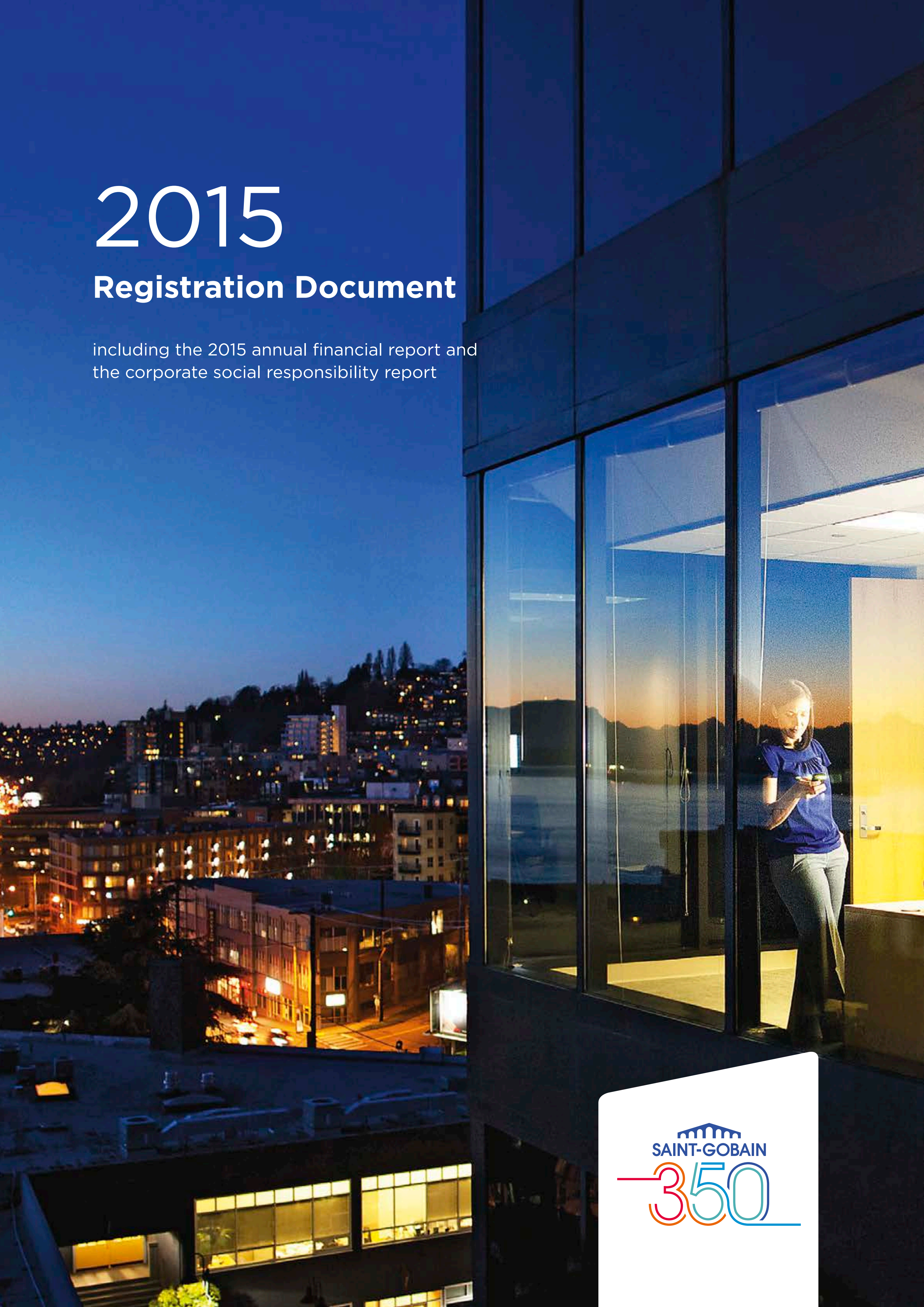
2015

Registration Document

including the 2015 annual financial report and the corporate social responsibility report

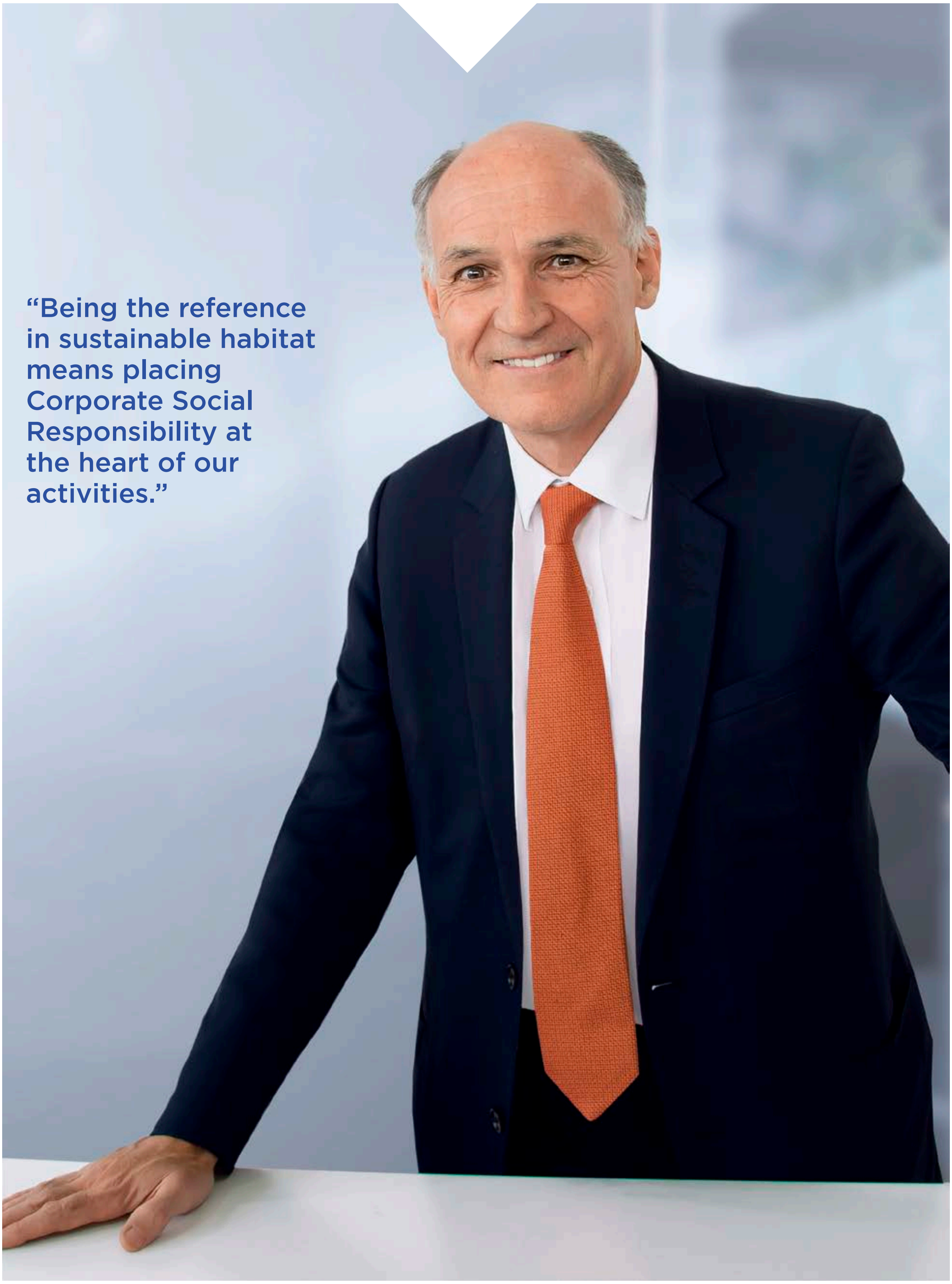


SAINT-GOBAIN 350

Contents

AUTORITÉ DES MARCHÉS FINANCIERS AMF

The French version of this Registration Document was filed with the French Financial Markets Authority (*Autorité des marchés financiers, AMF*) on April 4, 2016, pursuant to Article 212-13 of the General Regulations of the AMF. It may be used in support of a financial operation if accompanied by a prospectus duly approved by the AMF.
This French document was drawn up by the issuer, and is binding on its signatories.



"Being the reference in sustainable habitat means placing Corporate Social Responsibility at the heart of our activities."

A MESSAGE FROM
PIERRE-ANDRÉ DE CHALENDAR
Chairman and Chief Executive Officer

Throughout 2015, in our daily activities, in the celebration of our 350th anniversary, in our public commitments given ahead of COP21, Saint-Gobain has strongly confirmed its identity, and continued its strategic path of becoming the leader in sustainable habitat. Our goal is to be for all our customers and stakeholders, a reference for solutions synonymous with added value, comfort and preservation of the environment. Our powerful research and innovation capacity throughout the value chain, beginning with materials science, is supporting our strategy.

Being the reference in sustainable habitat means placing the Group at the heart of the challenges of energy transition, and Corporate Social Responsibility at the heart of our activities. Aware of its responsibilities as both an emitter of greenhouse gases and a provider of energy efficiency solutions, Saint-Gobain can convert the constraints of the world's urban development and industrialization into opportunities for growth.

Being the reference in sustainable habitat means continuing Saint-Gobain's strategic refocus and strengthening it in the face of the short-term uncertainties of the construction market. In 2015, the Group achieved a turnaround in its portfolio of activities with the sale of Verallia under very favorable conditions, and continued its plan to acquire control of Sika, the global leader in construction chemicals. We also continued our efforts to achieve operational excellence. Improved results were limited by the continuing economic slowdown in France, despite the first signs of improvement in construction indicators.

Our priorities for 2016 and the years to come are focused on differentiating our solutions through our R&D efforts, advancing in terms of Corporate Social Responsibility, strengthening Saint-Gobain in new countries and developing an increasingly innovative digital offering. The digital transformation affects our internal organization, the acceleration of the circulation of ideas, and our collaborative efforts. Big Data analyses will afford us new data to improve the efficiency of our processes. These changes are significant, particularly with regard to our customers: in the habitat sector, the dividing line between professionals and private individuals is being blurred, and our products' end users will play a growing role in choosing materials. By using the Internet, allowing them to become better informed, and being able to more easily access products through e-commerce sites, private individuals are becoming key stakeholders of the construction market. Digital modeling is another major challenge. Its spread is a fantastic opportunity for Saint-Gobain, which must push for the incorporation of its products for the sake of the comfort of the end-customers.

This 350th anniversary has revealed a Group that knows how to reinvent itself while remaining true to its values. We have thus celebrated this anniversary by remaining resolutely oriented toward the future. After having lasted more than three centuries, Saint-Gobain has never been as young and agile.

G4-1

Key figures

Excluding Verallia (Packaging Sector), sold October 29, 2015

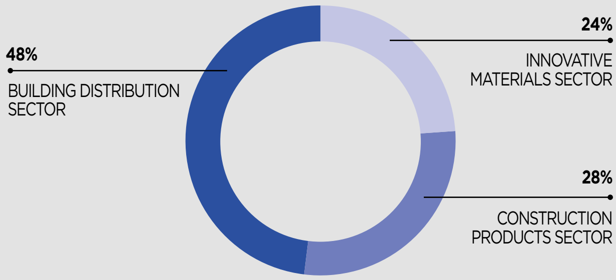
NET SALES

€39,623 M

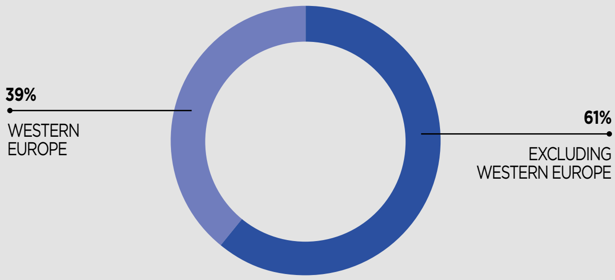
RECURRING NET INCOME

€1,165 M

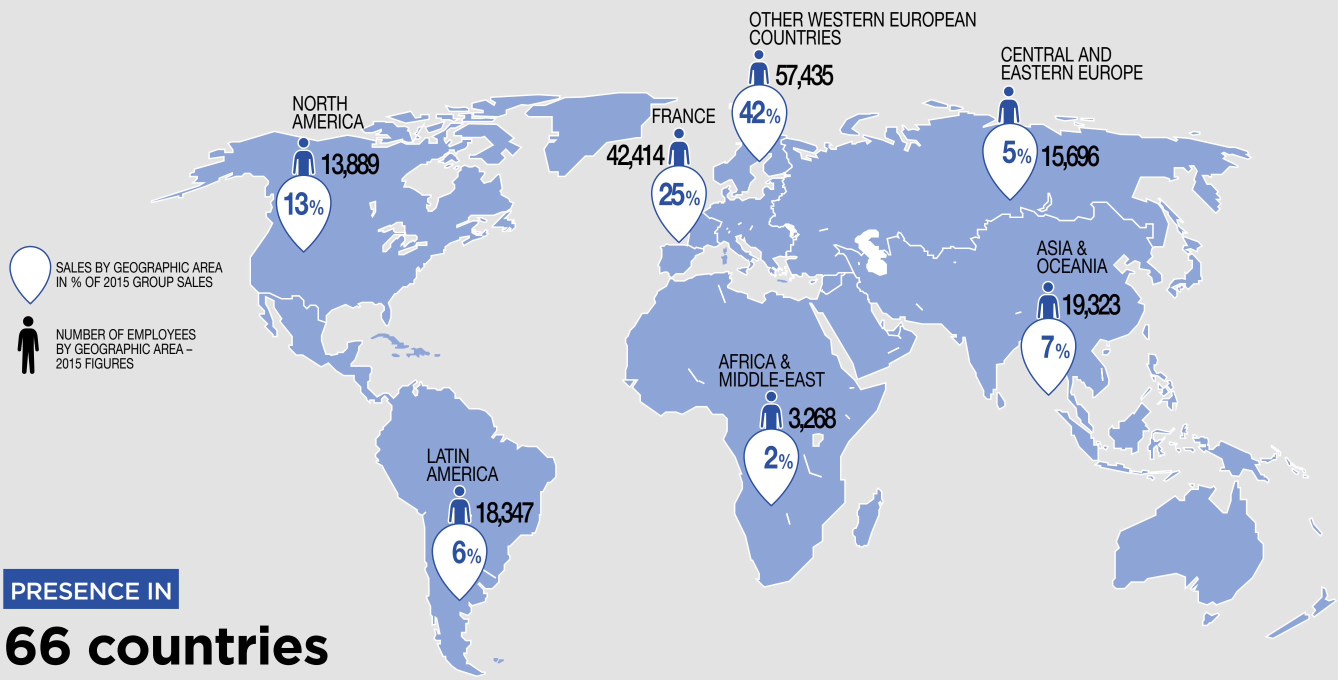
NET SALES BY SECTOR



INDUSTRIAL ASSETS OF THE INNOVATIVE MATERIALS AND CONSTRUCTION PRODUCTS SECTORS



GEOGRAPHIC BREAKDOWN OF GROUP NET SALES AND EMPLOYEES



PRESENCE IN

66 countries

ALGERIA
ARGENTINA
AUSTRALIA
AUSTRIA
BELGIUM
BHUTAN
BRAZIL
BULGARIA
CANADA
CHILE
CHINA
COLOMBIA
CZECH REPUBLIC
DENMARK
EGYPT
ESTONIA
FINLAND
FRANCE
GERMANY
GHANA
GREECE
HUNGARY
INDIA
INDONESIA
ITALY
JAPAN
JORDAN
KUWAIT
LATVIA
LEBANON
LITHUANIA
LUXEMBOURG
MALAYSIA
MEXICO
MOROCCO
NETHERLANDS
NEW ZEALAND
NORWAY
OMAN
PERU
POLAND
PORTUGAL
QATAR
REPUBLIC OF IRELAND
ROMANIA
RUSSIA
SAUDI ARABIA
SERBIA
SLOVAKIA
SLOVENIA
SOUTH AFRICA
SOUTH KOREA
SPAIN
SWEDEN
SWITZERLAND
SYRIA
TANZANIA
THAILAND
TURKEY
UKRAINE
UNITED ARAB EMIRATES
UNITED KINGDOM
UNITED STATES
VENEZUELA
VIETNAM
ZIMBABWE

