.2 APPLICATIONS AND MARKETS

Industrial Battery Group (IBG)

Presentation

Nickel-based batteries are the traditional expertise of Saft's Industrial Battery Group (IBG) and it is on the foundations of this long heritage, that the Group has successfully developed lithium-ion technology to meet the ever diversified requirements of its customers, whose applications benefit from the smaller, lighter, longer-life and versatile batteries that Li-ion offers. IBG is now going that extra mile in satisfying customer needs by offering not only systems integration, for example in energy storage systems, but also full turnkey solutions that cover all aspects from installation to commissioning and as well as the training of local operatives on preventive and corrective maintenance, refurbishment and recycling.

Market segments

Stationary backup power

Industrial standby

Saft designs and manufactures batteries for industrial standby applications. These batteries are generally robust, have a long life and can perform under extreme conditions. The main product application is principally emergency power backup systems in the following markets: oil and gas, power generation and distribution, railway signalling systems, in which the Group delivers the products directly to the end customers.

Growth in this sector is generally correlated with GDP growth, and in particular with capital expenditures in the industrial sector.

Telecommunications networks

Saft manufactures backup power stationary nickel or Li-ion batteries, in case of grid failure. Generally installed in outdoor telecommunications terminals, these batteries can face extreme conditions or maintenance

can be difficult and costly due to their remote location.

Growth in this market is generally driven by levels of capital expenditure in the telecommunications industry.

Energy storage systems

Essential for the stability of the grid, energy storage also helps to smooth the peaks and troughs of renewable energy generation. Saft offers battery solutions to ensure the constant reliability required to better integrate this intermittent energy and also smaller systems for residential and commercial sites. With high energy efficiency, the range of Saft Li-ion batteries for these applications offers high performance, long life and limited maintenance.

Transportation

Rail

Saft supplies primarily nickel-based batteries to railway and mass transit operators as well as train manufacturers for backup power, communication, lighting, air-conditioning and on-board communication as well as for critical safety applications such as emergency braking and for door opening systems. Batteries supplied to the rail market must be reliable and able to withstand extreme conditions. They generally have a life of ten to fifteen years. The rail market is also demanding ever more compact batteries that require little maintenance. The replacement and refurbishment of rolling stock as well as investments in mass transport systems drive growth in this market.

Aviation

Saft is the world's leading supplier of battery systems for the aeronautics industry (OEMs, distributors and airlines) and its batteries are aboard two thirds of the world's fleet of civil (passenger and freight) and military aircraft. Saft nickel batteries are used mainly for power backup and emergency systems, as

well as for engine and turbine starting and flight preparation. As the consequences of power failure are significant for aircraft operators, batteries supplied to the aviation market must be irreproachably reliable and durable, especially in extreme conditions. Although most of the batteries used in the aviation market are nickel-based batteries, Li-ion is a promising emerging technology in this market.

Vehicles

In this innovative sector, Saft develops and provides Li-ion battery solutions for the electrification of industrial vehicles, such as buses, trucks and forklift trucks, and motorsports. Both sectors require high performance and efficiency and Saft battery systems are particularly well suited to these innovative vehicles.

IBG competitive environment

For its nickel battery activity, IBG is the leader on almost all its markets but faces competition from other manufacturers in Europe and India although their production capacity is smaller than Saft's.

However the main competition the Group faces is from lead-acid technology whose performance is lower and life shorter than nickel batteries, especially in difficult climatic conditions but whose initial ownership cost is lower.

Where Li-ion is concerned, the range of competitors is wider and comes mainly from Asia. The Group's financial strength gives it the power to constantly develop new products and be present worldwide to keep its leadership position.

With its deep knowledge of the high value-added markets for nickel-based activities, exciting new Li-ion opportunities, two new world class factories and its extensive sales network, Saft has a unique multi technology offer of high performance and competitive products.

Specialty Battery Group (SBG)

Presentation

Saft's Specialty Battery Group (SBG) is acknowledged as the world leader in the design, development and manufacture of high-performance primary lithium and rechargeable lithium-ion (Li-ion) battery systems that are small, lightweight, resistant, reliant, powerful and long lasting to meet customer requirements in the civil and military electronics industry, defence and space and marine industries.

Saft develops batteries in cooperation with OEMs that generally leads to a supply contract with the OEM and subsequent replacement sales to end users. The division also supplies silver-based batteries for conventional defence applications such as electric torpedoes.

Market segments

Civil electronics

With its two major brands, Saft and Tadiran, Saft continues to be the world's leading supplier of primary lithium technologies for the market segments targeted. Saft designs and manufactures lightweight, high performance, highly reliable batteries tailored to the demands of OEMs.

Customers in this market include both specialised OEMs and distributors seeking resistance, long-life, reliability and compactness from their battery systems. In general, prototypes are developed to the specifications of the application. These then undergo testing before being selected by the OEM client. The qualification and testing period can take up to two years prior to production launch. Given these requirements, once a battery manufacturer is qualified as the supplier, it is generally in a strong position to continue supplying the batteries for the lifespan of the product. Standardized products are sold to distributors enabling sales to cover a wider geographic area.

Space

Saft is the world's leading company for the design, development and manufacture of Li-ion batteries for communications, scientific and military satellites and is continually breaking new ground in this area. Satellites represent the major share of Saft's space activity. The Company also equips satellite launchers, where it has pioneered solutions based on lithium-ion technology combining lighter weight with improved thermal management. Saft is the only manufacturer with a complete range of battery technologies for the space market.

Satellites require batteries that can withstand extreme conditions such as temperature variations and vibrations, operate reliably throughout the entire mission, and comply with strict size and weight constraints. Saft produces specialised batteries customised for the particular needs of each satellite. The development and production of a satellite battery typically takes three years from initial inquiry to satellite launch. Demand is driven by telecommunications investment, defence budgets and scientific and special projects. Reliability and long life are essential characteristics of satellite batteries as a faulty embarked item cannot be replaced.

Marine

There is a growing demand from many of the world's major maritime and fluvial port cities for hybrid or all-electric-powered water vessels (ferries, offshore vessels, cruise-liners, cargo vessels...) as they not only offer significant fuel savings compared with diesel engines but operate quietly and pollute less. In addition the European Union is considering legislation that shore-side electricity supply is to be installed as a priority in maritime and inland ports. Saft's Li-ion technology is well

1 Group presentation

1.3 ACTIVITIES

suited to this marine market where the Group is a relative newcomer.

Military activities

Saft is a leading designer, developer and manufacturer of high performance lithium solutions for defence applications. These batteries power equipment that range from night-vision goggles to missile launchers and from communications systems to military vehicles.

- Military lithium (for portable devices) requires highly technical batteries that provide reliable power under extreme conditions with strict size and weight constraints. Sales of lithium batteries to the defence market are predominantly driven by sales of replacement batteries directly to armed forces. Once a battery supplier has qualified with an OEM for an initial sale, replacement sales are made directly to the end-user, generally pursuant to multi-year contracts submitted for bids to qualified suppliers. Long-term Saft/customer relationships are particularly important with OEM customers to reduce the size and weight of batteries for these mainly portable and unmanned systems' applications.
- Saft designs and manufactures silver-based batteries for defence applications where it has a strong position producing mainly silver-zinc batteries for torpedoes and missiles. These batteries are customised and must be robust, resistant to shocks and have a long shelf life. Saft's customers are mainly European OEMs that manufacture torpedoes with whom the Group has concluded long-term sales contracts. Shelf life and reliability are key purchasing considerations in this market.
- Smart weaponry, hybrid military vehicles and mini-submarines are some of the new defence systems for which Saft is developing high performance Li-ion batteries in collaboration with OEMs. These advanced defence systems require reliable, lightweight and high-energy power sources. Saft, as a general rule, is able to secure supply contracts with OEMs for successful applications.

SBG competitive environment

The Lithium Batteries division of SBG offers a wide portfolio of primary lithium technologies and has a leading position in its strategic markets. It faces competition mainly from Asian companies – one Korean company and

more than a dozen small or middle sized Chinese companies – offering a significantly smaller choice of technologies with more limited performance. Amongst these, only one or two are qualified suppliers and all have lesser technical capacity than Saft's brands. In the military market segment, Saft has only one smaller competitor that offers a limited choice. Saft's brands are leaders in all key segments of this market.

In rechargeable Li-ion, SBG mainly addresses technically driven niche markets, offering a complete battery solution. Competition from companies in the United States, Europe and Asia varies depending on the market. There are many manufacturers of cells in Asia, including Korea, China and Japan, but these are dedicated to consumer products for which Saft does not produce and are therefore not in competition with the Group. Saft has positioned itself on market segments that produce technically complex products and need the highest requirements in terms of battery capacity or cell performance. Unlike many of its competitors who must incorporate cells from various manufacturers into their products, Saft can provide its strategic markets with complete in-house battery solutions, ensuring a strong position on the market. Saft has two large capacity manufacturing sites in Jacksonville, USA and Nersac, France, enabling the Group to offer competitive pricing for large volume contracts for both batteries and complete systems.

In space activities, Saft's principal competitors are a large Asian company and a small European manufacturer. However, thanks to Saft's higher technology and ability to manufacture complete cells and batteries in both Europe and the United States, it holds a dominant market share in the space sector.

In the defence sector, Saft has no major competitor that can reach out to all regions and markets, but has two serious competitors in silver-based technology. However, Saft remains the market leader thanks to its technical expertise and significant productivity efforts. In lithium-ion products, Saft faces competition from multiple small to medium sized regional manufacturers of cells and batteries.

In the marine market, there is one competitor in North America and one in Europe, neither of which manufacture their own cells.

1.3.3 RESEARCH AND DEVELOPMENT

If Saft has succeeded in establishing itself as a world leader in cell and battery systems, it is in large part thanks to the Company's long-term commitment to Research and Development. Saft's engineers and technicians work on multiple R&D programmes – basic electrochemistry

research, new materials, improved production processes, design, development and enhancement, systems and software, data management, maintainability, and more.

A major portion of Saft's R&D work is dedicated to creating new, cost-competitive products that meet specific customer

requirements and offer very near-term benefits.

In 2014, Saft invested nearly €65 million in Research and Development, representing more than 9% of sales. R&D headcount further increased to 475. In 2014, 6 new patents were filed adding to Saft's portfolio of patent families of around 147.

Li-ion technologies, the major growth area for Saft, represent about 75% of the Company R&D investment. Thanks to its R&D advances, Saft positions itself as a multi-chemistry lithium-based battery provider.

Primary lithium represents another area of significant growth opportunities for Saft in the future so the R&D team also works on improving traditional primary lithium products as well as bringing new products to market.

Finally, R&D engineers continue to enhance Saft's nickel-based batteries to bring greater benefits to customers. To be efficient, R&D teams work closely with the Group's sales and marketing services that are deployed in sales offices located on the five continents.