G4-6, G4-8, G4-9

EMPLOYEES

170,372

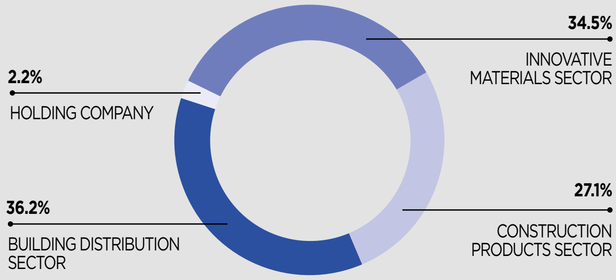
Proportion of Group capital held by employees **7.6%** through Employee mutual investment funds (*Fonds Communs de Placement d'Entreprise [FCPE]*)

Average annual number of training hours **26.3 hours** (per employee)

Total recordable accident rate **3.9** (TRAR) (with and without more than 24 hours' lost time)

Number of indirect jobs **over 460,000**

EMPLOYEES BY SECTOR



INNOVATION

8 cross-business research centers

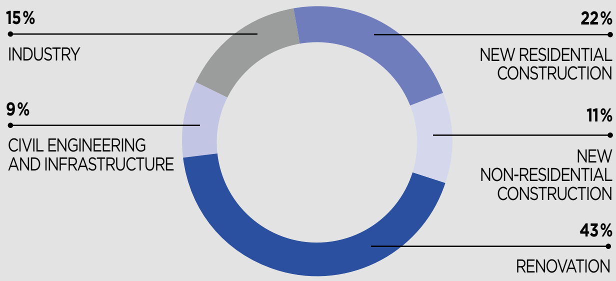
3,700 R&D employees

Approximately **350** patents filed in **2015**

GROUP MARKETS

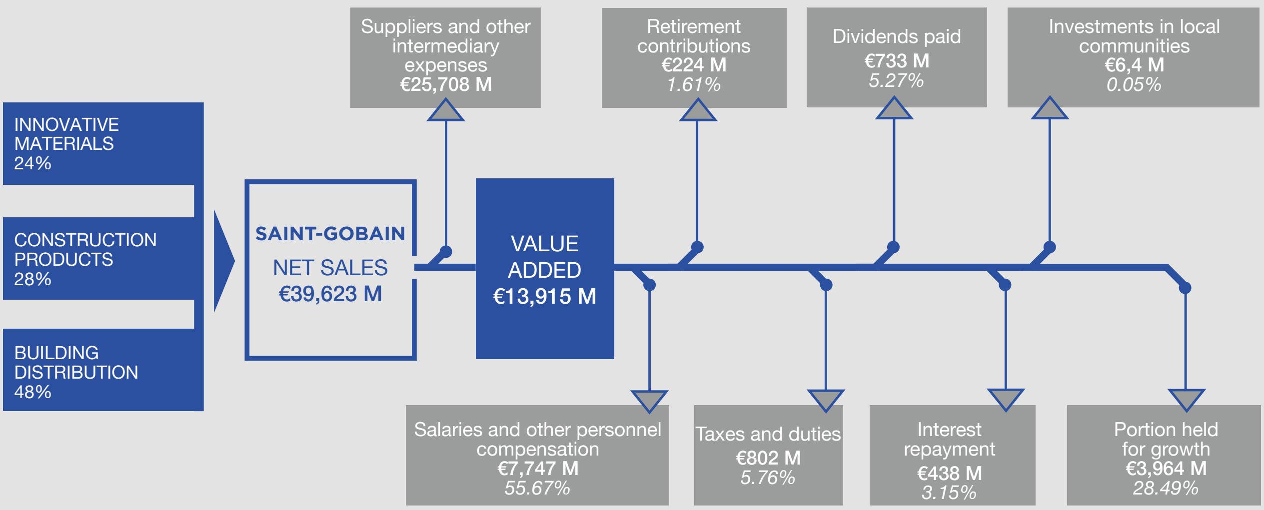
Net sales as a %

Over **80%** of sales made in the habitat and construction market



Source: Saint-Gobain – 2014 data

BREAKDOWN OF NET SALES AND ADDED VALUE BY STAKEHOLDER



Strategic summary

SAINT-GOBAIN, GLOBAL LEADER IN SUSTAINABLE HABITAT

Saint-Gobain's goal is to become the reference in sustainable habitat, providing innovative solutions to the challenges of growth, energy efficiency and environmental protection. Over 80% of the Group's sales occur in the construction markets, including new construction, renovation, civil engineering and infrastructure, primarily through its Construction Products and Building Distribution Sectors.

In a context of rapid growth in the world population, increasingly concentrated in cities, and the emergence of a new middle class in high-growth countries, the need for housing and infrastructure is stimulating demand in the high-performance and accessible solutions adapted to local conditions.

Within this context, the impact of the energy bill on purchasing power and the need to preserve natural resources and combat climate change are universal concerns which Saint-Gobain is placing at the heart of its enterprise approach.

Sustainable habitat is a key response to the challenges of the energy transition. At each stage of its life cycle, a building sustainably designed, built or renovated, and managed improves quality of life while at the same time reducing the consumption of natural resources and the negative effects on the environment, particularly the carbon footprint.

At the same time, an increasingly urbanized world in which the proportion of time spent inside a building or vehicle is close to 90% of the total creates an indispensable need to design and implement ways of life adapted to their occupants. A growing number of studies and data show to what extent a more or less well adapted environment affects productivity at the workplace, cognitive capacities at places of learning, or wellbeing and health.

To deploy its strategy, the Group has positioned itself with a promise: design and supply solutions that contribute to the comfort and wellbeing of residents in their daily lives. The Group's original approach places these concepts at the heart of the development of its products and services. The wellbeing of residents is based on a number of parameters (sound level, temperature, air quality, etc.) to be taken into consideration when designing materials in order to make buildings as comfortable and energy efficient as possible.

To better understand the expectations of habitat professionals and all its stakeholders, the Group uses its network of distribution brands, affording it a close relationship with professional customers and end users, which is essential to anticipating their needs and designing the solutions of tomorrow. This proximity is strengthened by an extended offering in terms of training in the Group's construction techniques and solutions. Saint-Gobain has also become an active ambassador for sustainable construction in partnership with the Green Building Councils.

For 350 years, Saint-Gobain has taken part in all the industrial and technological revolutions. The integration of digital into buildings is a new challenge for today. Thanks to its rich portfolio of solutions and the synergies between its Activities, Saint-Gobain is able to tailor its offerings to new construction techniques, particularly in the field of Building Information Modeling (BIM). The Internet has also profoundly revitalized the Group's relationship with its customers. All Activities have rolled out digital strategies to distinguish their products and ensure brand visibility. In distribution, Saint-Gobain is adopting a multi-channel approach to develop e-commerce services, supported by state-of-the-art logistics. The success of merchant sites goes hand in hand with the wealth of information available online, real-time inventory checks by customers, the organization of logistics networks, and speed of product delivery.

The Group's development strategy is aimed at ensuring a global geographic organization and decentralized functioning, closer to the markets. Saint-Gobain is active in 66 countries, with Europe as its leading global market in terms of net sales, and is seeking to expand into new emerging markets, specifically through joint ventures with local players.

TECHNOLOGICAL PROGRESS IN STATE-OF-THE-ART MATERIALS

The habitat science that Saint-Gobain has developed is inseparably linked to the skills the Group has acquired in manufacturing and materials. As a true technological source of Saint-Gobain, the Innovative Materials Sector designs and produces very high added-value solutions using glass, mineral ceramics and performance polymers. Saint-Gobain is a key supplier of glass for the habitat and automotive industries, as well as state-of-the-art materials for aerospace, healthcare and energy, through technologies developed in close collaboration with its customers.

As an example, biopharmacy has become an expanding market for Saint-Gobain with the development of single-use plastic solutions, as has the renewable energies sector, which requires new materials solutions. Similarly, in the aerospace industry, the Group's solutions contribute to reducing fuel consumption and enhancing the reliability of materials.

Overall, the Innovative Materials Sector is an important lever for increasing the Group's sales and margins, as well as in innovation and synergies for all its activities in the habitat markets.

RESEARCH AND INNOVATION AT THE HEART OF THE GROUP'S STRATEGY

For the fifth consecutive year, Thomson Reuters' Top 100 Global Innovators has ranked Saint-Gobain among the Top 100 most innovative global organizations. Its research work targets both breakthrough innovations and continuous improvement in its products, processes and services, in a spirit of openness and anticipation of its customers' needs. Particular attention is paid to energy efficiency, specifically with the eco-innovation approach. Cross-business innovation projects are multiplying, strengthened by a culture of partnership and joint development. The Group is also seeking new markets through NOVA External Venturing, its department dedicated to external innovation and responsible for its relations with start-ups. Saint-Gobain also maintains a number of partnerships with world-renowned scientific and academic institutions.

A UNIQUE POSITIONING

SAINT-GOBAIN

WORLDWIDE OR EUROPEAN LEADER in all its Activities, with decentralized operations to adapt local responses to market needs

AN OUTSTANDING POTENTIAL FOR INNOVATION, through its industrial and distribution expertise, as well as its research efforts in the area of materials and energy efficiency

A UNIQUE PORTFOLIO OF HIGH VALUE-ADDED SOLUTIONS in construction and industry, appropriate for joint development projects

A SOLID SET OF VALUES that helps the Group to build solid and responsible relations with all stakeholders, from customers and employees to suppliers, subcontractors, shareholders and the community

A CULTURE OF OPERATIONAL EXCELLENCE that gives the Group an underlying robustness and the ability to respond quickly to changes in the economic environment

A DEEP UNDERSTANDING OF THE NEEDS of building professionals, through its network of distribution teams, and a supply of services that fully integrates the digital transformation

Values

5

PRINCIPLES
OF CONDUCT

- **PROFESSIONAL COMMITMENT,**
- **RESPECT FOR OTHERS,**
- **INTEGRITY,**
- **LOYALTY,**
- **SOLIDARITY**

are the fundamental values uniting management and employees.

4

PRINCIPLES
OF ACTION

- **RESPECT FOR THE LAW,**
- **CARING FOR THE ENVIRONMENT,**
- **COMPLIANCE WITH WORKPLACE HEALTH AND SAFETY GUIDELINES,**
- **RESPECT FOR EMPLOYEE RIGHTS**

guide the actions of all management and employees in the performance of their duties.

The Principles of Conduct and Action refer explicitly to the applicable conventions of the International Labor Organization, the Guiding Principles of the OECD [Organization for Economic Cooperation and Development] as they relate to multinational enterprises, and the OECD Anti-Bribery Convention.
Since 2003, Saint-Gobain has joined the United Nations Global Compact. This commitment confirms the Group's Corporate Social Responsibility (CSR) approach, since it regularly communicates its progress in the areas covered by the Global Compact. In 2009, Saint-Gobain endorsed two initiatives related to the Global Compact: Caring for Climate, to combat climate change, and CEO Water Mandate for the protection of water resources as part of the United Nation's Millennium Development Goals. In 2008, Saint-Gobain Chairman and Chief Executive Officer Pierre-André de Chalendar also signed the declaration of support by business leaders for human rights on the occasion of the 60th anniversary of the Universal Declaration of Human Rights.

G4-56

1 THE GROUP AND ITS ACTIVITIES

1. **Saint-Gobain,** one of the top 100 industrial groups worldwide

1.1 ASSETS BUILT OVER A 350-YEAR HISTORY

17th century

ORIGINS

In 1665, encouraged by his minister Colbert, King Louis XIV of France creates the *Manufacture des Glaces* (glass manufacturing plant) to challenge Venetian supremacy in mirror manufacturing. In 1684 it produces the mirrors for the Hall of Mirrors at the Palace of Versailles and sets up operations in the village of Saint-Gobain, in Picardie (Northern France), in 1692.

18th century and 19th century

BIRTH AND GROWTH OF A MAJOR COMPANY

Mirrors become fashionable, and more affordable. With orders from both royalty and private individuals, the *Manufacture des Glaces* is now modernized, employing over a thousand workers, and sees increasing prosperity over the course of the century. Facing sharp international competition, Saint-Gobain diversifies into chemical sector activities. At the end of the century, its chemical sector and glass-making activities are of equal weight. The *Manufacture des Glaces* benefits from the growth of new architectural styles relying heavily on iron and glass, particularly for major public facilities: covered markets, railway stations, covered galleries, etc.

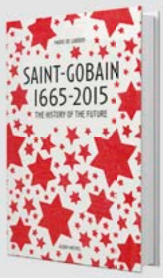
2015, a year of global celebration

SAINT-GOBAIN 350

2014
December
Launch of the 350th anniversary visual identity.

February
Launch of virtual exhibition at www.saint-gobain350years.com

January
Pavilions in Shanghai (China).



March
Publication of the anniversary book by Marie de Laubier.

20th century

DEVELOPMENT OF THE CURRENT GROUP

Saint-Gobain develops interests in all types of glass products (window glass, bottles, opticals, etc.). The revolutions in automobile design and modern architecture, which offers large window surfaces, provide it with new prospects. In 1970 it merges with the cast iron pipe manufacturing company Pont-à-Mousson, marking the emergence of a new management style. Saint-Gobain sees sales of activities followed by significant acquisitions, nationalization and privatization, intensified research efforts, growth in new countries and the global emergence of the building distribution business.

21st century

THE REFERENCE IN SUSTAINABLE HABITAT

Saint-Gobain focuses its strategy on sustainable habitat while continuing to serve a number of industrial markets. With its extensive network of assets, the Group is growing steadily in emerging countries. It is in the process of making significant acquisitions to expand its building distribution network in Europe.

April
Pavilions in São Paulo (Brazil).

June
Pavilions in Philadelphia (United States).

October
Pavilions in Paris (France). Anniversary day.

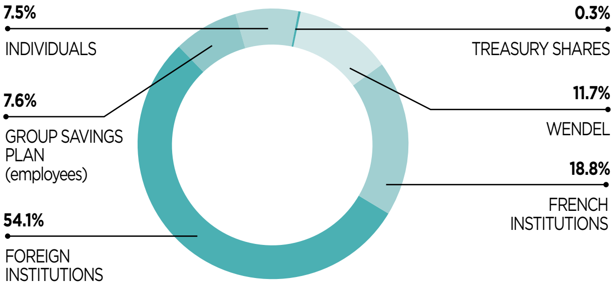
May
Launch of World350 mobile phone game.

October
Anniversary stamp issued by the French Post Office.

1.2 SOLID FINANCIAL FOUNDATIONS

1.2.1 Stable shareholder base

CAPITAL STRUCTURE AT DECEMBER 31, 2015

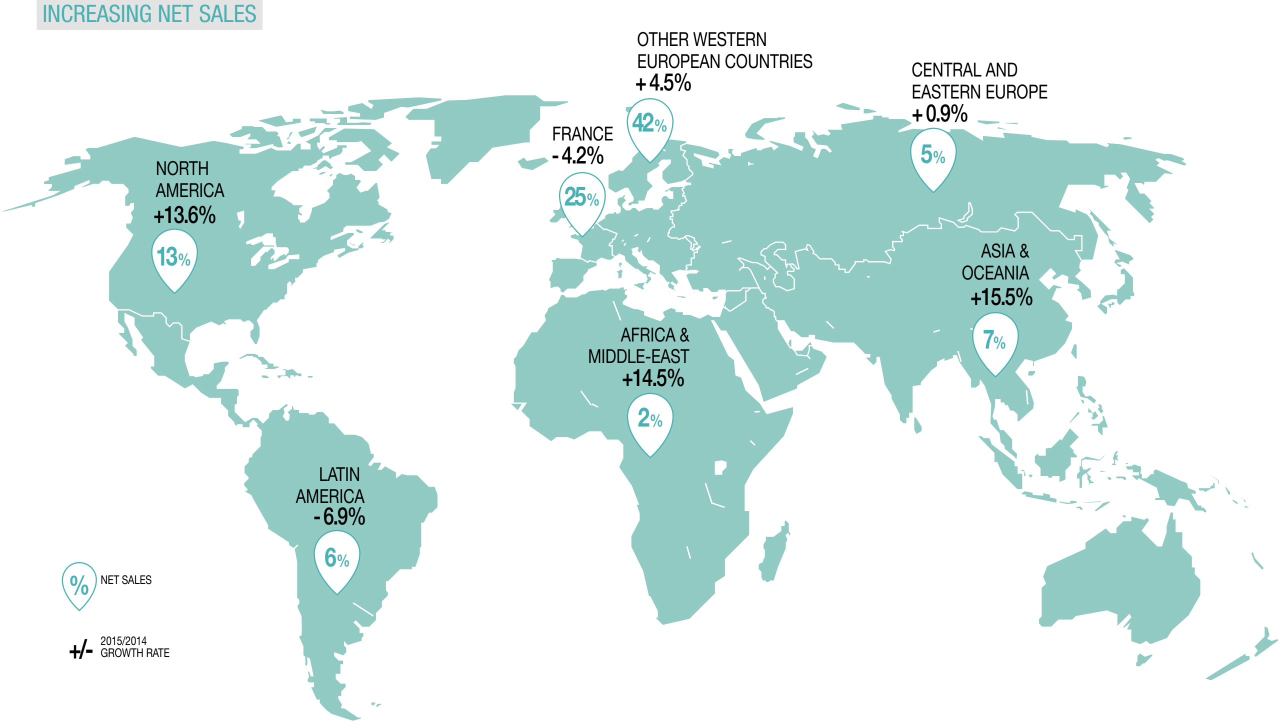


1.2.2 Encouraging financial results

Net sales	€39,623 M
Operating income	€2,636 M
Total consolidated net income	€1,346 M
Group share of total consolidated net income	€1,295 M
Recurring net income	€1,165 M
Earnings per share (EPS)	€2.32
Recurring earnings per share	€2.09

Total investment	€1,573 M
Shareholders' equity	€18,956 M
Net debt	€4,797 M
Non-current assets	€27,309 M
Working capital	€4,932 M

INCREASING NET SALES



1.2.3 Performance recognized by financial and non-financial rating agencies

Saint-Gobain's long-term debt rating was confirmed by Standard & Poor's on December 9, 2014 at BBB with a stable outlook.

Saint-Gobain's long-term debt rating was confirmed by Moody's on December 9, 2014 at Baa2 with a stable outlook.

In the area of sustainable development and corporate social responsibility, Saint-Gobain figured in the MSCI Global Sustainability, STOXX® Global ESG Leaders, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, Ethibel ESI Excellence Europe and FTSE4Good indices. Saint-Gobain is the first company in its sector (Construction and Materials) to form part of the FTSE4Good index.

Being selected for ethical stock market indices is a recognition of the Group's long-term commitment, and of its results in the area of corporate social responsibility.

1.3 A GROUP WITH A STRONG GLOBAL PRESENCE

Saint-Gobain is active worldwide both through its numerous industrial facilities and its strong commercial presence.

Synergies through research and development

The Group has eight major cross-business research centers that serve all Activities, thus optimizing synergies between them. These research centers maintain and develop the highest level of skills and key technologies for the Group. Their size and multi-disciplinary focus facilitate effective interaction with the academic world, early notice of scientific advances, and the recruiting of top-tier employees:

- Centre de Recherche et d'Études Européen (CREE) – Cavaillon, France
- Centre de Recherche et de Développement de Chantereine (CRDC) – Thourotte, France
- Herzogenrath Research & Development Center (HRDC) – Herzogenrath, Germany
- Northboro Research & Development Center (NRDC) – Northboro, Massachusetts, United States
- Saint-Gobain Recherche (SGR) – Aubervilliers, France
- Saint-Gobain Research Shanghai (SGRS) – Shanghai, China
- Saint-Gobain Research India (SGRI) – Chennai, India
- Saint-Gobain Research Brasil (SGRB) – Capivari, Brazil

The Group also has a hundred development units around the world, facilitating research into new products more closely tailored to customer needs and local market requirements.

WORLDWIDE SITES AND CROSS-BUSINESS R&D CENTERS

1.4 GOVERNANCE

1.4.1 Board of Directors

(At January 1, 2016)

PIERRE-ANDRÉ DE CHALENDAR
Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

ISABELLE BOUILLOT
Chairman of China Equity Links

ALAIN DESTRAIN
Employee Director

JEAN-MARTIN FOLZ
Director of companies

BERNARD GAUTIER
Member of the Management Board of Wendel

ANNE-MARIE IDRAC
Chairman of the Toulouse-Blagnac Airport Supervisory Board

SYLVIA JAY
Director of companies

PAMELA KNAPP
Director of companies

PASCAL LAÏ
Employee Director

AGNÈS LEMARCHAND
Director of companies

FRÉDÉRIC LEMOINE
Chairman of the Management Board of Wendel

JACQUES PESTRE
Senior Vice President of Saint-Gobain Distribution Bâtiment France, in charge of POINT.P Matériaux de Construction, and Director representing employee shareholders

OLIVIA QIU
Chief Innovation Officer of Philips Lighting, Executive Vice President of Philips

DENIS RANQUE
Chairman of the Board of Directors of Airbus Group

GILLES SCHNEPP
Chairman and Chief Executive Officer of Legrand

JEAN-DOMINIQUE SENARD
Chief Executive Officer of Michelin

PHILIPPE VARIN
Chairman of the Board of Directors of Areva

Board Secretary:

ANTOINE VIGNIAL
Corporate Secretary of Compagnie de Saint-Gobain

1.4.2 A decentralized organization

GROUP MANAGEMENT *(At March 12, 2016)*

SENIOR MANAGEMENT COMMITTEE

PIERRE-ANDRÉ DE CHALENDAR
Chairman and Chief Executive Officer

CLAUDE IMAUVEN
Chief Operating Officer

BENOIT BAZIN
Senior Vice President in charge of the Construction Products Sector

JOHN CROWE
Senior Vice President, General Delegate for North America

KÅRE MALO
Senior Vice President, Building Distribution Sector

CLAIRE PEDINI
Senior Vice President in charge of Human Resources

JEAN-FRANÇOIS PHELIZON
Senior Vice President in charge of Internal Audit and Internal Control

GUILLAUME TEXIER
Chief Financial Officer

ANTOINE VIGNIAL
Corporate Secretary in charge of Corporate Social Responsibility

PATRICK DUPIN
President, Flat Glass Sector (Innovative Materials*)

LAURENT GUILLOT
President, High-Performance Materials Sector (Innovative Materials*)

FABRICE DIDIER
Vice President, Marketing

DELPHINE GENY-STEPHANN
Vice President, Planning and Strategy

CHARLES HUFNAGEL
Vice President, Communications

BENOIT D'IRIBARNE
General Delegate for Germany, Austria and Benelux

DIDIER ROUX
Vice President, Research & Development and Innovation

The Senior Management Committee meets once a month.

** Pierre-André de Chalendar supervises the Innovative Materials Sector.*

Saint-Gobain is a decentralized group with activities organized into three Sectors: Innovative Materials (Flat Glass and High-Performance Materials), Construction Products and Building Distribution.

Each Sector is responsible for its global strategy. Fourteen General Delegations represent the Group in countries where it is present and coordinate the activities of the various companies.

The Group's Senior Management defines Saint-Gobain's strategy as a whole.

Saint-Gobain Company includes the following functional offices: Human Resources, Finance, Research and Development, EHS (Environment, Health, Safety), Information Systems, Purchasing, Planning, Legal and Tax Affairs, Communications, Financial Communication, Internal Audit and Internal Control, Marketing and Responsible Development.

EXECUTIVE COMMITTEE

PIERRE-ANDRÉ DE CHALENDAR
Chairman and Chief Executive Officer

CLAUDE IMAUVEN
Chief Operating Officer

CLAIRE PEDINI
Senior Vice President in charge of Human Resources

GUILLAUME TEXIER
Chief Financial Officer

ANTOINE VIGNIAL
Corporate Secretary in charge of Corporate Social Responsibility

The Executive Committee meets once a week.

LIAISON COMMITTEE

Pierre-André de Chalendar
Chairman and Chief Executive Officer

Members of the Senior Management Committee

General Delegates:
David Anderson, Dominique Azam, Mike Chaldecott, John Crowe, Erwan Dupuy, Thierry Fournier, Javier Gimeno, Benoit d'Iribarne, Thierry Lambert, Anand Mahajan, François-Xavier Moser, Hady Nassif, Tomáš Rosak, Gianni Scotti

Heads of the following Activities:
Sekurit (Houchan Shoeibi), Building Glass Europe (Jean-Marie Vaissaire), Abrasives (Patrick Millot), Ceramic Materials (Laurent Guillot), Performance Plastics (Thomas Kinisky), Adfors (Raimund Heinl), Pipe (Vincent Legros), Gypsum (Claude-Alain Tardy), Insulation (Emmanuel Normant), Industrial Mortars (Jean-Luc Gardaz), POINT.P (Patrice Richard), Lapeyre (Gonzague de Pirey), Saint-Gobain Building Distribution UK & Ireland (Mark Rayfield), Saint-Gobain Building Distribution Deutschland (Udo Brandt), Saint-Gobain Building Distribution Nordics (David Molho).

Vice President, Group Information Systems and Purchasing
(Frédéric Verger)

The Liaison Committee meets three times a year.

FUNCTIONAL HEADS

FABRICE DIDIER
Vice President, Marketing

DELPHINE GENY-STEPHANN
Vice President, Planning and Strategy

CHARLES HUFNAGEL
Vice President, Communications

DIDIER ROUX
Vice President, Research & Development and Innovation

SECTOR MANAGEMENT

BENOIT BAZIN
President, Construction Products Sector

PATRICK DUPIN
President, Flat Glass Sector (Innovative Materials*)

LAURENT GUILLOT
President, High-Performance Materials Sector (Innovative Materials*)

KÅRE MALO
President, Building Distribution Sector

GENERAL DELEGATES

DAVID ANDERSON
General Delegate for Sub-Saharan Africa

DOMINIQUE AZAM
General Delegate for Mexico, Central America, Venezuela, Colombia, Ecuador and Peru

MIKE CHALDECOTT
General Delegate for the United Kingdom and Ireland

JOHN CROWE
General Delegate for North America

ERWAN DUPUY
General Delegate for Russia, Ukraine and the Commonwealth of Independent States

JAVIER GIMENO
General Delegate for the Asia-Pacific Region

THIERRY FOURNIER
General Delegate for Brazil, Argentina and Chile

BENOIT D'IRIBARNE
General Delegate for Germany, Austria and Benelux

THIERRY LAMBERT
General Delegate for the Nordic Countries and Baltic States

ANAND MAHAJAN
General Delegate for India, Sri Lanka and Bangladesh

FRANÇOIS-XAVIER MOSER
General Delegate for Poland, Bulgaria, Romania and Turkey

HADY NASSIF
General Delegate for the Middle East

TOMÁŠ ROSAK
General Delegate for the Czech Republic, Slovakia, Hungary and the Eastern Adriatic countries

GIANNI SCOTTI
General Delegate for the Mediterranean (Spain, Italy, Portugal, Greece, Morocco, Algeria, Tunisia and Libya)

** Pierre-André de Chalendar supervises the Innovative Materials Sector.*

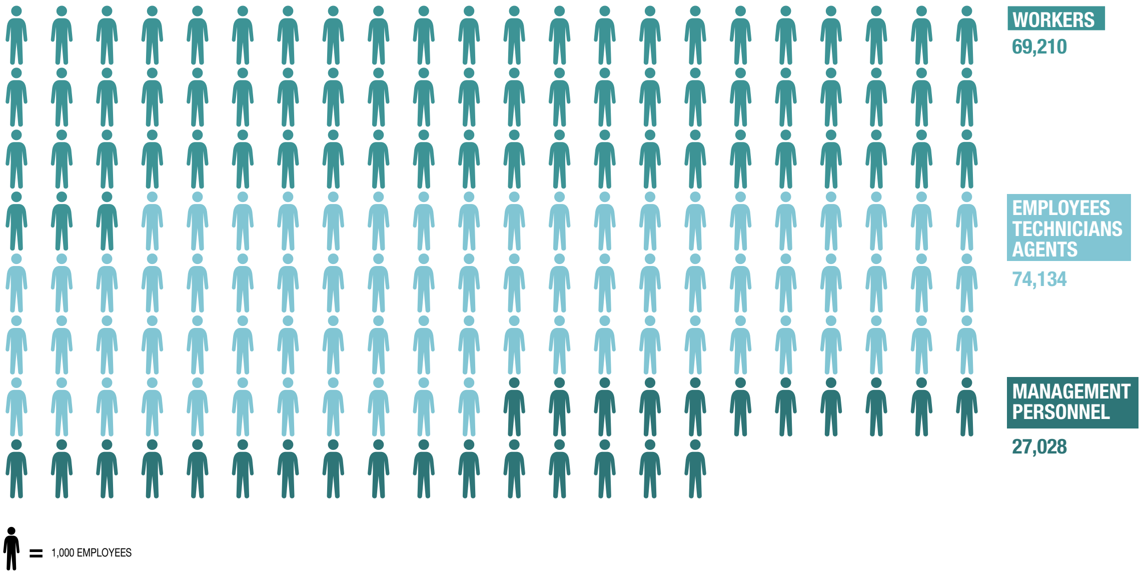
1.5 HUMAN CAPITAL, A MAJOR ASSET IN SAINT-GOBAIN'S BUSINESS MODEL

As a result of its history and the wealth of its social dialogue, the Group has expanded and evolved the skills of its teams in serving its customers. The goal of the OPEN (Our People in an Empowering Network) program is to promote collaboration and innovation, develop a customer-centered culture and ensure continuance of the culture of operational excellence and technical expertise of over 170,000 Saint-Gobain employees.

SAINT-GOBAIN EMPLOYEES

Total Group	170,372
Holding company	3,714
Innovative Materials Sector	58,854
Construction Products Sector	46,198
Building Distribution Sector	61,606

DISTRIBUTION OF EMPLOYEES BY PROFESSIONAL STATUS



1.6 A GLOBAL BRAND

Given the wide range of areas to which its products and solutions contribute, Saint-Gobain serves a very large number of markets and customers. More precisely, direct customers, in their relations with the Group (most often assemblers, manufacturers and trade professionals) are not always the ones who recommend our solutions (architects, design offices) or those with the experience using them (housing owners or tenants, automobile drivers, consumers in the broad sense).