Cell and system development

As far as long-term research is concerned, the Group continues to focus on new materials, new chemistries and innovating processes. This will lead to improved performance and lower cost products for the future. In addition, research is also expanding the work on models and algorithms to support system development.

In the shorter term, the R&D teams have further intensified their systems development activity to integrate power electronics and software so as to offer customers complete, customised solutions. The Systems Development Unit (SDU based in Bordeaux) is the fastest growing team in Saft's R&D community, and a SDU unit has also been created at the Jacksonville lithium-ion plant in the United States, whose engineers have the task of integrating specific US customers' needs into the systems. SDU continues to work on several programmes to improve the system content of Energy Storage Systems, offering more energy and more power at a more competitive price in the market. In further developing systems, the R&D teams enable Saft to deliver more storage to more applications, and therefore expand the product portfolio.

Turnkey solutions are high on the priority list of Saft R&D as they are increasingly being requested by customers. Much of the focus here is on maintainability. With systems that have a service life of twenty years or more, maintenance is important so needs to be integrated in the initial design criteria to ensure that the electronics are easily accessible by service technicians and safe to handle. This requires new and more stringent modular design criteria that the R&D engineers are developing for future products.

1.4 SUSTAINABLE DEVELOPMENT

In designing and manufacturing products that contain chemicals, Saft strives to make efficient use of resources and reduce the environmental impact to a minimum. This is achieved by improving performance, extending lifetime and reducing the weight and footprint of the products. It can also be enhanced by saving energy and minimising the CO₂ emissions of its factories. Saft supports end-of-life battery recycling and the use of recycled materials. These actions are all included in programmes Saft has introduced to preserve the environment.

Saft continues to make every possible effort to protect people and the planet, while bringing benefits to the users of its products. The Group uses a set of Key Performance Indicators (KPIs) to monitor the impact of its activity on the environment and the results of the Group's efforts. In most cases, these KPIs show the Group is making good progress. In addition, all Saft sites in Europe and China are now ISO 14001 certified.

The Company contributes to protecting the environment through its end-of-life programmes, where Saft is fully compliant with national laws. An important element is the Saft "take-back" programme. For many years, Saft has encouraged end-users of Saft nickel-based batteries to return them to voluntary bring-back points for recycling. Now that this is an EU wide requirement, Saft goes beyond the legal demands. The programme has been extended geographically to cover over 30 countries, well beyond the EU-27 area. Programmes set up for other battery technologies comply and exceed regulatory requirements.

Re-cycling and life cycle assessment

Recycling has long been a policy at Saft. All products returned are recycled back into manufacturing processes. With nickel-based batteries, for example, recycled cadmium is used to produce new batteries, while nickel is re-used either in batteries or in other industries.

The Group also carried out a full Life Cycle Assessment (LCA) on nickel railway batteries

in 2014. LCA involves measuring impacts at different phases of a component or system life to detect where improvements are needed to reduce, *inter alia*, CO₂ emissions or energy usage. This can lead to changes in design or materials or in the manufacturing process. Saft is the first battery supplier to conduct such LCAs, and customers highly appreciate the initiative.

Plants and products

Saft actively promotes the principles of sustainable development, organised into three areas: society, economy and the environment. A reporting process on indicators has been set up to measure the Group's performance in these areas. Data is collected on these non-financial indicators every year and published in section 3 of this Registration Document. In order to show its commitment and give more weight to these indicators, Saft began in 2011 to have them audited externally.

In 2012, Saft completed a greenhouse gas audit on its French sites. This audit covered direct emissions and indirect emissions linked to energy. In 2014, the 42 social, societal and environmental indicators which are governed by the French Grenelle 2 law have been independently reviewed.

Saft is also very involved in the practice of sustainable design. Product developers cooperate with recyclers to understand the constraints and costs of design to recyclers. Developers are seeking to include recycling-related constraints in initial design without impacting product performance. Saft holds a role of expert and is very active in the Rechargeable Batteries project, led by the Association RECHARGE.

Health and safety

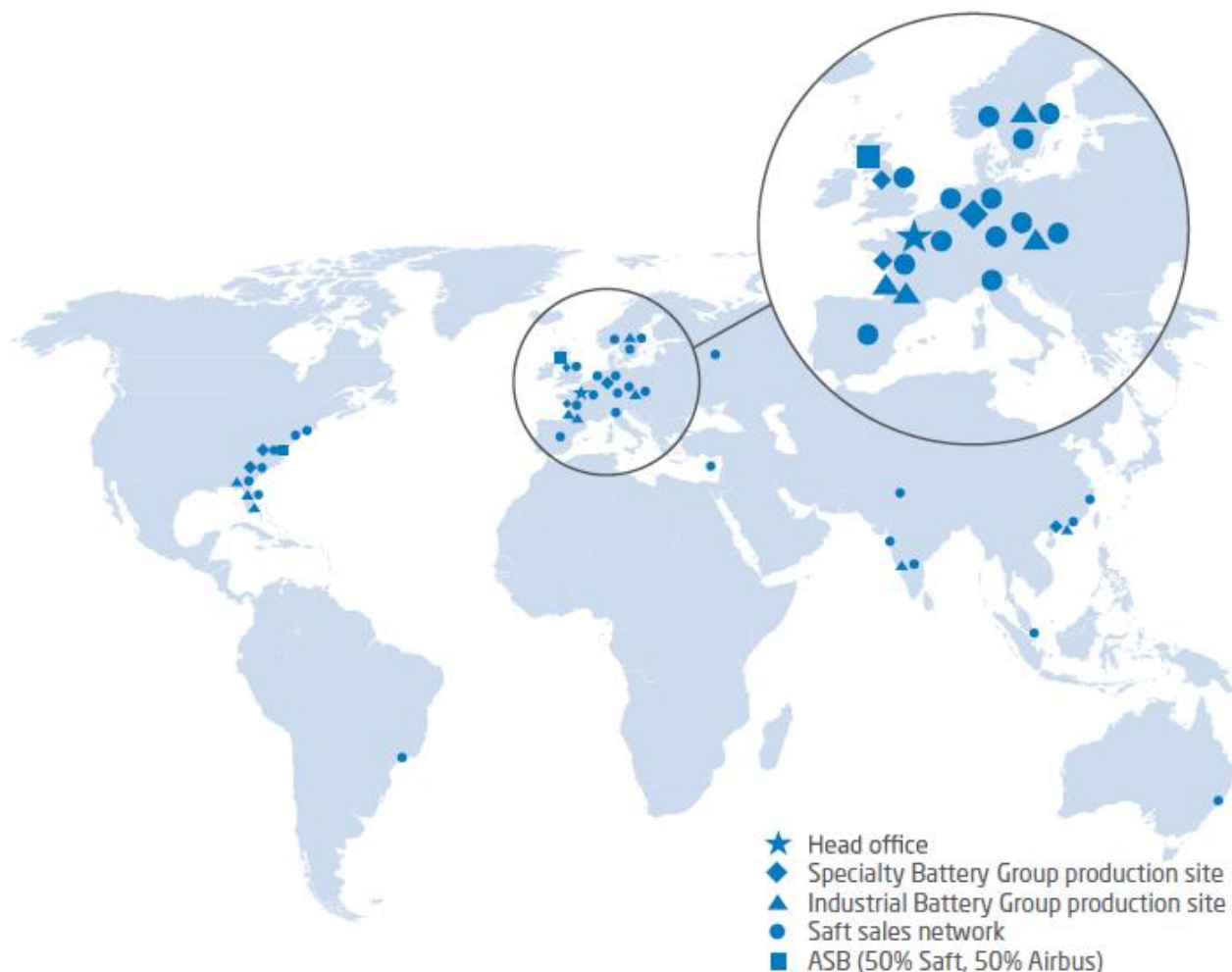
The Group makes every effort to fully comply and exceed legal health and safety requirements to reduce risks and uses a number of indicators which demonstrate risks are controlled. These indicators continue to show progress year on year.

1.5 ORGANISATION AND LOCATIONS

1.5.1 AN ORGANISATION AND INTERNATIONAL PRESENCE SUPPORTING THE GROUP'S DEVELOPMENT

The Group is organised around the holding "Saft Groupe SA". The Group organisation chart at December 2014 is detailed in chapter 8 of this Registration Document.

AN INTERNATIONAL PRESENCE AND AN ORGANISATION ANSWERING CUSTOMERS' NEEDS



In total, Saft employs 4,078 people across 18 countries, with:

- 14 production sites;
- about 30 sales offices.

Saft has been historically present in Europe and the United States, but is constantly developing in emerging countries, including Asia, South America and Russia.

Each Saft division has its own sales team, though if the customer situation demands, one division can work with the other in certain markets. The Industrial Battery Group (IBG) sales and marketing teams comprise 236 people. They are organised by geographic zone, whereas the Specialty Battery Group (SBG) sales and marketing teams of 82 people are structured by brand. In certain markets or regions, the sales teams are complemented by agents or distributors with whom the Company has often been working for several years.

1.5.2 CORPORATE GOVERNANCE ENSURING THE BALANCE OF POWERS

The Saft Group has governance bodies whose operating principles are transparency and dialogue. It is guided by the applicable

1 Group presentation

recommendations and provisions of Afep-Medef Code of Corporate Governance (June 2013 version) and of AMF.

The Saft management team is driven by a long-term vision and is recognised for its stability and its international experience. Since Saft has been listed on the Euronext market in June 2005, the Group has had a Supervisory Board and a Management Board.

The Management Board is appointed by the Supervisory Board. It has the most extensive powers to act under any circumstances in the Company's name. It decides the strategy and priorities for Saft's activities. It is composed of five members:

- **Ghislain Lescuyer**, Chief Executive officer
- **Bruno Dathis**, Chief Financial Officer;
- **Thomas Alcide**, General Manager of SBG and President of Saft America Inc.;
- **Xavier Delacroix**, General Manager of IBG;
- **Franck Cecchi**, Lithium-ion Operations General Manager, appointed as member of the Management Board on 21 July 2014,

The Supervisory Board exercises permanent control over management of the Board of Directors and its members are appointed by the Shareholders' General Meeting for a

three-year term. It is composed of five members:

- **Yann Duchesne**, Chairman;
- **Jean-Marc Daillance**, Vice-Chairman;
- **Charlotte Garnier-Peugeot**;
- **Bruno Angles**;
- **Marie-Claire Daveu**

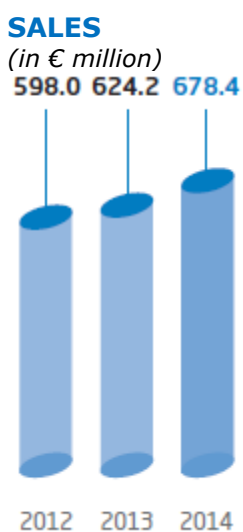
The Supervisory Board is assisted in its functions by an Audit Committee, a Remunerations and Nominations Committee and a Strategy and Technology Committee.

A Management Committee (called Saft Management Committee or SMC) also exists within the Group, which serves as a forum for discussing and for implementing the Group's strategy. In addition to the members of the Management Board, the Management Committee (SMC) comprises:

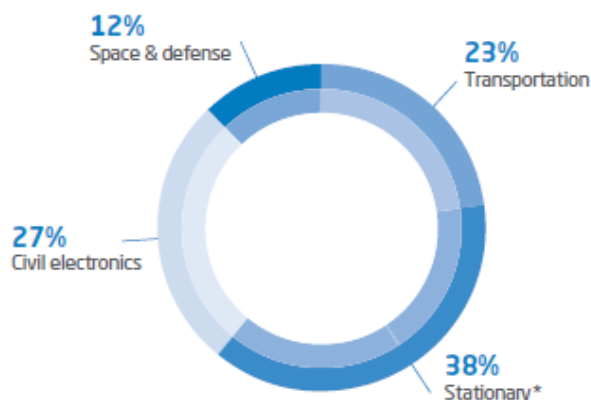
- **Frédéric Hapiak**, Director of the Energy Storage Unit since 1 January 2015;
- **Igal Carmi**, General Manager of Tadiran Batteries Ltd.;
- **Kamen Nechev**, Chief Technology Officer.
- **Elizabeth Ledger**, Corporate Communications and Institutional Relations Director,

Information relating to Saft Group governance is described in chapter 4 of this Registration Document.

1.6 KEY FIGURES

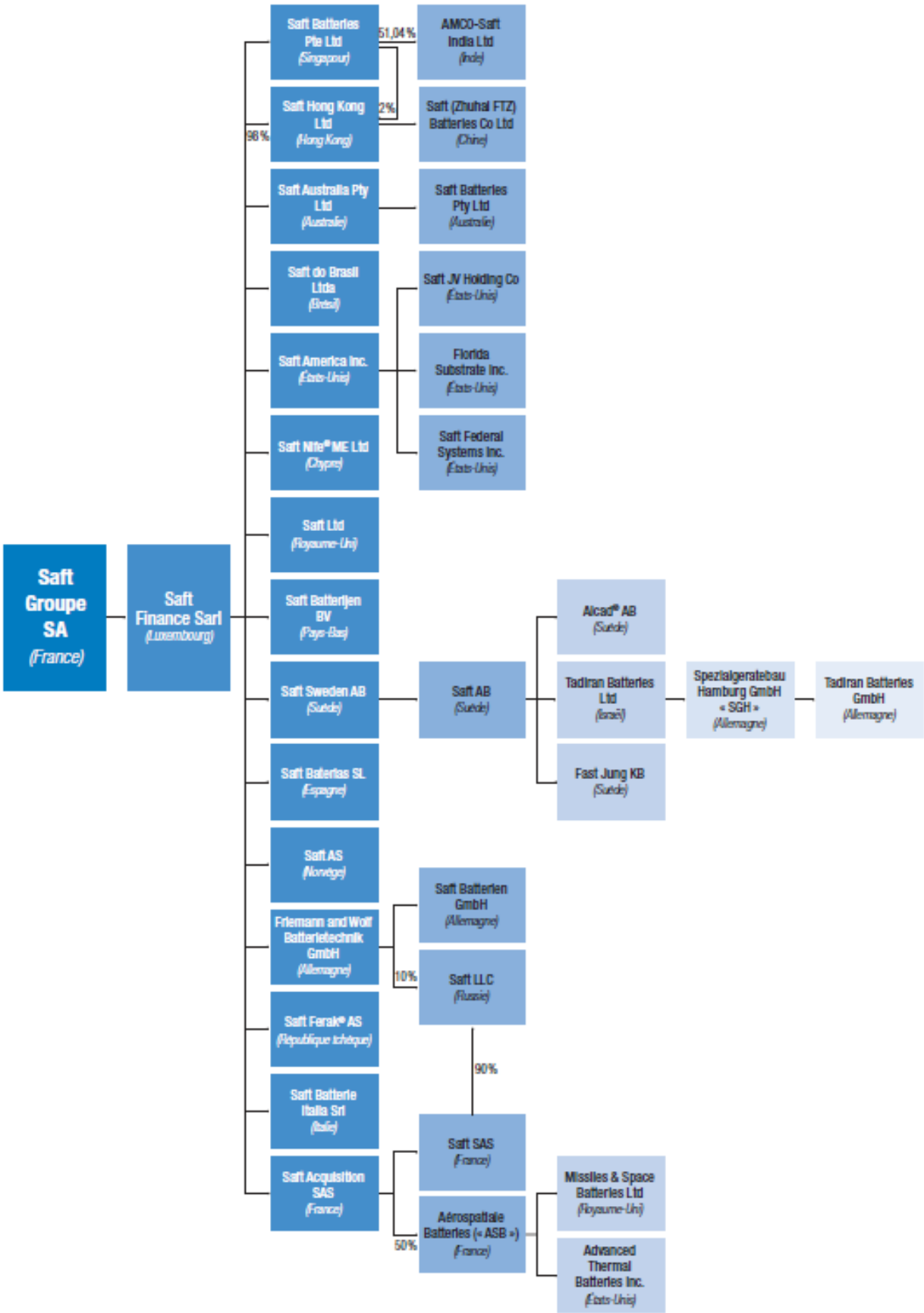


2014 CONSOLIDATED SALES BY MARKET SEGMENT



*Including sales of electrodes to Arts Energy.

1.7 GROUP ORGANISATION CHARTS



1 Group presentation

1.8 SHAREHOLDERS AND STOCK MARKET INFORMATION

1.8 SHAREHOLDERS AND STOCK MARKET INFORMATION IDENTIFICATION

Listing: Euronext Paris

Market: Eurolist Compartiment B

Indexes: SBF 120;
CAC Mid 60;
CAC IT;
CAC Mid 100;
CAC PME;
Euronext Tech 40;
CAC Industrial Index.

ISIN code: FR 0010208165

Eligible security for French equity saving plan (PEA, PEA PME) and for deferred settlement service (SRD) for long positions.

MAIN SHAREHOLDERS

Harris Associates:	8.52%
Caisse des Dépôts et Consignations:	4.13%

CAPITAL DISTRIBUTION*

THE SPLIT BY REGION IS AS FOLLOWS:



86.6%	Institutional shareholders
13.2%	Individual shareholders including management of the Group
0.2%	Treasury stock

* Based on an analysis of shareholdings in 31 December 2014.

2 Risk Factors

This section describes the significant risks which the Group considers it is exposed to through its activities and environment, as well as the steps taken to lower the probability of such risks materialising and to reduce their potential impact.

At the time that this annual report was prepared, the Company performed a review of

risks that could have a material adverse effect on its business, financial position or results and its ability to achieve its objectives, and it feels there are no risks, other than those listed below, that the Company deems relevant and meaningful.

2.1 OPERATIONAL RISKS

2.1.1 RISKS RELATED TO THE ABILITY TO RETAIN QUALIFIED STAFF

Types of risks

Saft's success is highly dependent on the quality and experience of its management team, and of key employees responsible for manufacturing processes and Research and Development. These highly qualified employees have generally been at the Group for a number of years, and have an excellent knowledge of its business and the sectors in which it operates. The departure of one or more managers or key employees could lead to a loss of expertise and affect the Group's ability to grow some of its businesses or attain certain strategic objectives.

The Group's future success will partly depend on its ability to attract, train, motivate and retain highly qualified employees and managers. However, given the intense competition to attract employees with such

qualifications, there can be no assurance that Saft will be able to do so.

Risk management

In order to limit the impact of this risk, Saft HR policy is based, in particular, on programs of anticipating needs and talent retention:

- drafting of a succession plan for management teams and key employees;
- implementing a process for rewarding performance and retaining staff such as:
 - development of rewarding and challenging careers,
 - implementation of programs for skills development and change management through trainings,
 - implementation of an attractive remuneration system.

These measures are described in more detail in section 3.2 of this Registration Document.

2.1.2 RISKS RELATED TO PURCHASES AND SUPPLIERS

Regulatory risks related to purchases

Types of risks

The Group is subject to a large number of regulations at the local, European and international levels in relation to its purchasing activities.

Non-compliance with these requirements would entail legal and financial risks and in some cases restrictions on access to public sector contracts. Saft therefore takes particular care in ensuring it complies with these regulations.

Risk management

In order to mitigate these risks, the Group's buyers are regularly informed of changes in the legal and regulatory framework in which they operate. Moreover, compliance with certain legislation is subject to specific

monitoring, for example, the European regulation on chemical substances, "REACH" programme (Registration, Evaluation, Authorisation and Restriction of Chemicals).

Supplier risks

Types of risks

As with any manufacturing company, Saft is exposed to a risk related to the quality and durability of its raw materials and components supplies. Like any company that manufactures high technology products, Saft regularly uses a number of suppliers of specialised products. If one or more of these suppliers were to fail, it could have a significant impact on the Group's business and financial performance.

Risk management

In order to limit these risks, each unit has supplier risk evaluation procedures in place, at least annually, as does the management of the Group's Purchasing Department. In

2 Risk Factors

addition, progress plans and specific action plans are regularly drawn up and

implemented according to the risk levels identified.

2.1.3 RISKS OF INTERNAL CONTROL FAILURE AND RISKS OF FRAUD

Types of risks

Saft's international profile means that its administrative, financial and operational processes are managed in various legal and regulatory environments, with varying degrees of Internal Control and risk management sensitivity from one entity to another. Moreover, they may be managed with different information systems.

In this context, Saft cannot rule out a failure of Internal Control or an instance of fraud that could have a significant financial impact and/or harm the Group's reputation.

Risk management

In order to mitigate these risks, Saft has set up a review process of its Internal Control,

Risk management

To minimize the impact of these risks, the Direction of Information Systems of Saft Group has established strict rules on data backup, protection and access to confidential

based on a set of rules and procedures that it has circulated to all its subsidiaries. In addition, regular audits of different Group sites or audits of processes are carried out according to a programme established and approved annually by General Management and the Audit Committee. Lastly, Saft has implemented a number of initiatives to raise the awareness of employees of risks relating to fraud, corruption or non-compliance with the Group's rules of ethics.

The process of evaluating risks is described in greater detail in the report prepared by the Chairman of the Supervisory Board, presented hereafter in section 4 of this annual report.

data, security of materials and applications. In addition, the Group has implemented and released an IT charter that defines best practices and responsibilities to contribute to IT security.