However, Saint-Gobain's efforts tend toward the same goal: developing solutions that contribute to the comfort and wellbeing of those who use them. Whether thermal comfort in a building or vehicle, or acoustic comfort, safety or even the contribution of natural light, the Group works to create attractive, comfortable and functional living places. More generally, the discrete presence of its products and solutions contributes to improving daily life.

A growing number of scientific studies have demonstrated to what extent living places influence their occupants' wellbeing, and examples are increasing:

- work efficiency depends on temperature, i.e., a room that is too warm or cold causes productivity to decline significantly;
- an environment that is too noisy disrupts sleep quality;
- a hospital room well-insulated from noise yields up to 30% faster recovery after major surgery;
- a sufficient supply of natural light influences the development of cognitive capacity in children and their academic success.

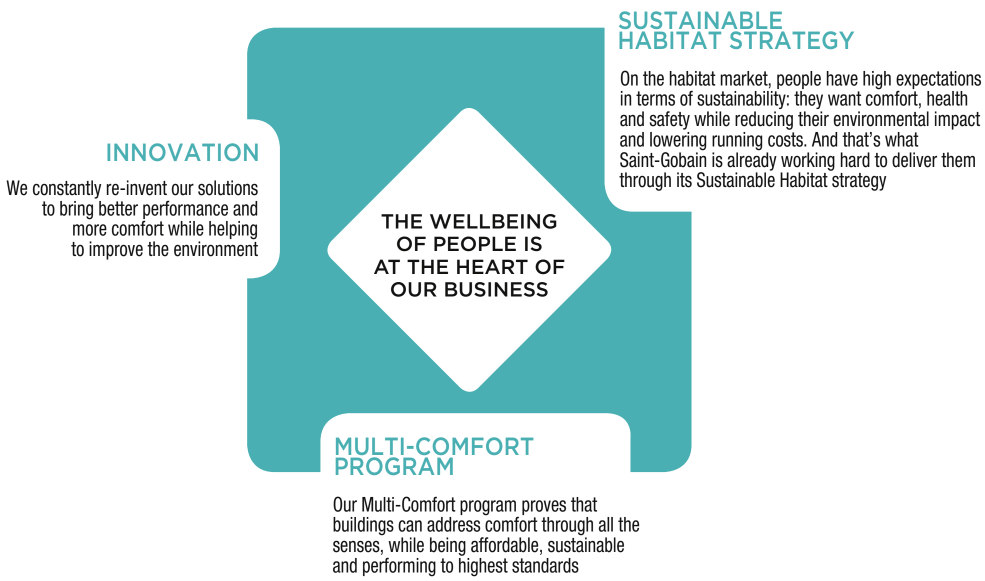
In all the above examples, the choice of appropriate materials and solutions is a critical factor.

Depending on the circumstances of daily life, needs differ. Adapting the environment to users is Saint-Gobain's goal, with focus on improved wellbeing.

Our promise
Saint-Gobain's solutions bring comfort and wellbeing to people all around the world.

In order for this promise to become a reality, the Group relies on three pillars:

THE STRATEGIC PILLARS OF THE SAINT-GOBAIN BRAND



The Group has thus defined its *raison d'être* and its value added for the various markets it serves, as well as the resources dedicated to fulfilling this promise.

The Group regularly measures the impact of the Saint-Gobain brand with its target public. In 2014, the brand's familiarity among all construction players significantly improved compared with the first survey in 2011 (5 percentage points' improvement in familiarity level, from 46% to 51%). The next survey, of 10,000 construction professionals in 13 countries, will take place in 2017.

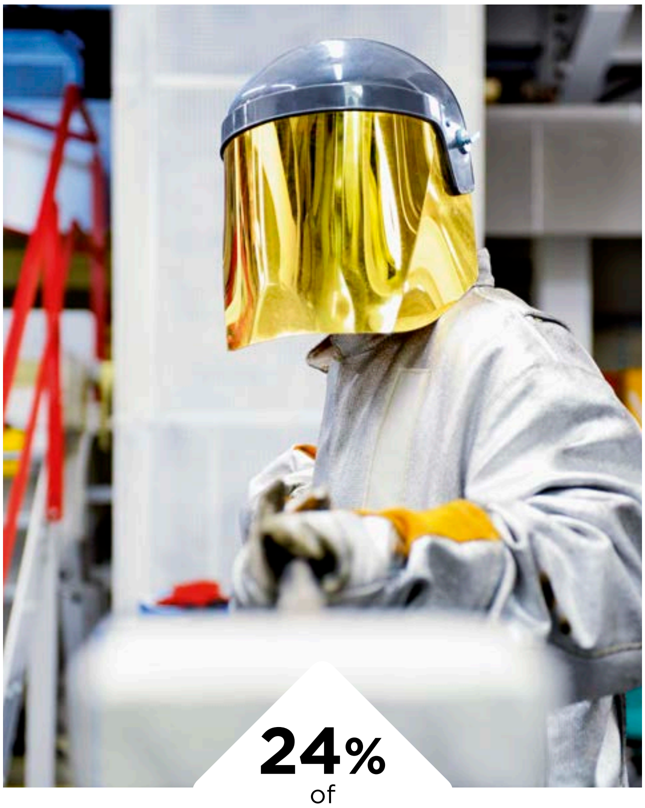
2. **Sector** activities

OUR BUSINESSES

Saint-Gobain
is organized into
THREE SECTORS

COMPLEMENTARY STRATEGY POSITIONS
in building material technologies

14 GENERAL DELEGATIONS
represent the Group in the countries where it is active and coordinate the various companies' actions.



24%
of
net sales

INNOVATIVE MATERIALS

Comprising Flat Glass and High-Performance Materials, the Innovative Materials Sector holds a unique portfolio of materials and processes relating to habitat, transport, healthcare and industry markets.

FLAT GLASS

No. 1 IN EUROPE [1]
No. 2 WORLDWIDE [1]

Presence: **42 countries**
Almost **32,000 employees**

HIGH-PERFORMANCE MATERIALS

No. 1 WORLDWIDE [1]

Presence: **45 countries**
Almost **27,000 employees**

[1] *Source Saint-Gobain*

28% of net sales

CONSTRUCTION PRODUCTS

The Construction Products Sector offers interior and exterior solutions to increase comfort of buildings: plaster, acoustic and thermal insulation, wall facings, roofing, and pipe.

No. 1 WORLDWIDE [1]

> Plaster and plasterboard
> Insulation (all types of insulation products)
> Tile adhesives
> Industrial mortars
> Ductile cast iron pipe

No. 1 IN EUROPE [1]

> Wall facings

No. 2 IN THE UNITED STATES [1]

> Siding

Presence: **61 countries**
Almost **47,000 employees**

48% of net sales

BUILDING DISTRIBUTION

The Building Distribution Sector contributes to the Group a thorough understanding of customers' needs: building professionals, private project owners and large companies. It serves the new building, renovation and home improvement markets.

No. 1 IN EUROPE [1]

> Distribution of building materials

Presence: **24 countries***
Around **61,000 employees***
Around **4,100 sales outlets***

(1) Source Saint-Gobain

** Figures do not include distribution activities of the Czech Republic and Hungary, divested in January 2016.*

2.1 INNOVATIVE MATERIALS

With its unique portfolio of materials and processes for the habitat, transport, healthcare, and industrial markets, the Innovative Materials Sector brings to the Saint-Gobain Group its innovation-oriented culture.

It consists of two businesses:
- Flat Glass;
- High-Performance Materials (HPM).

ALMOST 59,000 EMPLOYEES

FLAT GLASS
almost 32,000 employees in 42 countries

HIGH-PERFORMANCE MATERIALS
almost 27,000 employees in 45 countries

MORE THAN 500 INDUSTRIAL SITES

IN 44 COUNTRIES

COMPETITIVE POSITIONS

No. 1 WORLDWIDE [1]

HIGH-PERFORMANCE MATERIALS

> Ceramics: No. 1 in the world [1] for silicon carbide, zirconium-based abrasive grains, ceramic balls and refractories for the glass industry

> Abrasives: World co-leader [1] for all abrasives lines

> Performance plastics: No. 1 in the world [1] in bearings for automotive applications, single-use tubes and connectors for the pharmaceutical industry, aircraft radomes for communications satellites

> Saint-Gobain Adfors: No. 1 in the world [1] in construction fabrics and paintable wall coverings

No. 2 IN THE WORLD [1]
No. 1 IN EUROPE [1]
FLAT GLASS

7 CROSS-BUSINESS R&D CENTERS
in the United States, Europe, China and India, dedicated mainly to Innovative Materials

2,100 RESEARCHERS

ALMOST 300 PATENTS FILED ANNUALLY
by the Innovative Materials Sector

APPROXIMATELY 2/3 OF THE GROUP'S R&D EXPENDITURE

(1) *Source: Saint-Gobain*

G4-9

2.1.1 Flat Glass

Flat Glass combines the production and marketing of flat glass, the processing and distribution of glass solutions for the building market, the automotive industry and transport. It addresses the challenges of energy savings, aesthetics, comfort, ergonomics and safety and anticipates changes in regulatory obligations. Flat Glass uses the new opportunities afforded by digital to better serve its customers.

Through a powerful industrial network, Saint-Gobain manufactures and supplies **flat glass** (float) for the building and automotive industries. This glass may be clear, printed, laminated, coated or colored.

Through its internal Glassolutions brand network and its outside partners, Saint-Gobain processes flat glass and distributes **glass solutions** covering a wide range of applications for residential and commercial construction: facings, major architectural projects, urban facilities, industrial worksites, furniture, bathroom fixtures, and interior decorating glass. These glass applications include reinforced thermal and acoustic insulation or solar control glass, decorative glass, safety glass and fireproof glass (Vetrotech®). SageGlass® new variable-tint active glass, and vitro-ceramic products of EuroKera (a joint venture with Corning SAS), a global co-leader in vitro-ceramic cookware, are also part of Flat Glass.

Saint-Gobain Sekurit manufactures and produces windshields, side windows, rear windows, glass sun roofs and pre-assembled modules for major global automotive manufacturers. These glass products contribute to reducing vehicle energy consumption and meet growing needs for user safety and comfort. Saint-Gobain is also active in the transportation market, producing glass targeted at the aerospace and railroad sectors, shipping, industrial vehicles and armored vehicles. Finally, Saint-Gobain Autover distributes replacement automotive glass in the independent market and, under its Glassdrive brand, has a network of specialized brands for repair and replacement.

a) Portfolio of products and brands

Businesses	Main applications	Main brands
Flat glass: basic, coated, laminated, printed, silver-coated, lacquered glass	Building, automotive, transport and home appliance	• Saint-Gobain • Climalit
Glass solutions manufactured and distributed for building and industrial markets	• Residential and commercial, new building and renovation, interior solutions, active glass, fire-proof glass • Nuclear protection glass, commercial refrigeration, home appliance	• Saint-Gobain • Glassolutions • Swisspacer® • Vetrotech® • SageGlass®
Manufactured glass for automotive and transport markets	Automotive, aerospace, railroad, industrial and armored vehicles, shipping	• Sekurit • Saint-Gobain Autover • Saint-Gobain Sully • Glassdrive

b) A vast industrial and commercial structure

Flat Glass consists of numerous industrial assets widely distributed around the world (some 300 production sites across 33 countries).

Proven high-tech industrial processes

Saint-Gobain manufactures flat glass essentially using the float procedure. Located most often at the end of the float line, magnetron lines (or coaters) produce thinly coated glass with thermal insulation, solar control or durability properties. The glass may also be laminated (security and acoustic glass) or silver-coated (mirrors).

Saint-Gobain produces building and industry glass at its cutting workshops, using double- or triple-glazing and tempered (security glass) techniques, and has renowned expertise in many glass transformation, assembly and integration processes.

Saint-Gobain Sekurit produces tempered, laminated, tinted and high-performance coated glass for the automotive and transport markets, and incorporates multiple compounds into the glass.

A market-based commercial organization

The Flat Glass sales force numbers over 700 managers. For the building market, marketing and sales are organized by market (exterior walls, windows, industry, specialty glass, etc.). Most importantly, Saint-Gobain supplies flat glass to external glass transformers and distributors in its principal production regions, and also uses its internal network under the Glassolutions brand to transform this glass into value-added products and markets it throughout Europe.

To address the needs of car manufacturers, Saint-Gobain Sekurit manages centralized negotiations and international projects with the head offices of automotive manufacturers in Europe, the United States and Asia. In addition, a regional organization also provides more local coordination and services.

Main competitors
• NSG (Japan) • Asahi (Japan) • Guardian (United States) • Sisecam (Turkey) • Various Chinese glass manufacturers

2.1.2 High-Performance Materials

High-Performance Materials (HPM) provides high value-added solutions for a wide range of high-tech applications in transport, health, construction and industry. It has developed considerable expertise in a range of technologies, giving it the ability to design solutions tailored to its customers' specific needs. It has expertise in four families of materials: mineral ceramics (Ceramics, Grains and Powders, Crystals), abrasives, high-performance polymers (Performance Plastics) and fiberglass yarns (Saint-Gobain Adfors).

The Ceramic Materials Activity consists of businesses involved in the synthesis and transformation of raw materials (grains and powders) used in a wide variety of markets: abrasives, paper, petroleum extraction, etc., as well as refractories for metallurgy and all glass-related technologies.

The Abrasives Activity offers a portfolio of products with complete solutions for each stage of the abrasion, cutting and polishing process. It serves a wide range of markets: construction and habitat (from rough cutting of concrete walls and floors to sanding of wooden floors and polishing for decorative finishes), heavy industry (steelworks and paper mills), and manufacturing and high-tech industries (automotive, aerospace, electronics). Saint-Gobain is a leader in the abrasives market, specifically through its expertise in ceramic grains.

The Performance Plastics Activity has a wide technological expertise in high-performance polymer products that afford considerable scope for application in industry (automotive, aerospace, health) and construction. It produces composite materials (specialty films, foams, tapes, specialty adhesives and coated fabrics for the construction and industry sectors), bearings and seals (particularly for the automotive and aerospace industries), and fluid systems (primarily for the healthcare, food and beverage, aerospace and electronics industries).

Saint-Gobain Adfors manufactures technical glass fiber fabrics for the construction and industry markets. Its product lines include glass fiber mesh for exterior insulation systems, paving reinforcement grids, glass fiber, wall coverings, joint tapes, mosquito netting and reflective fabrics.

The High-Performance Materials line has expertise in a number of state-of-the-art applications that implement the specific properties of its materials (high temperature resistance, abrasion, chemical stability, surface properties, etc.). It carries out a wide range of manufacturing processes, and has over 200 sites in 35 countries, an unparalleled network of manufacturing activities.

Many of the Sector's products are developed jointly with customers to match specific customer needs, particularly in plastic products, highly sophisticated refractory products for the metalworking and glass manufacturing industries, and crystals for radiation detection systems.