2.2 RISKS RELATED TO THE IMPACT OF THE GROUP'S BUSINESS ON THE ENVIRONMENT, HUMAN HEALTH AND SAFETY

2.2.1 ENVIRONMENTAL RISKS RELATED TO OPERATING FACTORIES

Types of risks

In each country where the Group operates an industrial facility, it is subject to a large number of local, national and international environmental protection laws and regulations. In particular, these laws and regulations impose increasingly restrictive rules on atmospheric emissions and waste water discharge; the use, storage and disposal of hazardous substances, soil protection; removal of asbestos; transport of products, collection, recycling and/or disposal of waste.

These environmental laws and regulations therefore expose the Group to the risk of having to bear significant costs and responsibilities, including in relation to assets sold, transferred or past activities:

- the Group could be required to incur significant additional operating expenses and significant investment obligations in the event that new laws, regulations or government policies are adopted, decided or required, or in the event of additional demands by competent authorities;

- additional regulations could limit the Group's ability to modify its processes or expand its factories or to continue to operate a facility;
- additional regulations could also oblige the Group to implement pollution prevention measures, or to incur new costs for the remediation of existing sites;
- the Group could be required, in the future, to contribute to the remediation of sites or plants owned or operated by third parties, and on or in which the Group has stored or disposed of the waste it has generated;
- failure to comply with these requirements could result in administrative or criminal sanctions (fines), or civil compensation claims.

Risk management

The Group invests significant sums to ensure that it minimises the risks of harming the environment in conducting its activities, and regularly makes the investments necessary to meet regulatory requirements. In particular:

- the Group's central objectives comply with these legal requirements and the control

systems operated at each manufacturing site in order to ensure such compliance have been documented and certified in accordance with the international ISO 14000 standard for most European sites;

- the Group has progressively set up indicators that are used to evaluate the impact of its operations on the natural environment, which are subject to consolidation and internal monitoring and are also communicated to local supervisory authorities. Detailed information on these indicators is provided in section 3.1 of this Registration Document.

In addition, when Doughty Hanson acquired the Alcatel group's battery business, Saft Finance Sarl (a direct subsidiary of Saft Groupe SA) was granted a certain number of contractual guarantees in respect of environmental matters, including in particular – within certain limits – the costs of remediation of sites and land affected by the Group's operations prior to 2004. These guarantees were effective until the beginning of the year 2014. To the current knowledge it is not expected that the remediation of sites and land affected by previous operations achieved before 2004 lead in the future to significant expenses.

2.2.2 RISKS RELATED TO THE AVAILABILITY AND USE OF CHEMICAL SUBSTANCES

Types of risks

The Group's efforts to control the risks involve in particular the design of products and associated production processes to limit their impacts. This helps to minimize the regulatory and legal risks.

On 30 December 2006, a European Union regulation named REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) was published in the Official Journal of the European Union. The purpose of REACH is to improve the protection of human health and of the environment *via* systematic evaluation of the properties of chemical substances and the risks they pose. This regulation also provides for stricter rules to govern the use of certain chemical substances identified as "Substances of Very High Concern (SVHC)" by an authorization process, which can provide their substitution by alternative substances when suitable replacements have been identified.

During 2013, cadmium and cadmium oxide, both of which are substances used by Saft in the manufacturing process of industrial Ni-Cd batteries, were identified at the request of the Swedish government as "SVHC". This registration could lead the European Chemical

Agency (ECHA) to place these substances on the Authorisation List (Annex XIV REACH), at any time.

Risk management

In 2008, Saft completed an evaluation of the impact of REACH on its operations and identified the steps necessary for compliance with this regulation. Following this study, Saft made from 2010 pre-registration required, records of all substances to be recorded no later than 1st December 2010, and of several other substances which could benefit from a delay (1st June 2013 or 1st June 2018). In addition, the Group contacted its suppliers to determine whether they had also completed the necessary formalities. Finally, Saft Group continues to pursue actions to ensure compliance with the requirements of this Regulation.

To its current knowledge, Saft does not expect that the REACH authorisation process will lead to the Group having to stop making or selling any of its finished products in Europe.

The steps taken by Saft to comply with this regulation are described in section 3.1 of this Registration Document.

2.2.3 RISKS RELATED TO THE END OF LIFE OF PRODUCTS SOLD

Types of risks

On 26 September 2006, a directive on batteries and accumulators was published in the Official Journal of the European Union under the reference 2006/66/EC. The aim of this directive, which has been applicable since September 2008, is to:

- on the one hand, ensure that used batteries and accumulators are collected and recycled at the end of their lifecycle;

- on the other, limit the use of mercury in batteries and accumulators for non-military purposes and of cadmium in most batteries for non-industrial, non-professional or non-military purposes.

The Group is not affected by the limitations of use of the substances described above, because the products manufactured and sold by the Group comply with the principles edicted by the directive. However, the European Commission is likely at any time to re-examine the current derogations in respect

2 Risk Factors

2.2 RISKS RELATED TO THE IMPACT OF THE GROUP'S BUSINESS ON THE ENVIRONMENT, HUMAN HEALTH AND SAFETY

of the ban on certain substances and could issue additional proposals for prohibitions to be imposed, and such prohibitions may affect market segments in which Saft is present.

Risk management

In the mid 1980s, Saft has developed in Sweden and throughout northern Europe, a service to collect and recycle industrial nickel accumulators for the benefit of users of these products. In the 1990s, this service was extended firstly to whole Europe, then in developed markets where the Group operates. Finally, since 2000, this service is gradually deployed in emerging markets.

This initiative is based on continuously larger network of logistics partners, which act as free points of collection for users of these products, and also based on recycling plants that extract metals and plastics and ensure their reuse in industrial sectors.

Saft requires from all recycling partners, European as non-European, to comply with the objectives of recycling efficiency demanded by the European directive, thus

guaranteeing a high level of environmental performance to all its customers, regardless their geographical location.

In addition, this program has been extended to ensure the collection of primary lithium batteries in European countries where Saft has a Producer status. With the grow of lithium-ion accumulators, this system has been extended to European countries where Saft has a Producer status of these materials. This network - see the <http://www.saftbatteries.com> website for details - enables users of those products to ensure, at lower cost, a correct end of life with respect to environment, while ensuring good management of natural resources. It also enables Saft to comply with the obligation for recovery and recycling imposed by the Directive 2006/66/EC since 2008 to producers of batteries and accumulators located in European Union countries. The steps taken by the Group on recycling are described in detail in section 3.1 of this Registration Document.

2.2.4 RISKS TO HUMAN HEALTH AND SAFETY

Risks related to the use of toxic or hazardous substances

Types of risks

In the manufacture of its products, the Group has used and continues to use significant amounts of toxic or hazardous materials. Some employees or sub-contractors may also have been or are being exposed to these substances which are harmful to health and could develop diseases for which they may seek to hold the Group liable.

Risk management

The corresponding risks are the subject of strict prevention measures and monitoring, such as the use of suitable protective materials, frequent training programmes as well as regular, compulsory health checks for employees.

Industrial risks

Types of risks

Due to the high energy density of certain batteries and accumulators manufactured by the Group, the batteries may lead to a fire

risk, either in the Group's factories or at the premises of battery users. Accidents of this nature, should they occur, could lead to considerable production or shipping delays for which the Group could be held liable and could therefore become subject to customer compensation claims. Any such occurrence could have an adverse effect on the Group's business, income, financial position, or reputation.

Risk management

To limit this risk, Saft has established safety procedures in its research and development activities and production operations, and has taken steps to raise awareness among and provide regular training for its employees.

In addition, the Group implements an external insurance policy to cover these industrial risks. This policy is described in section 2.8 hereinafter.

The provisions set aside by the Group to confront current environmental risks are described in section 3.1, in section 3.1.9 and in note 21 of the Consolidated Financial Statements.

3 Sustainable Development

Saft promotes Sustainable Development principles, based on three pillars: society, the economy and the environment. This approach draws in particular on the introduction of reporting, consolidation and communication of indicators designed to measure the Group's performance as regards its environmental, social and corporate responsibility. These non-financial indicators are collated globally for publication in this annual report, in line with the provisions of articles R.225-104 and R.225-105 of the French Commercial Code, the ministerial decree Act no. 2010-788 of 12 July 2010 (known as Grenelle n°2 law) and the order of 13 May 2013. In order to reflect its commitment to further enhancing these indicators, the Group undertook to have non-financial informations audited by an independent third party beginning 2011.

Scope and consolidation method of non-financial data

The indicators relating to Sustainable Development are consolidated globally across all subsidiaries and companies whatever their activity, in which Saft holds a majority interest (> 50%). Changes in scope (opening or closing of new sites, production increases, hiring, etc.) are considered in the information supplied, thereby explaining certain year-on-year changes. In fact, it was decided not to freeze the scope but instead to have the financial information reflect the scope as financial reporting does. Thus, where these changes in scope give rise to variations that impact the consistency of the data or a proper understanding of how they have changed, additional explanations are given on key events during the financial year.

The above principles are applied subject to the following qualifications:

- the environmental indicators only cover the manufacturing facilities operated by the Group. They do not therefore cover the assembly and distribution units, in light of their marginal impact on the various environmental indicators tracked by the Group;
- the environmental indicators published below include information on the Indian subsidiary Amco-Saft, except some indicators considered not yet fully usable or not yet collected: cadmium amount in water releases, cadmium and nickel amounts in air releases, water usage;
- the environmental indicators published below for 2014 do not include information on the US site "Precious Plate Florida". Indeed, this site has been closed in 2014;
- where the numbers for an environmental indicator for December were not available when they were being collated for the purposes of this report, the information

collated and published is, in order of descending preference:

- the actual data for the December 2013-November 2014 period,
- the actual data for the January 2014-November 2014 period, with an estimated amount being added for December 2014.

Collation and consolidation of non financial data

The data are tracked throughout the year by the reporting managers designated at each site. The data are centralised annually by HQ, which collates, processes and consolidates the information.

The environmental data are reported *via* a common framework for all sites introduced since 2003 and yearly updated. An information note is included in order to specify the collation scope and define a few indicators.

The labour-related data are collated *via* a special reporting system in English language used by all sites within the collation scope, accompanied by a methodology note detailing how the requested data is defined. This procedure and documentation were put together in 2008 and are regularly updated. A consistency check is carried out by the Group HR Department, which also carries out a series of additional calculations, compares the data with those from the previous year and reconciles them with certain data reported elsewhere by group management controllers. Data comparison is done from monthly reporting notably on social data regarding the workforce and training.

Methodological limitations

There may be limitations to the methodologies underpinning certain environmental and labour-related indicators by virtue of the absence of nationally or internationally recognised definitions and of required estimates. In particular, the collation of data on waste volumes is dependent on definitions as regards the hazardous or non-hazardous nature of waste, which is something that varies from one country to the next. The lack of agreement as regards definitions for certain labour-related indicators led the Group HR Department to establish a common framework. The Group thus established a common definition for statistics on occupational accidents (excluding commuting accidents, having resulted in at least one lost day).