In order to be closer to its markets, the Sector maintains a large sales force (over 1,300 managing personnel) that is supported, in the largest countries, by logistics centers that allow it to provide service to customers quickly and efficiently.

a) Portfolio of products and brands

Businesses	Main markets	Main brands
CERAMIC MATERIALS		
Grains and Powders	• Abrasives • Ceramics • Petrochemicals • Oil industry	• Norton • Saint-Gobain Norpro • Zirpro
Refractories	• Glass • Metallurgy • Energy • Defense	• Hexoloy • Sefpro
Crystals	• Medical • Oil industry • Safety	• Bicron
ABRASIVES		
Bonded abrasives	• Tooling • Aerospace • Automotive • Metalworking	• Norton • Carborundum
Thin grinding wheels	• Metalworking • Energy • Steelmaking • Construction, hardware	• Norton • Flexovit • Carborundum
Coated abrasives	• Aerospace • Automotive • Furnishings • Steelmaking	• Norton • Atlas • Carborundum
Superabrasives	• Aerospace • Automotive • Rollers • Tooling • Electronics	• Norton • Winter
Construction Products	• Construction Materials • Tooling	• Norton • Clipper

Businesses	Main markets	Main brands
PERFORMANCE PLASTICS		
Bearings and seals	• Automotive • Aerospace • Machine tools	• Norglide® • OmniSeal® • OmniLip® • Rencol®
Fluid systems	• Food and beverage • Biomedical • Automotive • Semi-conductors • Pharmaceutical industry	• C-Flex® • Tygon® • Sani-Tech® • Versilon® • Furon® • Covison™
Films, tapes, foams and coated fabrics	• Automotive • Construction • Electronic • Radomes	• Sheerfill® • Solar Gard® • Norseal® • NorBond™ • SheerGard™ • Chemfab®
SAINT-GOBAIN ADFORS		
Fiberglass yarns	• Construction fabrics and mesh	• Vetrotex©
Reinforcement fabrics for construction and manufacturing	• Construction, household	• Adfors • Novelio • Fibatape • GlasGrid • New York Wire • Vertex • Onirys

b) Main competitors

Ceramics	Abrasives	Performance Plastics	Saint-Gobain Adfors
• Imerys (France) • Carbo Ceramics (United States)	• 3M (United States) • Noritake (Japan) • Tyrolit (Austria)	• 3M (United States) • Trelleborg (Sweden)	• Johns Manville (United States) • Phifer (United States) • Vitrulan (Germany)

2.1.3 A portfolio of high-tech research projects

The Sector's R&D is based on seven major global centers, several centers of excellence dedicated to specific technologies, and local teams near production sites and/or customers. Over 2,100 dedicated researchers work on over 500 research projects involving the design of new products and procedures, and contributing technical support to the sales and production teams.

Some defining projects are of long duration and are aimed at maintaining technological leadership in current markets: innovative processes for thin coatings, new generations of ceramic grains and abrasive products, more effective double and triple glazing, plastic films for automobiles and building, etc. Other programs target new markets: electrochrome glazing, ceramic cores for fuel cells, materials for energy storage, single-use systems for the bio-pharmaceutical and life sciences industry.

2.2 CONSTRUCTION PRODUCTS

The Construction Products Sector offers interior and exterior solutions to increase comfort of buildings: plaster, acoustic and thermal insulation, wall facings, roofing, and pipe.

ALMOST 47,000 EMPLOYEES

ALMOST 450 PRODUCTION AND DISTRIBUTION SITES

WORLDWIDE

COMPETITIVE POSITIONS

No. 1 WORLDWIDE [1]

> Plaster and plasterboard
> Insulation (all types of insulation products)
> Tile adhesives
> Industrial mortars
> Ductile cast iron pipe

No. 1 IN EUROPE [1]

> Wall facings

No. 2 IN THE UNITED STATES [1]

> Sidings

INDUSTRIAL SITES IN 61 COUNTRIES

COMMERCIAL PRESENCE IN 71 COUNTRIES

ALMOST 70 PATENTS FILED IN 2015

TAKES FULL PART IN THE GROUP'S EIGHT CROSS-BUSINESS RESEARCH CENTERS

(1) *Source: Saint-Gobain*

G4-9

2.2.1 Innovative solutions for sustainable habitat

The Construction Products Sector designs and develops innovative solutions to improve the quality of living spaces and reduce the environmental impact of buildings, with unique offerings of products and services for all construction fields, tailored to local conditions. These solutions are aimed at improving building energy efficiency and user comfort, particularly acoustic, thermal, sanitary and visual aspects, while being environmentally friendly, specifically in accordance with a life cycle analysis of its products.

As the world leader in the interior and exterior home-improvement markets[1] with very well-known brands, the Sector meets user expectations for both comfort and ease of installation by contractors, and aims to lay the foundation for the features of future habitats. The Construction Products Sector's aim is to become the reference for sustainable habitat and drinking water supply solutions.

INTERIOR SOLUTIONS

The Gypsum Activity extracts and processes gypsum into a wide array of plaster products used largely for partitions and facings for walls, ceilings and floors. These solutions meet high technical specifications in terms of fire and damp resistance and thermal and acoustic insulation. Easy to install, the products also meet growing customer demand for a comfortable and visually pleasing home environment. The Gypsum Activity's aim is not only to offer solutions that comply with the highest technological standards but also to promote their widespread adoption, and remain a step ahead of new regulations concerning, for example, the protection of interior air quality.

The Insulation Activity designs, develops and markets products and solutions for thermal and acoustic building insulation. Its line of products made from mineral wool (glass wool and stone wool), polystyrene foam and polyurethane are mainly aimed at the residential and commercial building markets where they are used to insulate the building envelope (roofs, walls and floors). Other needs are also addressed, such as heating and air conditioning system insulation. Finally, some products also afford technical solutions for industrial facilities, the transport sector and niche sectors such as soil-less (hydroponic) cultivation.

EXTERIOR SOLUTIONS

The Exterior Products Activity offers a complete range of products specific to North American homes: asphalt and composite shingles for roofs, PVC or polypropylene coverings for sidings, as well as gates, railings and deck installation solutions. Easy to maintain, these products are known for combining visual appeal and durability.

The Pipe Activity offers complete solutions leveraging more than 150 years of experience in the water supply market to meet the highest expectations. It produces and markets ductile cast iron pipe systems, steel products for highways and roadways and wastewater and rainwater drainage systems for buildings. It is also active in the mining and manufacturing markets.

The Industrial Mortars Activity offers a comprehensive range of solutions with a number of different applications for decoration, protection and insulation of exterior walls, for tiling, laying new or renovated screed, floor levelling and finishing, etc.

[1] *Source: Saint-Gobain*

2.2.2 A large portfolio of products and brands

Businesses and products	Main brands
INTERIOR SOLUTIONS	
Gypsum	
Plasterboard (including with specific functions) **• Plaster: construction plaster and other specialty plasters** **• Plasterboard fastening fixing systems and accessories** **• Ceilings: tiles and panels** **• Acoustic ceilings** **• Metal frames**	• Gyproc • Placo® • Rigips • British Gypsum • CertainTeed • Formula • Ecophon • Eurocoustic
Insulation	
• Glass wool **• Stone wool** **• ULTIMATE® mineral wool** **• Expanded polystyrene foam - EPS** **• Extruded polystyrene foam - XPS** **• Polysocyanurate - PIR** **• Wood fibers** **• Airtight membranes** **• Fibers for vacuum insulation panels**	• ISOVER • Mag-ISOVER • IZOCAM • CertainTeed • Celotex • Fiberglass
EXTERIOR SOLUTIONS	
Exterior products	
• Siding products: cladding and borders **• Exterior vinyl home improvement products: fences, decks, railings** **• Roofing products: asphalt and composite roofing shingles**	• CertainTeed
Pipe	
Complete pipe systems in ductile cast iron, pipe connectors and fittings **• Ductile cast iron and steel products for highways and roadways** **• Complete cast iron pipe systems for the collection and drainage of wastewater and rainwater in buildings**	• PAM
Industrial mortars	
• Wall rendering products **• Tile adhesive and grouting** **• Floor mortars, technical mortars, assembly mortars** **• Interior rendering** **• Concrete additives**	• Weber • Leca®

2.2.3 Industrial and commercial assets close to customers

An industrial organization close to local construction market needs

The Construction Products Sector has some 450 production and distribution sites worldwide.

The Sector's industrial structure is firmly anchored in the heart of the communities it serves. Production sites are based near their markets in order to respond quickly to local customer needs.

A strong sales force attentive to building and public works professionals

The Construction Products Sector has a flexible commercial presence in 71 countries, in order to closely address its customers' needs in the field. The Sector is developing specific services to assist various players in the building industry: recommendation and advice, training centers, job site delivery, technical assistance, after-sales service.

The Sector also has an extremely dense network of distributors to give better coverage to all markets.

Through its development of digital tools, the Sector is increasingly in direct contact with end users to present its products and promote the most innovative ones, in particular through virtual reality presentations that allow for *in situ* measurement of product performance.

2.2.4 R&D for innovation and differentiation

Research and innovation are critical elements of the Construction Products Sector's strategy. They are major factors for differentiation and competitiveness in its activities.

The Sector participates fully in the Group's eight cross-business research centers, and also uses R&D centers and development units dedicated to its Activities. Some 70 patents were filed in 2015 by the Sector. In 2015, the Sector continued its development of projects for wellbeing in habitat by covering a number of areas (acoustic insulation, air quality, visual appeal, environmental sustainability, recycling). Five new Multi-Comfort buildings, enhancing the value of the Sector's innovations, were erected. The eco-innovation approach for products is also pursued, through internal life cycle analysis tools.

Finally, the Sector's Research and Development Centers contribute to improving industrial manufacturing processes, both by strengthening the Sector's competitiveness and by optimizing the environmental performance of the plants.

Main competitors

Interior solutions	Exterior solutions
• USG (United States)	• GAF (United States)
• Knauf (Germany)	• Owens Corning (United States)
• Owens Corning (United States)	• ParexLanko (France)
• Armstrong (United States)	• Mapei (Italy)
• Rockwool (Europe)	• Sto (Germany)
• Kingspan (Europe)	• Ply Gem (United States)
• Technonicol (Russia)	• XinXing (China)
• Siniat (France)	

2.3 BUILDING DISTRIBUTION

The Building Distribution Sector contributes to the Group a thorough understanding of customers' needs: building professionals, private project owners and large companies. It serves the new building, renovation and home improvement markets.

AROUND 61,000 EMPLOYEES

SITES IN 24 COUNTRIES

COMPETITIVE POSITION

No. 1 IN EUROPE [1]

in building distribution

90 MILLION VISITORS/YEAR

to its branded websites

Launch in France of the

FIRST MALL IN EUROPE

dedicated to building trade professionals

AROUND 4,100 POINTS OF SALE

A MAJOR PLAYER [1]

in the plumbing-heating-sanitary market

Figures do not include distribution activities in the Czech Republic and Hungary, divested in January 2016.

[1] In the building materials business market - Source Saint-Gobain.

Within a context of strong competitiveness, the major goals of the Building Distribution Sector focus on the profitable and sustainable internal growth of its brands. This is achieved by constantly enhancing its offering and speeding up its digital transformation. The Sector aims to be the business reference for its customers and suppliers alike. To accomplish this it has developed a network of strong and complementary brands, both generalist and specialist, aimed at trade professionals, the private project owner, and small, medium and large businesses. Anchored in its own local market, each brand has developed a positioning that addresses the specific needs of each type of customer and market, supported by the dynamism and expertise of the teams which make up its strength and its success.

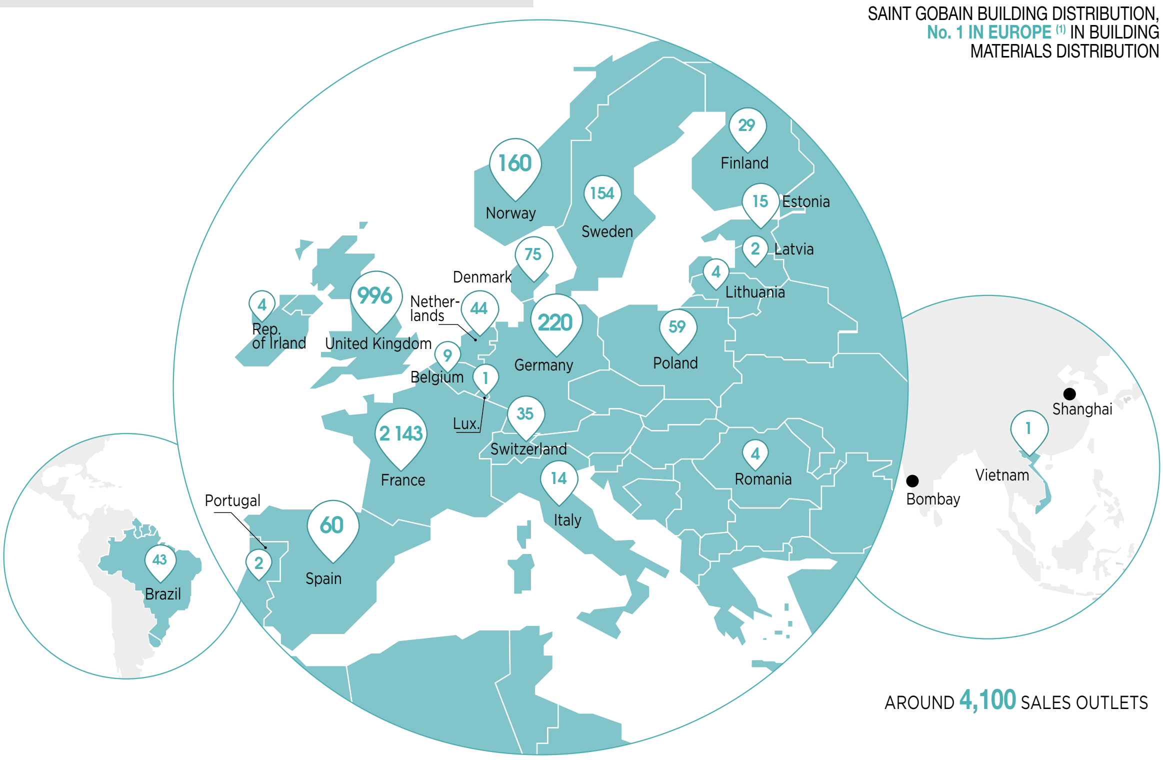
2.3.1 A portfolio of brands which makes it the reference in the building distribution market

COUNTRY	LEADING BRANDS	POSITIONING
FRANCE	POINT.P Matériaux de Construction – La réponse professionnelle	Distributor of building materials and building products
	CEDEO	Distributors of plumbing-heating-sanitary products
	Outiz	New brand Cross-channel distributor of building equipment and tools
	La Plateforme du Bâtiment	Distribution network for building trade professionals only
	LAPEYRE	Distributor of interior and exterior carpentry and woodwork products for home improvement, kitchens, bathrooms and floors
UNITED KINGDOM	JEWSON	Distributor of building materials and sustainable timber
	Graham The Plumbers' Merchant	Plumbing-heating-sanitary products specialist
	Priority Plumbing	New brand Cross-channel distributor of plumbing materials
GERMANY NETHERLANDS	raab karcher	Generalist distributor of building materials
	Keramundo	Tiling specialist
NORDIC COUNTRIES (Denmark, Finland, Norway, Sweden)	DAHL	Specialist in plumbing-heating-sanitary, civil engineering, industry, ventilation/cooling and facility maintenance
	Optimera	Distributor of building materials to trade professionals and the general public
SWITZERLAND	Sanitas Troesch	Distributor of bathrooms and kitchens to professionals and the general public
SPAIN	Distriplac	Specialist in home improvement and insulation
	dp materiales	Distributor of building materials for new construction and renovation markets
	La Plataforma de la Construcción	Distributor of building materials to trade professionals only
BRAZIL	Telhanorte	Sale to the general public and trade professionals of home improvement products and services, specializing in sanitation and tiling

Other brands complete this network, specifically with specialist brands serving the plumbing-heating-sanitary markets, wood paneling, interior home-improvement, roofing, civil engineering and tools.

2.3.2 A dense network and commercial tools to gain and retain customers

BRAND PRESENCE OF THE BUILDING DISTRIBUTION SECTOR



The Sector develops commercial tools that allow it to create customer loyalty and gain new ones, whether professionals or private individuals. Presenting the offering of products and services of the brands in a reliable, complete and targeted fashion is critical to facilitating customers' daily choices and work.

The Sector coordinates its digital strategy in four major areas: enriching on-line content with support from partner suppliers, optimizing the customer experience (click and collect, 24/7 online ordering, tracking orders and deliveries using mobile applications, etc.), providing assistance and advice to professional customers to facilitate the management of their companies, and finally, understanding customer needs through data applications (Big Data).

Finally, in the area of logistics, the Sector is continuing to optimize its work flows in such a way as to organize the path of materials from supplier to customer in a manner that is more fluid, efficient and environmentally friendly. This is manifested largely in the automation of logistics centers, which affords faster processing and delivery of orders and their sharing between brands, as well as the development of integrated logistics solutions.

Overall, the innovative tools and services implemented by the Building Distribution Sector are aimed at strengthening the level of customer satisfaction, measured continuously. The information thus gathered allows the brands to react very quickly to ensure the best possible service.

2.3.3 New customer-centered concepts, services and products

The Building Distribution Sector's ability to innovate results in the gaining of new markets, and therefore new customers. Thus, in France, the Sector launched a new brand dedicated to habitat accessibility by all (families, seniors, the disabled, carers, etc.), with a first store in Paris. Tools are also a growth segment for the Sector's brands, which set up specific offers, such as the leasing of "giant" tool boxes to meet demand. Another innovative concept is the launch in France of the first mall in Europe dedicated to building trade professionals. With eight brands combined under a single roof, customers have a complete and available range of products, saving time and benefiting from a number of complementary services offered. Based on its detailed knowledge of professional customers, the Sector has enhanced its product offering by developing owned brands for the sanitary-heating, structural work and tooling markets. These seek to address specific requirements as expressed by customers in terms of efficiency and quality/price ratio.

2.3.4 A leader in Europe

Saint-Gobain is number one in Europe for the distribution of building materials [1][2]. It is a major player in the plumbing-heating-sanitary market [2].

Main competitors

- Wolseley (United Kingdom, Nordic countries, Switzerland, Netherlands)
- CRH (Netherlands, France, Switzerland, Germany, Belgium, Austria)
- BayWa (Germany)
- Travis Perkins (United Kingdom)
- SIG (United Kingdom, France, Germany, Netherlands, Poland)
- Grafton (France, Spain, Poland, United Kingdom, Ireland, Belgium)
- Ahlsell (Scandinavia)
- Chausson, Vendée Matériaux, Samse (France)
- Cordes & Graefe (Germany, Poland, Netherlands, Norway)

(1) *In the building materials business market.*
(2) *Source Saint-Gobain.*

2 STRATEGY

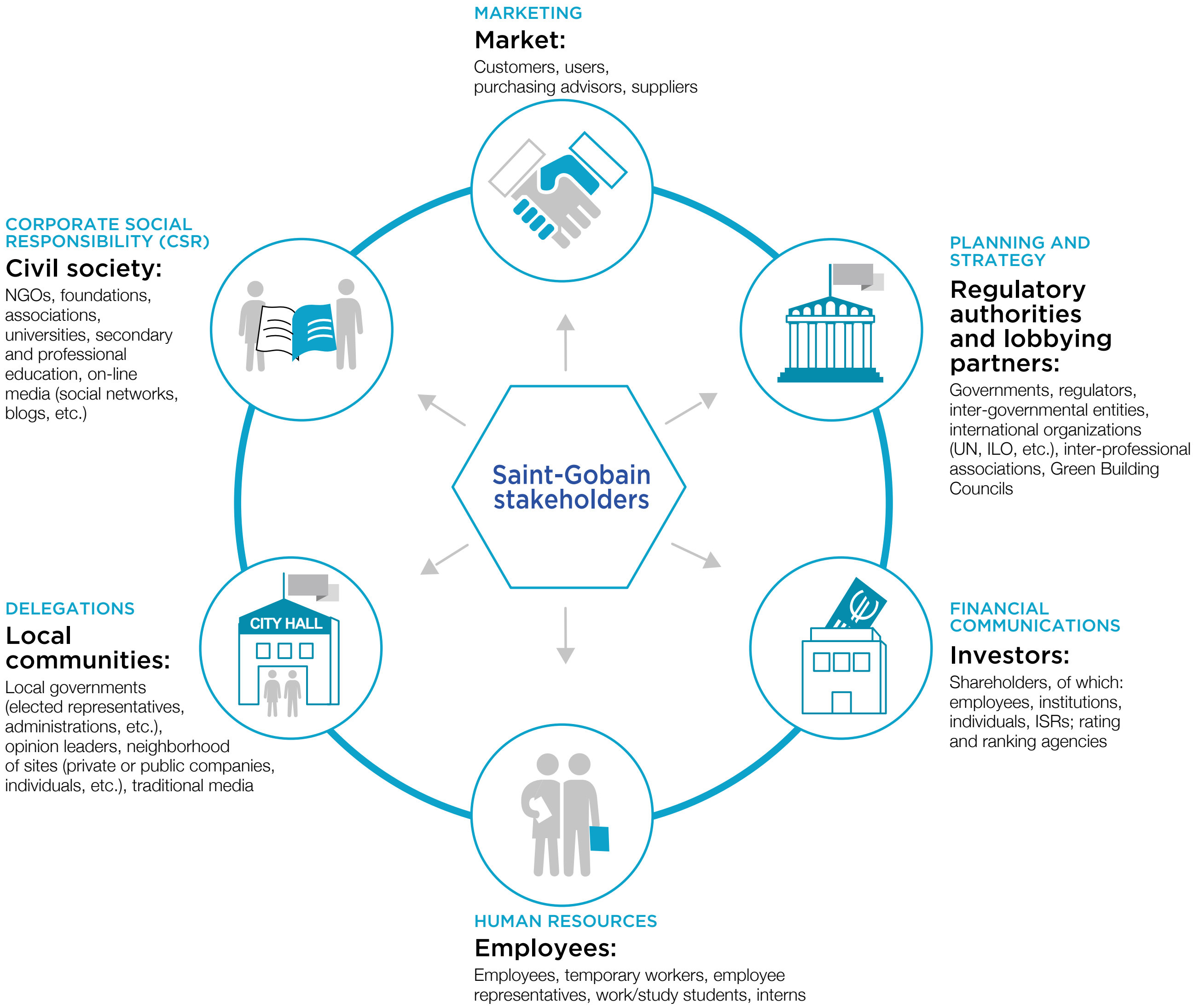
1. **Identifying** the Group's main challenges

1.1 A GROUP ATTENTIVE TO ITS ECOSYSTEM

Within each of their respective perimeters, the Group's teams listen to their stakeholders and, above all, to their customers. The Group's organization, size, international dimension and diverse business portfolio imply decentralized management of the dialogue with stakeholders, allowing the operating entities broad autonomy in conducting their businesses. Dialogue must be constructive, transparent and based on mutual trust.

To better organize this dialogue, priority stakeholders have been grouped according to stake (see illustration below). This improves reporting on the internal and external stakeholders' expectations, but also promotes a matching process between expectations expressed and the Group's long-term objectives.
For each of these priority stakeholders, a Saint-Gobain support function has undertaken a summary of the stakeholders' expectations, broken down at the local, national and international levels.

STAKEHOLDERS



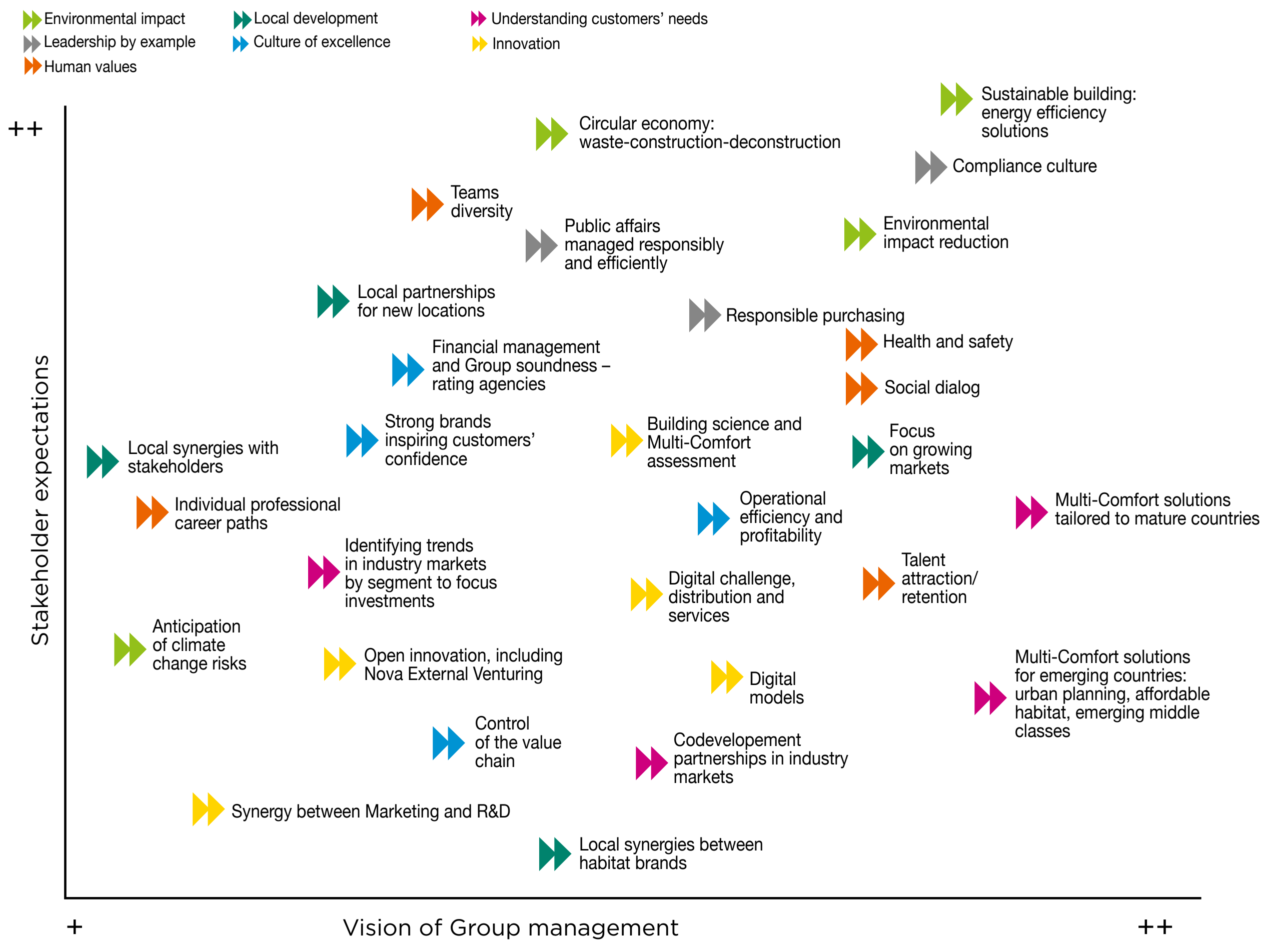
1.2 THE GROUP'S MAIN CHALLENGES

In 2015, Saint-Gobain undertook a three-stage materiality assessment:

- identification of 29 priority challenges based on an analysis of the available documentation on the Group, its activities and its environment;
- sharing of these challenges with the main stakeholders;
- ordering of the challenges into a hierarchy by comparing stakeholder challenges against the vision of Group management.

The goals matrix was developed looking for consensus between external and internal stakeholders. A methodology note is available on the corporate website:
www.saint-gobain.com/en/press/corporate-publications
Main challenges have been consolidated into seven categories. Each category is considered important to the Group.

MATERIALITY MATRIX



The matrix reflects both the Group's strong identity regarding the sharing of its values, and the diversity of challenges inherent to its wide range of businesses.

Policies and action plans corresponding to these challenges are developed in Chapter 3.

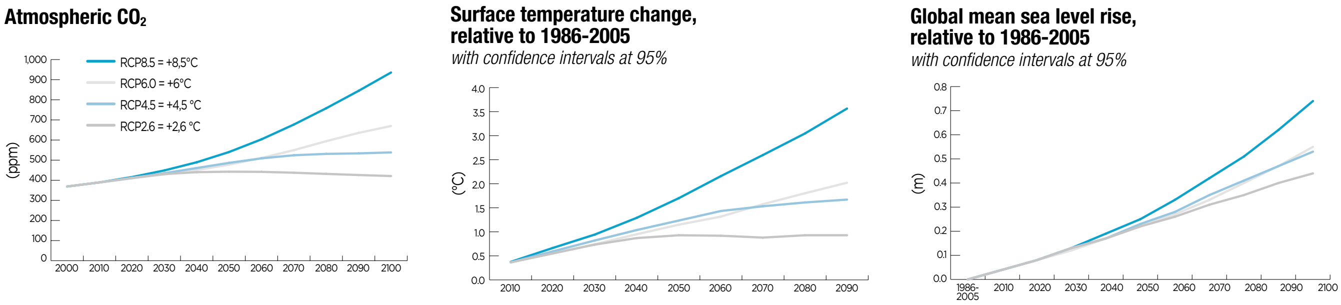
In order to increase the visibility of the Group's commitment with regard to CSR, a spreadsheet of 11 key indicators representing its material challenges was prepared in 2015. Of these 11 indicators, three have been identified as high priority. The Group has also defined five roadmaps, including short-, medium- and long-term action plans. They will be rolled out in 2016 by the functional networks (Human Resources, EHS, etc.), cross-disciplinary work groups or directly by the Activities. The roadmaps and spreadsheet are described in Section 2, Chapter 4.

2. **Anticipating** market trends

2.1 A COMFORTABLE AND ENERGY-EFFICIENT HABITAT: THE CHALLENGE OF CLIMATE CHANGE

Twenty-five years after the first report of the Inter-Governmental Panel on Climate Change (IPCC), the question of global warming has become one of the major challenges of the decades to come. The scope of the problem is now fully apparent: if we are not able to maintain global warming below +2ºC above the pre-industrial levels, the climate consequences will be irreversible and may each year cost the global economy up to 5% of its GDP [(1)].

EFFECTS OF GLOBAL WARMING UNDER VARIOUS SCENARIOS

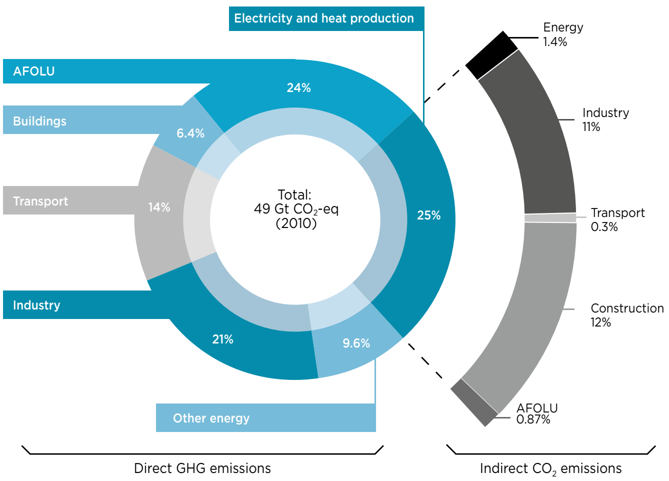


Source: Climate Change 2014: Mitigation of Climate Change, contribution from the III Work Group of the Fifth IPCC Assessment Report (AR5), 2014

Further, after more than 20 years of negotiations and in view of the urgency of the situation, States have decided to commit to the key objectives of reducing their greenhouse gas emissions: as part of the COP21, which was held in Paris in December 2015, the 195 Parties to the United Nations Framework Convention on Climate Change (UNFCC) have committed to efforts to reduce greenhouse gas emissions. In their current state, these commitments should result in reducing emissions growth by one third over the 2010-2030 period, versus the two previous decades [(2)].