Glossary of calculated indicators and methodological detail

3 Sustainable Development

Environmental data

Hazardous and non-hazardous waste: definition of the hazard is based on local regulation.

Recovered waste: definition of recovery is based on local regulation.

Gas usage: gas usage is measured in MWh HHV (Higher Heating Value).

Social data

Headcount: Any individual who is recognized as an employee of Saft and on payroll under an employment with Saft according to national law, collective agreement, employment contract or practices.

Staff Turnover 2014: (Flow-in-Flow-out)/2 divided by prior year headcount.

Hours actually worked in a year: Registered employees in Full Time Equivalent (FTE) x Average number of hours worked in the day in a full-time job x Average number of days worked in a year by full-time job (without public holidays and paid leaves).

Yearly absenteeism rate: Measure of actual absenteeism as a percentage of days lost vs theoretical worked hours for the same period. This rate is calculated as follows: number of days off for work related unpaid absence, sick absence, occupational disease (excluding long term sick absences and maternity & paternity leave) x Average no. of hours per day, all divided by the number of theoretical worked hours per year by the salaried workforce.

Accident Frequency Rate: Number of accidents with day off/Actually worked hours in the year x 1,000,000.

Accident Severity Rates: Number of Days Lost x 1,000/Actually worked hours.

External audit

The auditing of environmental, labour-related and corporate information by an independent third party is split into three separate phases:

- a review of the procedures used to collate information: chosen scope, organisation of collation process and systems used;
- the checking, with a reasonable level of assurance, of the accuracy of data reported on a selection of labour-related and environmental indicators and on a representative sample of sites; the indicators that have been evaluated with a reasonable level are identified by the sign on the following pages;
- a review of the consolidation of indicators and a review of consistency of required information of Art. R.225-105-1 of the French Commercial Code.

The exact nature of the work done and the conclusions of this work are presented in the auditor's report on certain environmental, social and societal indicators, which can be found in section 3.4 of this annual report.

3.1 ENVIRONMENTAL RESPONSIBILITY

For Saft, the environment and sustainable development are key priorities. The batteries manufactured by the Group supply electrical energy without producing any emissions during use. Furthermore, the impact of the products in the other phases of their lifecycles, during manufacturing and recycling

in particular, are duly analysed in order to reduce it. Saft also strives to maximise the use of secondary rather than primary raw materials, such that the Group's products make a real contribution to sustainable development.

3.1.1 GENERAL ENVIRONMENTAL POLICY

Compliance with regulatory requirements and reducing the environmental impact of the Group's activity has been at the core of the Group's values for many years. In order to implement this policy, the Group has created a dedicated team responsible for monitoring and minimising the environmental impact of its activities and products throughout their life cycle.

Coordinated by the Environmental Director, this team consists of Environmental Managers located at each production site, an Eco-design Manager and a Health and Environment Programme Manager.

On-site Environmental Managers are under the direct authority of the plant directors who are themselves responsible for implementing Group policy at the operational level. Each Environmental Manager is trained on the specific areas of impact of the site at which he or she works. This team of environmental

specialists thus coordinates all ongoing improvement measures, heightens and informs plant employees to environmental problematics (environmental communication, awareness of waste sorting, waste water treatment plant operation, programme to educate all newly employed personnel, Celebration of World Environmental Day, etc.). It is also tasked with identifying any planned new environmental regulations in advance so that they can be incorporated into practical action plans in a timely manner.

The Eco-design Manager implements the Life Cycle Assessment methodology (LCA) in the Group and provides specialised support to the development teams in each division. The goal is to identify and implement efforts to reduce the impact of products manufactured.

The Health and Environment Programme Manager contributes her expertise in order to ensure compliance with environmental obligations notably on batteries end of life.

She is also responsible for monitoring the Group's environmental performance by means

of the performance indicators detailed below.

3.1.2 LEGAL AND REGULATORY COMPLIANCE

In every country in which Saft operates a production facility, this facility operates within a technical and legal framework as part of an "operating permit", which strictly governs industrial activities with a view to minimising

impacts. Such permits notably cover the handling, storage, and emissions of hazardous substances, as well as the management of waste generated at the site.

3.1.3 CHEMICAL SUBSTANCES – REACH REGULATION

In 2010, Saft registered all of the substances requiring registration on or before 1 December 2010, as well as several other substances for which the Registration deadline is set at a later date (1 June 2013 or 1 June 2018).

Saft is also monitoring the list of Substances of Very High Concern (SVHC), drawn up by

the European Chemicals Agency (ECHA), and actively exchanges information with its supply chain to ensure the effective dissemination of all information regarding the presence of SVHC substances in a purchased preparation or item, thereby complying with its disclosure requirements towards the downstream chain.

3.1.4 END OF LIFE - BATTERIES DIRECTIVE (2006/66/EC)

Over the years, the Group has progressively introduced a policy of collecting and recycling its spent batteries and in particular its nickel-based range. The policy originated at Saft's Oskarshamn plant in Sweden, which built a recycling unit originally established for the recycling of production scrap. During the 1980s, the recycling of spent batteries from Swedish industrial users started to be offered. This recycling service was progressively extended to customers located in other Northern European countries. During the 1990s, it became a full-fledged policy which was gradually extended to all customers located in the European Union and in North America. To this end, the Group established a network of voluntary bring-back points in a position to collect spent batteries from industrial end users, to sort them and re-dispatch them to specialized recycling facilities.

More recently, efforts have been devoted to identifying voluntary bring-back points within the new Member States of the European Union as well as in more distant countries, such as Thailand, Singapore, Taiwan, Australia and South Africa, and several other African countries. During the present time, efforts concentrate on developing collecting and recycling organisations in emerging economies which must put in place efficient waste management infrastructures more and more.

As a result of this policy and partner network, the vast majority of the Group's customers now have the option of dropping their spent batteries off at a designated bring-back point, from which the waste can be dispatched to an authorised recycler, in compliance with the rules governing cross-border waste transportation.

A few years ago, a European Union directive (2006/66/EC) was adopted by the EU Council and Parliament with a view to regulating the design and end of life of batteries marketed in the European Union. This directive establishes some design limitations as well as an extended producer responsibility regarding the end of life and the recycling of spent batteries.

Thanks to the deployment of this take back policy over many years, a simple adaptation was sufficient to ensure compliance with 2006/66/EC directive and its obligations on collection, treatment and recycling of batteries.

More recently, this take back policy has evolved to cover different battery chemistries put on the market by the Group.

Finally, the design requirements mandated by this directive have been implemented by the Group: capacity labelling, marking with a crossed-out wheeled bin symbol and indicating the presence of certain substances.

3.1.5 ENVIRONMENTAL PERFORMANCE INDICATORS

The Saft Group has progressively developed a range of indicators to measure the impact of its activity on the environment. These indicators are consolidated and monitored for

3 Sustainable Development

3.1 ENVIRONMENTAL RESPONSIBILITY

internal purposes but are also communicated to the local authorities responsible for issuing the operating permits under which our manufacturing sites generally operate.

Water usage

Total water usage, whether for manufacturing or sanitary use, is monitored at all our sites. The water used by our sites is either supplied by local authorities, private companies or is taken directly from the water table. Such uses are conducted in compliance with public regulations governing the protection of water resources.

There are no particular constraints as regards the use of water from the natural environment surrounding industrial sites.

Total water usage is treated before it is used in battery manufacturing, washing and rinsing. Hence, the Group's water usage is directly correlated to production volumes and is strongly linked with its product mix. In fact, usage per facility varies greatly depending on battery technologies and manufacturing processes. It is therefore difficult to assess the evolution of water usage over time. Reduction in usage can be achieved by implementing more economical industrial processes or closed circuit systems (in particular for cooling systems).

It should be noted that only a minor fraction of the water used by the Group is incorporated into our products. The majority is returned, after proper treatment, to the environment (as a liquid or atmospheric release) in compliance with the quality specifications which govern releases to the environment.

The results of the Group's efforts can be seen in the table below in section 3.1.7. Since 2011, water usage has been cut by 6%. Furthermore, since 2003, when consolidated tracking was implemented for this indicator, water usage overall has been reduced by 44%.

Quality of water releases

All chemical substances in Saft's water discharges having an environmental impact have been identified and are monitored in terms of both concentration and absolute quantity released. Process water is treated by water treatment stations, either (most frequently) on site or by public waste treatment plants with which the Group subsidiaries have agreements specifying the nature and maximum admissible quantity of pollutants in order to ensure the water flow remains within the capabilities of these treatment plants.

Several avenues are available for reducing the quantities of pollutants present in wastewater: process changes and release abatement.

With regard to process changes, performance requirements of the finished products drive to a large extent the manufacturing processes. Some of these processes are responsible for

generating process waste water, and it is thus not always possible to modify those processes without altering battery performance.

More direct improvements on water releases are possible *via* the design and operation of water treatment stations.

Since 2003, quantities of cadmium and nickel in water discharges have respectively fallen by 78% and 46%. However, despite this trend to fall since several years, notably thanks to a better efficiency of water treatment processes, there is a rise of these indicators in 2014. This increase can be explained by the increase of production on Bordeaux plant and technical problems with purification on Oskarshamn (Sweden) and Raskovice (Czech Republic) plants.

Quality of air releases

In a similar way, chemical substances with environmental impacts present in air releases have been identified and are monitored for both concentration and absolute quantity released. Air emissions from our production sites are subject to appropriate treatment.

Several avenues are available to reduce the quantities of pollutants present in the air releases: process changes and release abatement (e.g. filtration of particulate matters, condensation of substances such as solvents, etc.).

With regard to process changes, the performance requirements of the finished products drive to a certain extent the manufacturing processes, some of which generate atmospheric releases, and it is not always possible to modify those processes without altering battery performance, which must comply with very precise specifications.

More direct improvements of air releases are possible by improving the performance of air capture and filtration systems.

The results of the Group's efforts can be seen in the table presented in section 3.1.7 below. Since 2011, air emissions of cadmium and nickel have fallen by 54% and 31%. These decreases in air emissions are due to improvement actions and in particular a more efficient filtration of particles.

In 2015, the Oskarshamn plant (20% and 40% of the Group's air emissions of nickel and cadmium) plans to implement a program to reduce metals in air release.

Type and amount of waste generated by the plants

All waste flows generated by the Group's sites are duly identified, weighed and then recorded in the waste register. Our waste flows are thus precisely monitored and recorded based on their characteristics (hazardous or non-hazardous) and final destination (recovery or elimination).

The quantities of waste generated may be reduced by improving control over manufacturing processes. However, since our products are constantly evolving and new

products typically require novel manufacturing processes, we are often required to discard non-conforming products, treating them as waste.

Saft constantly strive to identify new recovery solutions and better segregate waste flows in order to decrease the fraction of non-recovered waste.