In the private sector, a number of action levers exist to reduce the impact of our ways of life on the environment: in Europe, the building sector alone represents 40% of final energy consumption and 35% of greenhouse gas emissions [(3)]. Globally, building energy consumption could double or even triple by 2050 [(4)] if nothing is done. Thus, the full use of best practices today in the design, construction and operation of buildings could enable a reduction in final energy consumption of buildings of 46% compared to 2005, while improving residential comfort [(5)].

GLOBAL GREENHOUSE GAS EMISSIONS BY SECTOR (AS A PERCENTAGE OF THE TOTAL), 2010



Source: Climate Change 2014: Mitigation of Climate Change, contribution from the III Work Group of the Fifth IPCC Assessment Report (AR5), 2014

Building energy efficiency therefore presents many opportunities to address global warming, even though public opinion must continue to be made aware of this: only 25% of Europeans consider the environmental impact of their habitat to be a critical factor in their purchasing and renovation choices [(6)]. However, 51% consider energy costs to be a decisive factor, and 62% consider their home's comfort to be a priority [(7)]. Under these conditions, combining residential comfort and energy efficiency is a major action lever favoring climate change.

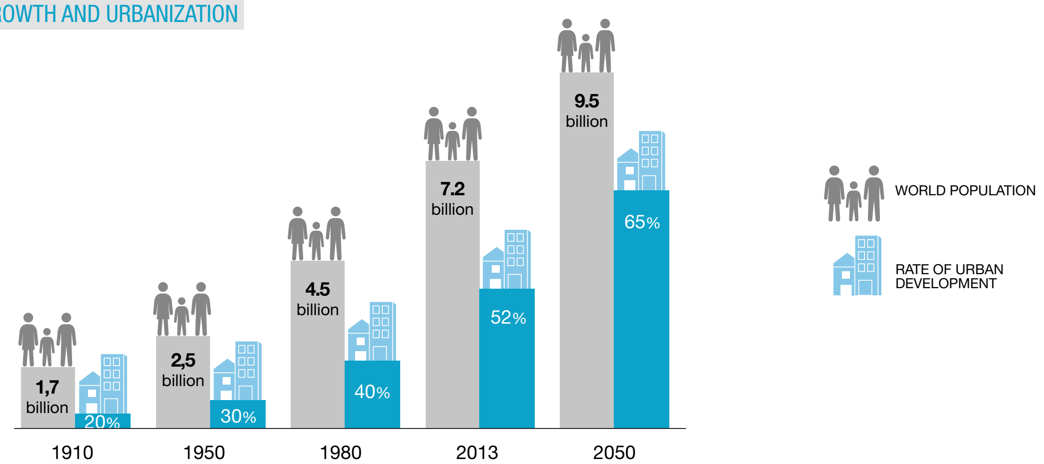
➤ ***Through its expertise and the synergies among its various businesses, Saint-Gobain is developing high-performance and innovative technology solutions, combining comfort and energy efficiency, for both new construction and renovation, in order to efficiently meet the challenge of climate change and evolving regulatory obligations (see Section 4, Chapter 3).***

[(1)] *Stern Review on the Economics of Climate Change, 2006.*
[(2)] *Synthesis report on the aggregate effect of the intended nationally determined contributions, UNFCC, October 2015.*
[(3)] *Energy Union Package: A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy, European Commission Communication, 2015.*
[(4)] *Climate Change 2014: Mitigation of Climate Change, contribution from the III Work Group of the Fifth IPCC Assessment Report (AR5), 2014.*
[(5)] *Global Energy Assessment: Towards a Sustainable Future, International Institute for Applied Systems Analysis, 2012.*
[(6)] *Healthy Homes Barometer 2015.*
[(7)] *Idem.*

2.2 AN AFFORDABLE AND SUSTAINABLE HABITAT: THE CHALLENGE OF POPULATION GROWTH AND URBAN DEVELOPMENT

Since 2011, the global population has exceeded the 7 billion mark and is expected to reach 9.7 billion by 2050 [1]. This demographic growth is accompanied by increasing urbanization: the proportion of the global population living in cities will reach 66% by 2050, compared to 54% in 2014 [2]. The sharp demographic growth and trend toward urbanization will be concentrated on the continents of Asia and Africa, resulting in an increasing need for housing and infrastructure, particularly in cities that are currently medium-sized but which are destined to become supercities.

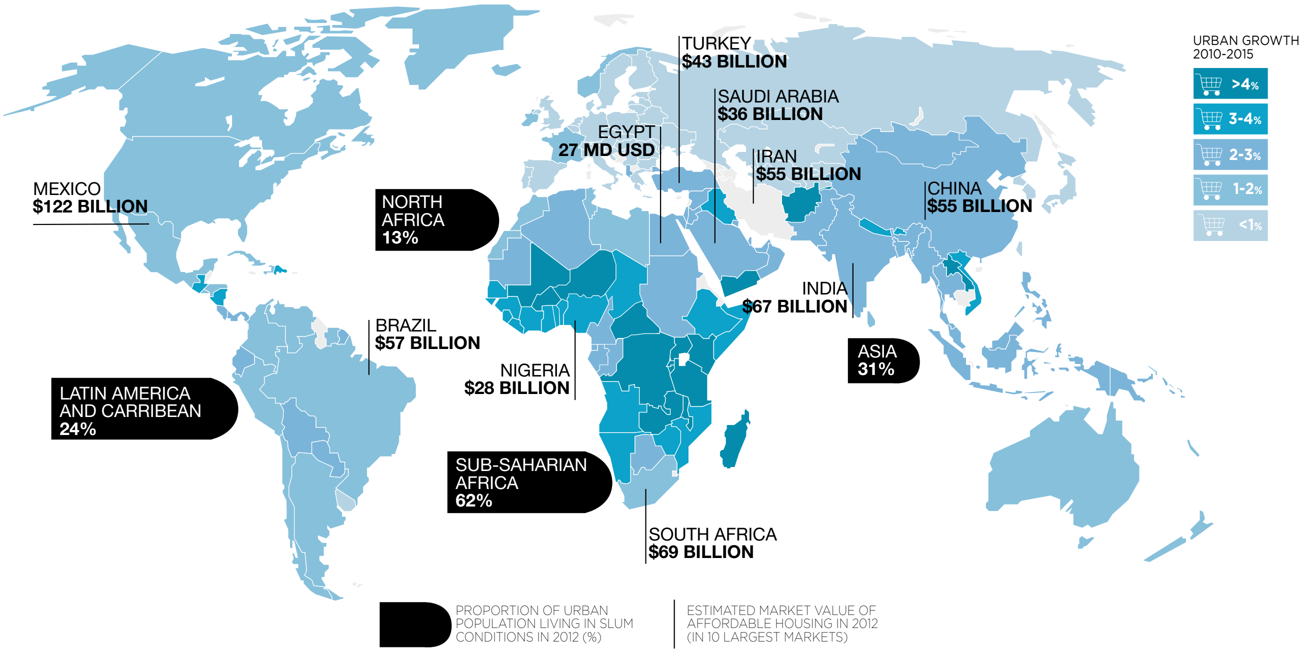
DEMOGRAPHIC GROWTH AND URBANIZATION



In developing countries that face the persistence of slums, access to housing is a major socio-economic challenge calling for appropriate solutions.

At the same time, the emergence of a vast middle class, including in Africa, is stimulating new demand in conjunction with increased purchasing power of the people and with increasingly high comfort requirements.

NEEDS AND POTENTIAL AFFORDABLE HOUSING MARKETS



Source: Private Sector & Development, Proparco (AFD) Review, July 2014

➤ ***As a result of its global presence and extensive knowledge of local conditions, Saint-Gobain is well-positioned in these high-potential markets, offering a range of accessible solutions, adapted to local needs, to address the high demand for affordable and sustainable housing and improve the quality of urban habitat*** ***(see Section 3, Chapter 3)******.***

[1] World Population Prospects: The 2015 Revision, ONU, 2015.
[2] World Urbanization Prospects 2014, ONU, 2014.

2.3 THE CIRCULAR ECONOMY: THE CHALLENGE OF DIMINISHING RESOURCES

The level of consumption of natural resources could triple by 2050, which according to the United Nations Environment Program (UNEP) would be equivalent to annual consumption of 140 billion tons of ore, minerals, fossil fuels and biomass [(1)]. Since this level of consumption is not sustainable, it now becomes crucial to uncouple economic growth from the consumption of natural resources, through more efficient use of these resources.

With increasing frequency, public policies are adopting a life cycle approach, which takes into account the building as a whole, from the extraction of raw materials to demolition and recycling. Plasterboard, insulation materials, windows, roofing and rubble are now reincorporated into the manufacturing processes, in construction and in other industries.

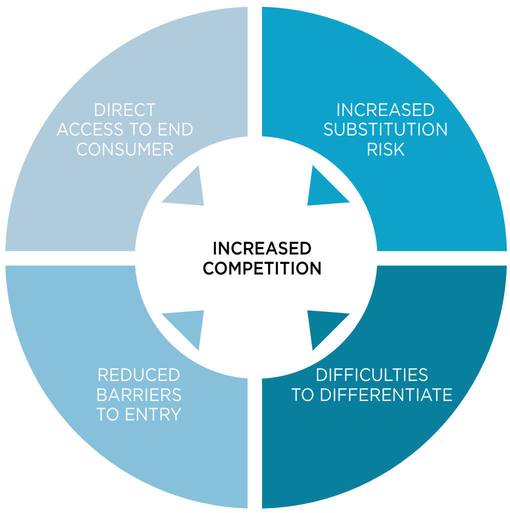
➤ ***Saint-Gobain promotes a vision of responsible construction and develops innovative solutions to preserve natural resources. Offering solutions to address diminishing resources is an opportunity for Saint-Gobain to create value and to better differentiate itself (see Section 3.1.3 of Chapter 2 and 3.2.2 of Chapter 3).***

2.4 THE DIGITAL TRANSFORMATION: THE CHALLENGE OF OMNICHANNEL INTEGRATION AND THE "DIGITAL HABITAT"

Digital technology is redefining commercial exchanges: with a very high annual growth rate since the early 2000s, e-commerce is exploding in developed Asia, the United States and Europe. China, which became the largest world market for the B2C electronic trade in 2015, is catching up quickly in the B2B segment [(2)]. The low cost of investment to launch an online commerce platform has reduced barriers to entry, while asymmetry of information between sellers and customers is falling due to a number of tools, such as price comparison engines and user recommendations. Companies must now be closer to their end customers to avoid new intermediations. To differentiate, it is no longer just the company's product that counts, but the services associated with it.

With digital technology, a profound rethinking of buildings and habitat is also under way. The digital integration of buildings is leading to technical changes in construction, particularly the increasing use of Building Information Modeling (BIM), which allows an integrated view of a building during all stages of its life cycle. Home automation, which specifically contributes to reducing a habitat's energy consumption and improving safety, also yields an increasingly complete integration of smart devices into daily use. These two trends contribute to the evolution of materials by increasing the demand for smarter materials.

THE CONSEQUENCES OF THE DIGITAL TRANSFORMATION



Source: Porter, Harvard Business Review

➤ ***Attentive to its customers and anticipating the restructuring of the Group's markets due to new digital tools, Saint-Gobain is putting in place, among other things, an omnichannel digital strategy that differentiates its offering and ensures visibility for its products and brands. The Group is also positioned to incorporate BIM into its product and service offerings (see Section 2.3 of Chapter 1 and Section 3 of Chapter 3).***

(1) Decoupling Natural Resource Use and Environmental Impacts from Economic Growth, PNUE, 2011.

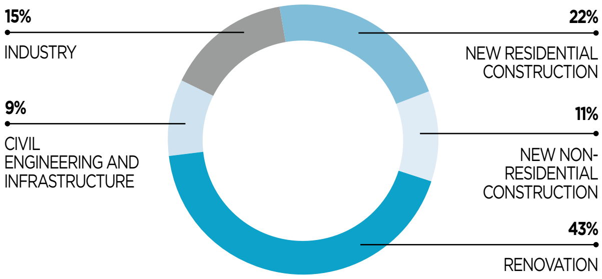
(2) Releasing the potential of electronic commerce for developing countries, 2015 Report on the Information Economy, United Nations Conference on Trade and Development (UNCTAD), 2015.

3. **Positioning itself today** in the markets of tomorrow

Construction is Saint-Gobain's reference market, with solutions to address the needs of residential, non-residential and commercial construction. Over 80% of the Group's sales are aimed at the habitat markets: new construction, renovation, civil works and infrastructure.
Saint-Gobain is also well-placed in fast-growing industry markets and certain consumer markets, such as automobiles, aircraft, health and energy, as well as in a number of niche markets. The Group has opted for a strategy of differentiation, providing high value-added solutions, using its R&D resources and engaging in constant dialogue with its customers.

GROUP MARKETS

as a % of total revenue



Source: Saint-Gobain – 2014 figures

3.1 CONSTRUCTION, SAINT-GOBAIN'S REFERENCE MARKET

3.1.1 Global prospects for growth in the construction market

Saint-Gobain's largest market, construction, offers considerable growth prospects worldwide on the 2030 horizon [(1)]. Construction volume is thus expected to increase by 85% by 2030, achieving a total of $15,500 billion worldwide. China, the United States and India alone will represent over half the market value. With an annual growth rate of +3.9% projected over 2015-2030, the construction market will exceed annual global GDP growth by more than one percentage point.
Chinese construction, affected by the slowing economy and aging population, is expected to see its growth slow over the 2030 horizon, while keeping its place as global market leader, which it has held since 2010. For its part, the Indian market is projected to grow twice as fast as China's. With an urban population expected to grow by 165 million by 2030, India will exceed Japan in 2021 to become the third-largest construction market. The need for infrastructure in emerging countries is also expected to continue growing, particularly in the African market.
Among developed countries, the construction sector is expected to rebound after several years of crisis. The expected growth rates of construction in the United States over the past 15 years is approaching 5%, a figure higher than growth estimates in the Chinese market.
In Western Europe, the new construction market is not expected to regain its levels from before the crisis until 2025. This trend, however, will be compensated by the renovation market, which represented nearly 40%. Currently, 75% of European buildings have been constructed before the implementation of energy efficiency standards [(2)]. Renovation will therefore be stimulated by increasing energy efficiency requirements, on the one hand, which are increasingly stringent due to regulatory changes, and on the other hand, by increasing demand for habitat comfort. Ninety billion dollars were thus invested worldwide in energy renovation worksites in 2014, a figure that is expected to exceed 125 billion by 2020 [(3)] through the development of energy policies. In France, the energy transition law passed in July 2015 defines a framework favorable to the acceleration of energy renovation work in accordance with European provisions.
On the 2050 horizon, habitat needs linked to demographic growth, urban development and a rising standard of living are immense.

3.1.2 The Group's positive contribution to climate challenges

The Group seeks to minimize its negative impacts and continue to increase its positive contribution, aware that its activities inevitably have environmental, social and economic impacts.
Containing greenhouse gas emissions and global energy consumption are indispensable conditions for keeping global warming to below 2ºC (see Chapter 2, Section 2.1). Increasing the energy efficiency of buildings through new construction and thermal renovation of the existing building stock is critical to controlling the long-term effects of climate change.
Innovative solutions developed by the Group to improve building energy efficiency allow for the reduction of both the negative impacts of construction on the climate, and user energy bills. At the same time, Saint-Gobain has implemented an energy policy and ambitious goals for reducing the environmental impact of its production and logistics activities. Thus, the benefits provided by the Group's thermal insulation and insulating glazing, in terms of energy consumption and greenhouse gas emissions, significantly exceed their production-related emissions [(4)].