The results of the Group’s efforts can be seen in the table presented in section 3.1.7 below. Since 2011, the amount of waste generated by the Group has increased by 8% due to, firstly, the organic growth in business and production volumes and secondly, the acquisition on 1 January 2013 of a lithium-ion cells and batteries production unit in Nersac, France.

Furthermore, 44% of hazardous waste and 77% of non-hazardous waste undergoes recovery, thereby allowing the materials extracted to be reused for industrial purposes.

ISO 14001 Certification

It is the Group policy to certify the environmental management systems that are implemented on our industrial sites:

11 ISO 14001 certified manufacturing operations <input checked="" type="checkbox"/>	Date of certification
Jacksonville – United States	2014
Saft Zhuhai – China	2010
Saft Bordeaux – France	2008
Saft Poitiers Space and Defence – France	2007
Saft Poitiers Lithium Battery division – France	2007
Saft Nersac – France	2007
Friemann & Wolf Batterientechnik – Germany	2004
Saft Ferak – Czech Republic	2003
Tadiran – Israel	2000
Saft Oskarshamn – Sweden	1999
Tadiran – Germany	1999

3.1.6 ENVIRONMENTAL OBJECTIVES ASSIGNED TO OUR FOREIGN SUBSIDIARIES

The Group makes no distinction between its sites and aims to apply the same policy as regards regulatory compliance, environmental impact reduction and sharing of best practices across all its sites. As new sites have been integrated, environmental impacts of production facilities have been fully included: Saft Zhuhai in China in 2010, Saft Jacksonville in the US in 2011. Group’s environmental policies are being progressively rolled out

Noise pollution

Acoustic measurements are done on some sites within the framework of their “operating permit”. These measurements show that noise pollution does not represent a relevant indicator in Saft activity. Ambiance noise level is below standards.

Energy consumption

All energy consumption is metered, whether it be electricity (from all sources), natural gas or steam. Energy consumption can be reduced by optimising the energy efficiency of industrial processes and buildings (heating, lighting, air conditioning, etc.).

Energy consumption has decreased by 4% since 2011 notwithstanding higher production volumes and integration in 2014 of data from the Group’s Indian subsidiary.

3.1.7 ENVIRONMENTAL IMPACT OF GROUP ACTIVITIES

	Units	2014	2013	2012	2011	Variations in comparison with 2011 consolidation	Variation since measures 2003
Quality of water releases							2003
Cd amount ⁽¹⁾	kg	9.0	6.1	12.1	15.4	(42)%	(78)%
Ni amount	kg	61.9	31.6	57.4	57.6	8%	(46)%
Quality of air releases							2003
Cd amount ⁽¹⁾	kg	5.0	4.7	5.1	10.9	(54)%	(68)%
Ni amount ⁽¹⁾	kg	26.7	21.8	37.9	38.6	(31)%	(79)%
IPA ⁽¹⁾	t	83	137	170	185.6	(55)%	n.d.
Water usage							2003
Total water consumption ⁽¹⁾	000 t	487.8	495.6	481.5	520.0	(6)%	(44)%
City water ⁽¹⁾	000 t	346.1	334.0	344.9	362.1	(4)%	(51)%
Well water ⁽¹⁾	000 t	141.8	161.6	136.6	157.9	(10)%	(11)%
Waste generated							2005
Total waste generated	t	7,570	7,825	7,369	7,038	8%	14%
Hazardous	t	2,762	2,605	2,367	2,268	22%	13%
<i>recovered fraction</i>	t	1,207	1,271	809	777	55%	(3)%
Non-hazardous	t	4,807	5,220	5,002	4,770	1%	14%
<i>recovered fraction</i>	t	3,725	3,579	3,301	3,078	21%	56%
Energy usage							2005
Total energy usage:	MWh	224,963	268,826	224,269	233,887	(4)%	(12)%
• Electricity	MWh	140,166	144,360	134,235	142,190	(1)%	4%
• Gaz	MWh	67,710	108,024	73,619	75,058	(10)%	(39)%
• Steam	MWh	14,867	16,442	16,415	16,638	(11)%	34%

n.d. Not determined.

(1) Indicator excluding the Indian subsidiary, Amco-Soft Ltd.

3.1.8 REMEDIATION OF CONTAMINATED SITES

In 2009, the Kalmar County Board and the Municipality of Oskarshamn, in which the Swedish facility of Saft AB is located, entered into two agreements with Saft AB under which Saft AB agreed to partly fund, up to a maximum of 41 million Swedish crowns, the cost of cleaning up the Oskarshamn harbour, where sediment was discovered.

Ninety percent of these costs are covered by various provisions of the agreement governing the sale in 2004 of Saft Groupe by Alcatel and

the Group is thus reimbursed by Alcatel as these costs are incurred.

On the site of Valdosta, United States, an historical soil pollution surrounding one of the buildings has been detected previous to the sale of the site in 2004 by Alcatel. Following several studies conducted in connection with the direction of the "Georgia Department of Natural Resources", these soils were remediated in 2014. Remediation costs are

covered by Alcatel under the provisions of the

agreement governing the sale of Saft Groupe.

3.1.9 PROVISIONS FOR RECYCLING AND ENVIRONMENTAL RISKS

The Group has set aside provisions for environmental risks totalling €12.4 million as of 31 December 2014 (compared to €11.7 million and €13.9 million respectively for 2013 and 2012). These provisions cover the future cost of collecting and recycling spent batteries and certain costs which will be

incurred to clean contaminated sites up, which in principle, would only be expected to be incurred if these sites were to be closed.

The change over the prior year is mainly due to exchange rate fluctuations of the euro against the US dollar.

3.1.10 RESOURCE CONSERVATION

Sustainable development also means preserving resources, and Saft recycling programs make a significant contribution towards achieving this goal. As detailed above, Saft endeavours to minimise its water and energy consumption in the course of its industrial activities.

Furthermore, the sophisticated technologies used in Saft batteries make it possible to save raw materials, as batteries have markedly longer life spans than traditional batteries.

The Group also supports the development of renewable energy. In fact, some batteries

developed by the Group are used to store energy produced by solar and wind farms before being reinjected into the electricity grid, helping to reduce losses. Their use also contributes to reduce impacts associated with intermittent power generation of wind and solar farms.

Lastly, the installation of solar panels on the roof of the facility in Jacksonville makes it possible to provide up to 10% of the site's electricity needs.

3.1.11 HELPING RESPOND TO AND CONTROL GLOBAL WARMING

In order to measure the impact of the Group's plants on the environment with an aim of limiting impact on global warming, a greenhouse gas inventory on French territory has been introduced in 2012. This greenhouse gas emission inventory includes scope 1 (direct emissions) and scope 2 (indirect emissions linked to energy). Total emissions for 2011 are 14,655 tonnes of CO₂ for Bordeaux, Poitiers, Nersac, and Bagnolet. One of the aim of actions implemented is to decrease energy spendings and consequently to limitate greenhouse gas emissions. Thus it was identified that in 2011, 18 tonnes of CO₂ emissions were avoided thanks to recovery of energy during discharge of batteries on benchtests.

Following this inventory, a three-yearly action plan to reduce CO₂ has been set up with a

reduction goal of emissions. At the end of 2014, most of actions have been conducted. They consist in working on thermal insulation on buildings, boiler operation optimization, setting up of metering system in order to have a better control of energy consumptions per production unit on the same site, doing preventive maintenance in order to avoid any refrigerant leak, make choice among less emitter refrigerant in case of replacement of air-conditioning.

Finally, emissions of the main Volatile Organic Compound (VOC), isopropyl alcohol (IPA), released by the plants, are measured. The data is consolidated in the table of environmental indicators.

The amount of IPA released globally decreased by 55% since 2011.

3.1.12 BIODIVERSITY

Biodiversity is managed locally, with actions being taken at a number of sites. Some actions can be mentioned: ecotoxicological

study of the surrounding water, analysis of ambient air, plan to prevent pollution.

3.2 SOCIAL RESPONSIBILITY

3.2.1 HUMAN RESOURCES DEVELOPMENT

In 2014, the Saft Group continued to increase its headcount in order to support its business and sales growth. As of 31 December 2014, it counted 4,078 ☑ employees worldwide, a 5.8% increase compared to 31 December 2013.

At constant perimeter, the average headcount remained broadly stable at 3,962 employees against an average of 3,954 employees in 2013.

Temporary contracts remained stable in 2014, representing an average of 12% of the total headcount.

Staff turnover

Over the past year, the Group hired 909 ☑ people including 286 on permanent contracts

Breakdown of Group employees

A breakdown of employees by country ☑ is shown below:

Country	2014	2013	2012
France	1 458	1 456	1 750
US	889	870	786
Sweden	557	478	545
Israel	347	338	336
Czech Republic	232	202	193
Rest of the world	595	512	456
TOTAL	4 078	3 856	4 066

As of 31 December 2014, women represented 32.9% ☑ of the Group's total workforce, compared with 32.7% at the end of 2013. At that date, the breakdown of men and women by professional category was as follows:

- "Managers and Engineers": 255 women/820 men (compared to 237 women/805 men in 2013);
- "Technicians and Administrative Staff": 307 women/662 men (compared to 321 women/650 men in 2013);
- "Operatives": 771 women/1,221 men (compared to 704 women/1,139 men in 2013).

3.2.2 VISION AND VALUES

Strategy and responsibility

The human dimension is a major strategic axis for Saft who strives to be a high quality employer by:

- recruiting and managing its employees in an ethical and responsible manner;
- developing employees skills;
- enabling professional development through rewarding and stimulating careers.

(out of which 116 engineers and managers, 106 technicians and administrative staff, and 64 operatives) and 623 on non-permanent contracts (out of which 24 engineers and managers, 58 technicians and administrative staff, and 541 operatives).

Over the same period, 687 employees left the Group, 296 ☑ voluntary departures, 151 ☑ end of non-permanent contracts, 91 ☑ retirements and 78 ☑ dismissals.

In 2014, the staff turnover was 20% ☑ (against 24% in 2013).

However, excluding the turnover in the Chinese production unit, the turnover rate amounted to 14% in 2014 against a restated rate of 15% in 2013.

The employees are federated around the Group's key values:

- **Leadership**, characterised by business performance, management style and innovation;
- **Respect**, primarily through customer focus and team spirit; and
- **Progress**, based on continuous improvement and personal development.

The importance given by the Group to the human dimension is highlighted by a

significant staff loyalty: 29% ☑ of the employees have been with the Group for more than twenty years. This team stability is the fruit of a strong corporate culture, nurtured by the transfer of skills and sharing of experience on a global scale.

The publication of the Saft Code of Ethics, which Group's employees can refer to, contributes to strengthen Saft's views and values. This code promotes elements essential to the setting up of a quality working environment in which everyone can feel at ease: clear and regular communications, respect for diversity and equality of opportunity, and health and safety protection.

Manager charter

In 2013, the manager charter has been developed and deployed within the Group. In accordance with the intercultural dimension of

Saft, it is based on the principles of its Leadership program and on the managers' accountability for employees' health and safety subjects.

Diversity and professional equality

Saft actively promotes diversity on a worldwide level. With a focus put on equality between women and men, it is considered a factor of progress, innovation and creation.

For instance, in 2014, the Raškovice facility (Czech Republic) has launched a significant program to improve gender equality and work/life balance. This program concerned all categories and the staff representatives were involved. It included studies, action plans, trainings programs and the writing of information documents for the employees.

3.2.3 HUMAN RESOURCES MANAGEMENT

Attracting, developing and retaining talents throughout the world, strengthening and sustaining skills in many fields are major issues for Saft. Therefore, processes of induction, career management, skills development and remuneration policy are key to the Group's Human Resources strategy.

Induction program facilitating exchanges

Engineers and managers newly-recruited at worldwide level are involved in an induction program organised every year around the visit of the three French production sites. In addition to an introduction to the Group's products, businesses and activities, the contribution of the Saft Management Committee (SMC) members is an important part of this program. By favouring interactions, this induction program also helps the participants gain an extensive understanding of the Group's values.

Employees' engagement and autonomy are key for the success of Saft who also relies on the richness of the exchanges between its multicultural teams.

Career management facilitating professional evolution

The Group encourages the geographical and functional mobility of its employees and provides them with extensive information on the existing opportunities within the organisation. The available positions are advertised through "Echo Job", the internal job posting system on the Group's intranet. In addition, career interviews are carried out by the local and corporate human resources teams, mainly aimed at facilitating employees'

career development and promoting internal mobility.

In 2014, 168 ☑ employees changed position within the Group; 9 ☑ of those mobilities were inter-site. The professional mobility opportunities decrease compared to 2013 (223 moves).

Additional career management tools are also used. "People Reviews" are yearly held with a view to identifying, following and developing high potential employees as well as establishing succession plans for the management teams and other key employees.

A constant skills development effort

In 2014, 10,326 ☑ training actions have been initiated which concerned 2,913 employees, which is 74% ☑ of the workforce (85% in 2013). These actions represent a total of 51,017 ☑ hours of training (51,664 hours in 2013).

The major recurring training topics are safety, quality, continuous improvement processes, management, technology and information systems.

In line with the Group's growth target, a training program dedicated to the Customer Relationship dimension has been deployed for the sales support teams worldwide.

In addition to these actions at group level, each site manages its local training plan to address better its individuals' and organisation's needs.

Work time organization

Saft Groupe abides by all the legal and contractual regulations regarding the organisation of the work time in each of its subsidiaries.

3.2.4 SAFT REWARD AND RECOGNITION SYSTEMS

An attractive and coherent remuneration policy

To strengthen the commitment of teams implies a coherent and attractive remuneration policy for all employees. The Group's salary schemes, which take local factors into account, are coordinated in a transparent and equitable manner. In particular, they are founded on benchmarking studies done by job category and geographical area, keeping the salary budget under control. The remuneration of engineers and managers usually includes a fixed salary and variable incentives established according to performance objectives fixed at the beginning of the year. The targets relate for part to the financial performance of the Group, the division or the site, and for part to the individual performance. Details of personnel

costs are given in note 23 to the Consolidated financial statements of this annual report.

Contingency schemes, health care and social benefits

According to the local regulations and practices, Saft Groupe contributes to healthcare insurances, pension schemes, as well as contingency schemes offering several complementary guarantees to the employees. Details of these schemes are given in note 20 to the Consolidated financial statements of this annual report.

Recognition for innovation

To enhance and value our teams' expertise, the Group rewards their successes notably through a Filling of Patents Award plan.

3.2.5 LABOUR RELATIONS MANAGEMENT AND COLLECTIVE AGREEMENTS STATUS

Staff representation

Saft encourages a permanent and constructive dialogue with employee representatives.

Staff representation in each entity of the Group and the frequency of meetings between management and staff representatives are exercised in compliance with the applicable local laws.

Saft makes sure that staff representatives' rights and freedom are strictly respected and that they have the same career and training opportunities as any other employee.

European works council

Saft's European Works Council (EWC) represents employees from the Group's European sites (France, UK, Sweden,

Germany, Cyprus, Spain, Italy, Czech Republic, and Norway). This organisation currently covers 61% of the Group's global work force.

Meeting once per year, Saft's EWC is informed on the evolution of the Group and on the decisions which could substantially change the work organisation or work contracts within its perimeter.

Collective agreements and working time organisation

In 2014, 45 ☑ collective agreements were signed within the Group (against 31 collective agreements in 2013). These agreements were mainly related to pay, working conditions, and healthcare schemes (none of them concerned safety specifically).

3.2.6 OCCUPATIONAL HEALTH AND SAFETY

Saft applies an active health and safety policy showing the Group's commitment to this subject, towards its employees, customers and the communities in which it is present.

Saft's action is part of a global politics in terms of environment, health and safety. The Group's objective is to reach a rate of zero work accident.

In 2014, the number of work accidents with days off was 86 ☑ (as compared to 53 in 2013) and the frequency rate was 13.1 ☑, as compared to 8.0 in 2013 and 12.6 in 2012. The rate of severity of accidents was 0.16 ☑ in 2014 (0.13 in 2013). Consequently, the

number of working days lost in 2014 was 1,045☑ (851 days in 2013 and 1,285 in 2012). In 2014, 3 cases of occupational diseases were recorded in the Group.

Saft promotes the notion of safety at work through clear commitments. Thus, the industrial sites of South Shields (UK), Poitiers and Bordeaux (France) and Tel Aviv (Israel) are - partially or totally - OHSAS 18001 certified. Several actions and measures improving the work place ergonomics have been done at Poitiers and South Shields production sites.

In 2014, 2,906 ☑ people were trained on

safety, representing 68% of the headcount (including temporary staff), compared to

2,737 in 2013 (64% of the headcount) and 2,103 in 2012 (52% of the headcount).

3.2.7 OTHER EMPLOYMENT DATA

Workforce analysis by professional categories

	2014	2013	2012
Overall workforce			
<i>Engineers and managers</i>	26%	27%	24%
<i>Employees and technicians</i>	25%	25%	25%
<i>Operatives</i>	49%	48%	51%
Women: 33% <input checked="" type="checkbox"/> of workforce in 2014			
<i>Engineers and managers</i>	24%	23%	22%
<i>Employees and technicians</i>	31%	33%	34%
<i>Operatives</i>	39%	38%	39%
Men: 67% <input checked="" type="checkbox"/> of workforce in 2014			
<i>Engineers and managers</i>	76%	77%	78%
<i>Employees and technicians</i>	69%	67%	66%
<i>Operatives</i>	61%	62%	61%
Age structure			
Under 25	7% <input checked="" type="checkbox"/>	6%	7%
25 to 39	31% <input checked="" type="checkbox"/>	32%	29%
40 to 49	26% <input checked="" type="checkbox"/>	27%	28%
50 and over	35% <input checked="" type="checkbox"/>	35%	36%
Length of service (years)			
0 to 4	36% <input checked="" type="checkbox"/>	34%	25%
5 to 14	27% <input checked="" type="checkbox"/>	30%	29%
15 to 24	16% <input checked="" type="checkbox"/>	16%	19%
25 years and over	21% <input checked="" type="checkbox"/>	20%	27%
Disabled employees*			
Number of disabled employees	84	95	129
Professional training			
Number of employees trained	2,913 <input checked="" type="checkbox"/>	3,274	3,434
% of total employees	74%	85%	84%
Number of training hours	51,017 <input checked="" type="checkbox"/>	51,664	52,776
Absenteeism			
Total rate for the year	3.4% <input checked="" type="checkbox"/>	3.6%	4.1%

* according to legal definitions of the countries concerned

3.3 CORPORATE SOCIAL RESPONSIBILITY

3.3.1 LOCAL, ECONOMIC AND SOCIAL IMPACT

Most of Saft's production facilities are long-standing operations and the Group is often recognised as being one of the major employers in the regions in which it operates. On the economic and technological sides, Saft supports many scientific projects, in particular through partnerships with schools, universities and research laboratories in Europe and in the United States.

Saft's sites are involved in local industrial and economic development, taking part in professional and industrial associations and sitting on Chambers of Commerce and Industry and other Local Committees.

Community commitment

Saft plays an active role in local communities by supporting or participating in a range of social, environmental and humanitarian initiatives. In 2014, donations were made to communities or organisations of public interest (fire services, schools, social centres, etc.).

This year the Group has wished to support research and treatment against heart diseases in particular.

The Group is also supportive for the disabled, senior citizens, sick people, in most countries (USA, Czech Republic, UK, Israel, France and Italy), in charity initiatives for medical research associations in the US, UK, Israel and Germany, not to mention support for

NGOs and international organisations (Red Cross, Énergies Sans Frontières, etc.).

Saft regularly sponsors cultural venues and events, as well as sport teams and events in Europe (notably in Spain, Sweden, France and Czech Republic) and in the United States.

Saft sites in the US and in Europe regularly sponsor schools and professional associations by organising meetings between students and professionals, factories visits and internships, as well as by providing financial support to university events or associations (seminars, newspapers, junior enterprise schemes), awarding grants to students and entering into partnerships with engineering schools and universities as part of research programmes (French and European).

Local commitments to equal opportunities

Through a partnership with the French association (Nos Quartiers/Territoires ont des Talents), Saft leads concrete actions to promote equal opportunity. In 2014, the sites of Bagnolet, Poitiers and Nersac committed to encourage and support employees for being a mentor to young graduates in order to expand their employability.

By inviting employees to give a few hours of their working time, Saft participates to change the professional life of graduates in a difficult employment context.

3.3.2 SUBCONTRACTING AND SUPPLIERS

Saft Groupe makes sure to implement a responsible purchasing policy and to work with suppliers whose commercial and industrial practices respect this principle.

Saft's Code of Ethics details the rules to be respected by all employees in business dealings, and in particular when dealing with suppliers. In this respect, the Purchasing Department ensures that buyers are regularly made aware of the need to respect these rules.

Where Group suppliers operate in countries in which the governance indicators published by the World Bank (Worldwide Governance Indicators) fall below the median of the countries evaluated, they must formally undertake to comply with commitments built on three principles: corporate responsibility,

ethics and environmental responsibility. This, for example, encompasses respect for conventions 29, 111, 138 and 182 of the International Labour Organisation (ILO).

In the US, the Group complies with the obligations of the Federal Acquisition Act with regard in particular to respect for minorities and principles of non-discrimination.

In France, in the course of its dealings with sub-contractors, the Group particularly endeavours to follow the general recommendations of the report of 30 August 2010 of the *Médiateur des relations interindustrielles et de la sous-traitance*, detailing unfair practices. In the US, it complies with the provisions of the Davis-Bacon Act as regards daily rates paid to sub-contractors.

3.3.3 MEASURES TO PROTECT CONSUMER HEALTH AND SAFETY

Saft products are used by industrial companies notably in the aeronautic and railway transportation, energy and defence sectors. They are usually not used in the consumer segment. These products are designed and manufactured in order to ensure

the highest level of security. During their use, they do not emit any release.

Additionally, take back and recycling network are implemented in most of the countries where the products are used, assuring an end of life complying with regulation requirements.

3.3.4 HUMAN RIGHTS GROUP'S COMMITMENTS, INTERNATIONAL LABOUR ORGANISATION (ILO) AND MEMBERSHIP OF THE UN GLOBAL COMPACT

Beyond its compliance with national law and regulations of countries where it operates, the Saft Group joined the United Nations Global Compact programme three years ago and embraces its ten principles:

Human rights

- 1: Saft supports and respects the protection of internationally proclaimed human rights; and
- 2: Saft makes sure that the group is not complicit in human rights abuses.

Labour

- 3: Saft supports the freedom of association and the effective recognition of the right to collective bargaining;
- 4: Saft upholds the principle of the elimination of all forms of forced or compulsory labour;
- 5: Saft upholds the principle of the effective abolition of child labour; and
- 6: Saft upholds the principle of the elimination of discrimination in respect of employment and occupation.

Environment

- 7: Saft supports a precautionary approach to environmental challenges;
- 8: Saft undertakes initiatives to promote greater environmental responsibility; and
- 9: Saft encourages the development and distribution of environmentally friendly technologies.

Anti-corruption

- 10: Saft is opposed to corruption in any and all form, including extortion and bribery.
- These internal guiding principles are rooted in the Universal Declaration of Human Rights, the International Labour Organization's Declaration on fundamental principles and rights at work, the Rio Declaration on environment and development, and the United Nations Convention against corruption.
- The Saft Code of Ethics, distributed to every employee in the Group, is consistent with the UN Global Compact principles.

3 Sustainable Development

3.4 INDEPENDENT THIRD-PARTY REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PUBLISHED IN THE MANAGEMENT REPORT OF SAFT

3.4 INDEPENDENT THIRD-PARTY REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PUBLISHED IN THE MANAGEMENT REPORT OF SAFT

This is a free translation into English of the original report issued in French, and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France

Financial year ended 31 December 2014

Saft Groupe SA
12 rue Sadi Carnot
93170 Bagnolet

To the Shareholders,

As independent third-party, members of Mazars' network, statutory auditor's of Saft, whose accreditation was accepted by COFRAC under the number 3-1058⁽¹⁾, we hereby present our report on the consolidated social, environmental and societal information provided in the management report prepared for the year ended 31 December 2014, (hereinafter referred to as "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the company

The Board of Directors of Saft is responsible for preparing a management report including the CSR Information required under Article R. 225-105-1 of the French Commercial Code (*Code de Commerce*), in accordance with the reporting criteria of the company (hereafter the "Reporting Criteria") and available on request to the society headquarter.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics and by the provisions of Article L. 822-11 of the French Commercial Code (*Code de Commerce*). Furthermore, we have set up a quality control system that includes documented policies and procedures designed to ensure compliance with deontological rules, professional standards and applicable legal texts and regulations.

Responsibility of the Independent Third Party

Based on our work, our role is to:

- attest that the required CSR Information is disclosed in the management report or, that an explanation has been provided if any information has been omitted, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR Information in *Code de Commerce*);
- provide limited assurance that, on the whole, the CSR Information is fairly presented, in all material respects, in accordance with the adopted Reporting Criteria (Fairness report regarding CSR Information);
- provide, at the request of the Company, a reasonable assurance as to whether the information identified by the symbol ☑ in the Chapter 3 of the management report was prepared, in all material respects, in accordance with the adopted Reporting Criteria.

We requested the assistance of our CSR experts to conduct this verification work. Our work was carried out by a team of 6 people between November 2014 and January 2015.

We conducted the work described below in accordance with the professional standards applicable in France and the legal order dated 13 May 2013 determining the methodology according to which the independent third party body conducts its mission and, on the reasoned opinion, in accordance with ISAE 3000⁽²⁾.

⁽¹⁾ Decree of 13 May 2013 establishing the methodology according to which the independent third party conducts its mission.

⁽²⁾ ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. ATTESTATION OF COMPLETENESS OF THE CSR INFORMATION

We got acquainted with the direction that the Group is taking, in terms of sustainability, with regard to the social and environmental, consequences of the company's business and its societal commitments and, where appropriate, the actions or programs that stemmed from it.

We compared the CSR Information presented in the management report to the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of some consolidated information, we checked that explanations were provided in accordance with the third paragraph of the article R. 225-105 of the French Commercial Code (*Code de Commerce*).

We checked that the CSR Information covers the consolidated scope, which includes the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code (*Code de commerce*) and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*), subject to the limits set forth in the methodological note presented in the management report (Part 3 of Saft Registration Document).

Based on our work, and taking into account the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. FAIRNESS REPORT WITH RESPECT TO CSR INFORMATION

Nature and scope of procedures

We conducted the interviews that we deemed necessary with thirty persons responsible for the preparation of CSR Information from the departments in charge of the process of gathering information and, where appropriate, responsible of the internal control and risk management to:

- assess the appropriateness of the Reporting Criteria in terms of relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices;
- verify the set-up within the Group of a process to collect, compile, process and check the CSR Information with regard to its completeness and consistency. We familiarized ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and extent of tests and controls depending on the nature and importance of CSR Information in relation to the characteristics of the Company, the social and environmental issues of its operations, its strategic priorities in relation to sustainable development, and the Industry best practices.

Concerning the CSR information that we considered to be most significant⁽¹⁾:

- at Group level, we consulted source documents and conducted interviews to corroborate the qualitative information (organization, policies, actions); we implemented analytical procedures on the quantitative and verified, on the basis of sampling techniques, the calculations and consolidation of the information and we verified its consistency with the other information contained in the management report;
- at the level of a representative sample of entities⁽²⁾ selected based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and conducted substantive tests, using sampling basis, to verify the calculations performed and reconciled data with supporting evidence.

The selected sites contribution to Group data equals to 69% of headcount and between 25% to 100% of the quantitative environmental information tested.

Regarding the other CSR consolidated Information, we assessed its fairness and consistency based on our knowledge of the Group

Finally, we assessed the relevance of the explanations relating to, where necessary, the omission of certain information.

We deem that the sampling methods and sample sizes we have learned by exercising our professional judgment allow us to formulate a conclusion providing limited assurance; a higher level of assurance would have required more extensive work. Because of the use of sampling techniques,

⁽¹⁾ Global headcount and breakdown by gender and by geographical area, Pyramids by age and seniority, Number of recruitments, Number of economic Redundancies, Resignation, End of fixed-term contract, Turnover rate, Flow-in inter-site mobility, Flow-out inter-site mobility, Intra-site mobility, Absenteeism rate, Outcome of the collective agreements, Number of collective agreements signed, Number of employees trained in safety, Number of work accidents, Frequency rate, Severity rate, Number of training hours, Number of people trained, Percentage of people trained, Number of training actions, Quantity of cadmium in the air, Quantity of cadmium in the water, Quantity of hazardous wastes generated, Quantity of hazardous wastes recovered, Quantity of non-hazardous wastes generated, Quantity of non-hazardous wastes recovered, Total waste generated, Number of ISO 14 001 certified sites, Total water consumption, Electricity consumption, Gas consumption, Steam consumption, Total energy usage.

⁽²⁾ Social information: Bagnolet, Poitiers, Bordeaux, Oskarshamn, Raskovice, Tel Aviv, Bűdingen, Friemann & Wolf Batterietechnik, South Shields, Nersac.
Environmental information: Poitiers, Bordeaux, Oskarshamn, Tel Aviv, Ferak.

3 Sustainable Development

3.4 INDEPENDENT THIRD-PARTY REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PUBLISHED IN THE MANAGEMENT REPORT OF SAFT

and because of other limits inherent to any information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be completely eliminated.

Conclusion

Based on our work, we did not identify any material misstatements that would lead us to believe that the CSR Information, taken as a whole, has not been fairly presented, in all material respects, in accordance with the Reporting Criteria.

3. REASONABLE ASSURANCE REPORT ON SELECTED CSR INFORMATION

Nature and scope of procedures

Regarding information selected by the Group and identified by the symbol ☑, we conducted similar work as described in paragraph 2 above for CSR information that we consider to be most significant but of greater depth, especially regarding the number of tests.

The selected sites contribution to Group data equals to 69% of headcount and between 54% to 100% of the quantitative environmental information identified by the symbol ☑.

We deem this work allows us to express a reasonable assurance on the information selected by the company and identified by the symbol ☑.

Conclusion

In our opinion, the Information selected by the Group and identified by the symbol ☑ was prepared, in all material respects, in accordance with the Reporting Criteria.

La Défense, 17 February 2015

The Independent Third Party,
Mazars SAS
Emmanuelle Rigaudias
Sustainable development Partner

4 CROSS-REFERENCE TABLE BETWEEN ENVIRONNEMENTAL, SOCIAL AND CORPORATE INFORMATION AND THE PRINCIPLES OF THE UNITED NATION GLOBAL COMPACT

Articles R.225-102-1 and R.225-105 of the French Commercial Code (Code de Commerce) crossed with United Nation Global Compact Information.

	Chapters/ Sections	UNCG
Environmental information		
General environmental policy		7- 8- 9
Company organization in order to take into account environmental subject and, if necessary, process of assessment or certification on environmental subject	1.4, 3 Méthodologie, 3.1	
Training and information for employees about environmental protection	3.1.1	
Resources allocated to environmental risk and pollution prevention	3 Méthodologie, 3.1	
Reserves and guarantees for environmental risks, subject to this information could not be seriously prejudicial to company in a ongoing litigation	3.1.9, 6 Notes 21	
Pollution and waste management		7- 8- 9
Prevention, reduction and correction of waste released into the air, water and ground with severe environmental consequences	3.15 à 3.1.8	
Prevention of waste production, recycling and waste disposal	1.4, 3.1.3, 3.1.4, 3.1.5	
Recognition of noise pollution and any pollution specific to an activity	3.1.5	
Sustainable use of resources		
Water consumption and supply depending on local constraints	3.1.5, 3.1.7, 3.1.10	
Raw material consumption and measures to improve efficiency in use	3.1.5, 3.1.7, 3.1.10	
Energy consumption, measures taken to improve energy efficiency and the use of renewable energy	3.1.5, 3.1.7, 3.1.10	
Land use	n.a.	
Global warming		7- 8- 9
Greenhouse gas emissions	3.1.5, 3.1.7	
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	3.3.1	
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<i>n.a.</i>		
<i>non applicable.</i>		



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