[(1)] *Global Construction 2030, Global Construction Perspectives & Oxford Economics, 2015.*
[(2)] *RESIDE: Boosting innovation in the European building Refurbishment sector through roadmaps for demand SIDE policy measures, 2015.*
[(3)] *Energy Efficiency Market Report 2015, IEA, 2015.*
[(4)] *"Production-related emissions" represent the emissions associated with the entire life cycle (from the extraction of raw materials to the end of life, including manufacture, transport and use).*

G4-DMA Market Presence

To shed light on this contribution, in 2015, in partnership with the Sustainable Performance & Transformation department of the accounting firm EY, Saint-Gobain developed a methodology to estimate greenhouse gas emissions saved by using its insulation solutions [1] in Europe [2].
Through its insulation solutions installed in buildings, Saint-Gobain is contributing massively to reducing global greenhouse gas emissions.

> ***As a result, the Group is continuing its joint efforts to improve the effectiveness of its products through innovation (see Sections 3.2 and 4 of Chapter 3) and to reduce their environmental impact (see Section 7 of chapter 3), through a shared culture and good practices.***

Three key lessons have been evaluated:

Our solutions' performances

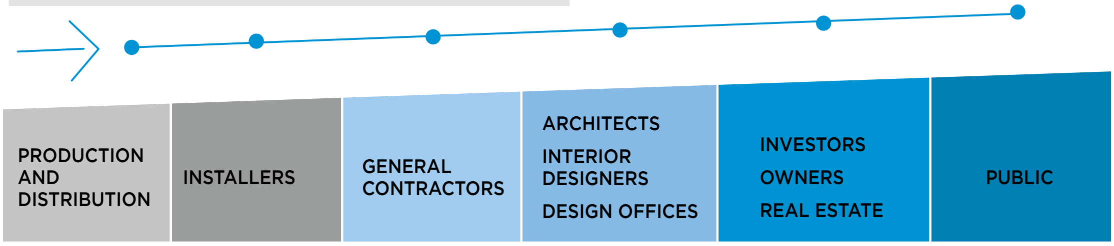
- From three months' use, on average, the Group's solutions [1] offset production-related emissions [3]. Beyond those three months, the savings continue to accumulate.
- Solutions produced and sold in Europe [2] in 2014 will, over their entire lifespan [4], yield potential net cumulative savings of over 550 million tons-equivalent of CO_2.
- The estimated potential savings from these solutions represent about 90 times the Group's greenhouse gas emissions [5] in 2014 for the same geographic scope. Extrapolating from this, the calculated ratio is similar over a global perimeter.

3.1.3 Unique positioning to address changes in the construction market: the Saint-Gobain brand

The basics of the Saint-Gobain brand (see Chapter 1, Section 1.6) must allow the Group to address the challenges it faces. Specifically, that of digital transformation, which affects all business lines and activities, particularly the construction market.

Digital transformation is based on customer experience, particularly that of the end customer. Everything that improves this experience has value; everything that serves only the interests of intermediaries can be called into question. The Group is thus facing a challenge: how does it make an end customer see the value of its contribution?

SAINT-GOBAIN'S POSITIONING VIS-À-VIS THE END CUSTOMER



To address this, brand policy must clearly show the end customer the Saint-Gobain value proposition. Branding will become increasingly important in the digital era; it is therefore critical to have clear content to offer not only to direct customers, but also to end-customers. The latter must closely associate the Saint-Gobain brand with the values it offers: comfort and wellbeing, supported by a technical and sustainable approach.
The purpose of deploying the Saint-Gobain brand is not to replace the strong brands the Group possesses (Placo®, ISOVER, CertainTeed, Dahl or even POINT.P), but rather to support them. By targeting the end consumer, the Saint-Gobain brand does not interfere with those of the Activities that are more aimed at direct customers. The comfort and wellbeing message creates a pull effect to the benefit of each Activity.
To better address the challenges of the construction market, the brand relies on three strategic pillars: the Sustainable Habitat strategy, the Multi-Comfort approach, and continuous improvement and innovation.

The Sustainable Habitat strategy

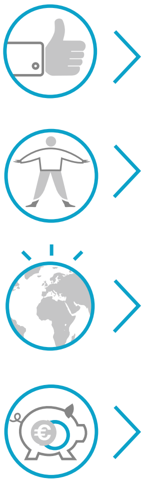
The building sector is engaged in an in-depth process of transformation, fostered particularly by the most demanding thermal regulations. In particular, so-called "energy-efficient" buildings have been developed since the early 2000s, and constitute a high-potential segment in which the Group is naturally well-positioned, with its line of solutions favoring energy efficiency (insulation glazing, insulation solutions, thermal solutions) in a context where buildings must reduce CO_2 emissions by 84 gigatons by 2050 to limit global warming under +2°C [6].
In recent years, a more global approach has emerged, incorporating not only energy aspects but also the major challenges of sustainable development: sustainable construction. At each stage of its life cycle, a building designed, built or renovated and managed sustainably improves comfort and quality of life, limits the consumption of natural resources, reduces negative effects on the environment and increases added value for all stakeholders. This evolution toward more sustainable construction is quite visible and is in particular reflected by rapid growth in the number of certified buildings throughout the world. Indeed, between April 2014 and August 2015 the volume of

[1] Thermal insulation (glass wool, stone wool and PSE) and insulating glazing (coated double-and triple-glazing).
[2] 28 Member States of the European Union and Norway and Switzerland.
[3] "Production-related emissions" are understood as being emissions associated with the entire life cycle (from the extraction of raw materials to the end of life, including manufacture, transport and use).
[4] Thirty years for insulating glazing and 50 years for thermal insulation.
[5] Excluding Verallia.
[6] World Green Building Council.

LEED-certified square meters has grown from 280 to 1,300 million worldwide [1], i.e., over 2 million square meters certified every day.

This fundamental trend affords the Group a major opportunity to differentiate through its unique range of innovative and sustainable solutions. Saint-Gobain promotes sustainable construction, and is developing innovative building and renovation solutions, with a view to encouraging the creation of energy-efficient, comfortable, healthy and aesthetically-pleasing buildings, all while conserving natural resources. In this way, Saint-Gobain can demonstrate that the user's desire for comfort, and a virtuous approach from both a societal and environmental perspective, are mutually enriching.

DEFINITION OF A SUSTAINABLE SOLUTION FOR SAINT-GOBAIN



A durably performing solution

Enhancing user comfort and wellbeing

Helping to improve the environment

Cost efficient

The Multi-Comfort approach

It is intuitive that, in a room, the occupant's comfort depends upon a certain number of parameters: temperature, humidity, sound level, air quality, etc. To develop solutions and the products comprising the room (ceilings, floors, walls, windows, etc.), it is first necessary to understand the required comfort levels: temperature ranges, sound levels in decibels, humidity levels, etc.

This original approach to the design process, supported by an intense analysis of needs, places the user at the center of the entire innovation process. Saint-Gobain has summarized this approach under the name "Multi-Comfort": several parameters, not just one, determine wellbeing, and thus the health, efficiency and productivity of end customers (see Chapter 3, Section 3).

Continuous improvement and innovation

To advance along the path of Sustainable Habitat and Multi-Comfort, the primary tool is R&D. It is through innovation that Saint-Gobain progresses, offers new standards, improves each day the performance of solutions and escapes banalization. Understanding the parameters that derive from comfort, and "balancing them," all while developing products that reduce the user's energy cost and in just a few months offsets the CO_2 emissions generated by their manufacture: this is the common challenge that animates the R&D teams gathered around the concept of Building Science (see Chapter 3, Section 4).

3.2 THE SAINT-GOBAIN INDUSTRY MARKETS

3.2.1 The automotive market

The automotive market is being driven by demographic growth and the emergence of a new middle class, particularly in Asia: according to a study by KPMG, this market's average growth rate worldwide is estimated at 4.1% per year between 2011 and 2020 [2]. China became the leading world automotive market, with growth in the number of vehicle registrations of over 10% [3] in recent years. On the 2020 horizon, world automotive production will exceed 110 million vehicles [4], versus 87 million in 2014: this growth will be driven by demand from emerging countries, particularly China. In the United States, the manufacturing sector is showing mixed performance, but the demand for durable goods (cars and home appliances) remains high.

At a time when automotive manufacturers are especially emphasizing lower energy consumption and CO_2 emissions (reduced vehicle weight, better thermal insulation, aerodynamics), comfort (acoustic, visual, UV protection), safety and connectivity, the Group offers products that meet these new requirements, both in the primary market and in the spare parts market.

Saint-Gobain flat glass is constantly being adapted to the needs of automobile manufacturers, particularly with regard to lightweight glass, heads-up display glass and anti-heat glass, not to mention glass in complex shapes, for which Saint-Gobain's expertise is well-known. All these solutions promote an optimal driving experience, with increased comfort and safety for both driver and passengers. Similarly, high-performance, polymer-based bearings, seals and foams are custom-designed to meet the needs of automobile manufacturers, in terms of extending useful life and reducing noise and weight. Saint-Gobain's solutions also involve production using, for example, a wide range of abrasive products (adhesives, agglomerates and super abrasives) used for finishing and polishing automotive parts. In order to benefit from the opening of new markets in emerging countries, the Group is also developing solutions adapted to these regions, without compromising quality.

(1) US Green Building Council, LEED.
(2) Global Automotive Survey 2015, KPMG, 2015.
(3) China Association of Automobile Manufacturers, 2016.
(4) Global Automotive Survey 2015, KPMG, 2015.

3.2.2 The aerospace market

With global growth in passenger traffic, the aerospace market has strong growth potential. According to Boeing, global passenger traffic is expected to increase 5% per year during 2014-2034 [1]. Benefiting from an increase in their standard of living, emerging country populations will thus represent 62% of air passengers. To cover airline needs, the global fleet of aircraft in service could double to a total 43,500 aircraft in 2034—compared to 21,600 in 2014—i.e., a need for 38,000 new aircraft in the next 20 years. Further, heightened competition between airlines has led to pressure on operating costs. This context is reviving the demand for weight reduction, particularly by replacing metal parts with composite materials, which are lighter, to reduce jet fuel consumption. The aerospace sector's very high equipment safety and reliability standards are a significant challenge for Saint-Gobain, which is recognized for its experience and production quality.

The Group's aerospace solutions specifically include cockpit glass, high-performance plastics and ceramics used in aircraft engines. Saint-Gobain's cockpit windows and windshields, both glass and acrylic, equip both civil and military aircraft. The Performance Plastics Activity supplies the industry with radomes, composite mold-release films, seals and low-pressure conduits. Ceramic powders and ingots, used for the coatings of aircraft engine components, act as a thermal barrier and offer abrasion and corrosion resistance.

3.2.3 The healthcare market

Biopharmacy is one of the most promising markets in the health industry. An aging population and enhanced medical procedures will create new needs, while biotechnology is having an increasing impact. At a time when liquid management techniques are evolving, the biopharmaceutical sector is seeing a new need for single-use plastic solutions, requiring a more tailored approach.

Health is also a sector where solution reliability and the strict demands of standards are of the utmost importance. Saint-Gobain is developing single-use plastic systems to replace current techniques involving stainless steel tanks and pipes. The Group also markets a number of tailor made, single-use plastic solutions (tubes, connectors, pockets, filters, etc.), used in handling laboratory fluids or in the biopharmaceutical industry. Intended to control fluid circulation during intravenous and ophthalmic treatment and non-invasive surgical intervention, Saint-Gobain has developed and designed high-purity plastic components. Finally, for the medical imaging market the Group manufactures crystals and scintillators, which are used in particular in medical scanners.

3.2.4 The energy market

The energy sector is currently experiencing a profound realignment of its model, specifically related to our current economies' heavy dependence on oil. The gradual exhaustion of oil reserves and the rising power of renewable energies is resulting in a profound change in this sector. Aware of the risks these changes may represent for their long-term investments, large financial institutes are pushing energy players to reorient themselves toward greener energy sources.

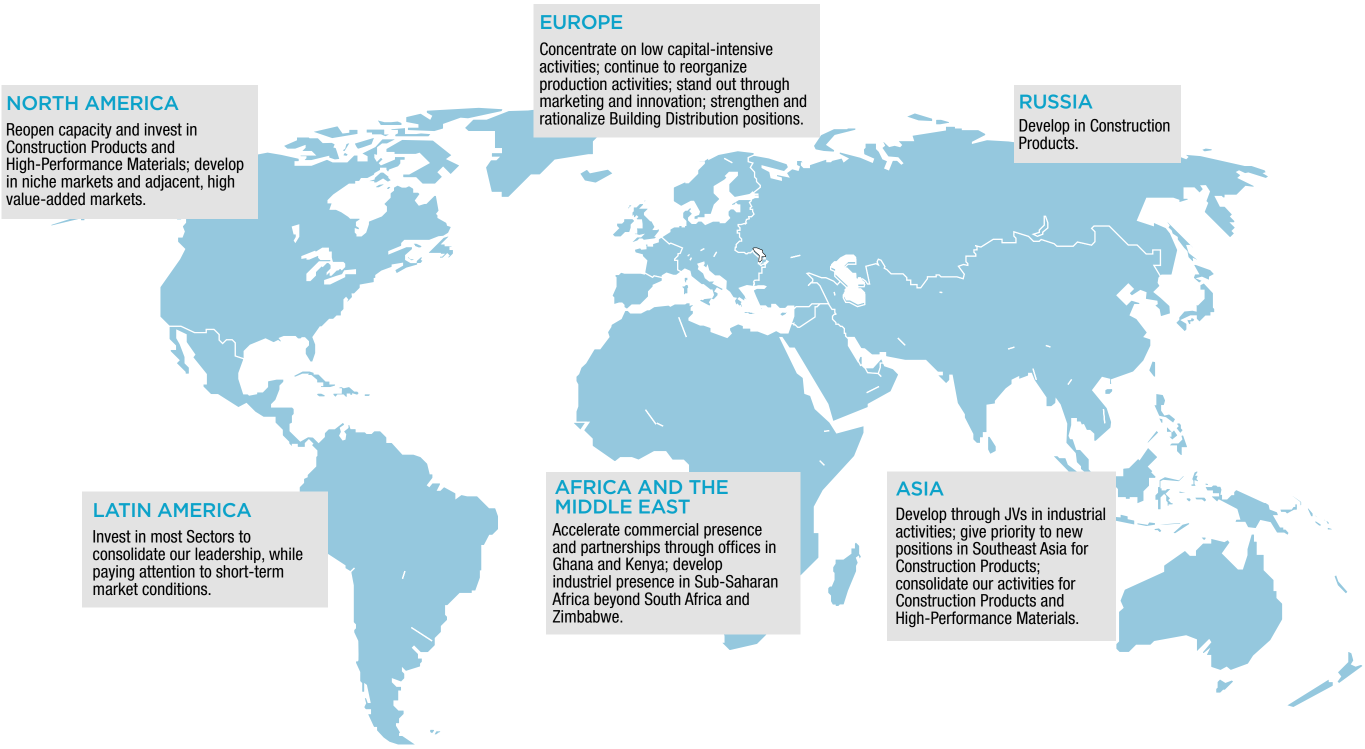
Aware of the current needs as well as of emerging trends, the Group is developing technical solutions specifically tailored to the manufacturing processes of the energy sector. Specifically, the Group is active in the market for ceramic pellets to increase the conductivity – and therefore yield – of gas and oil wells. Saint-Gobain also designs numerous high-performance products aimed at the wind energy sector: seals for marine-based wind farms, glass fiber textiles to improve the surface condition of turbine blades, and a wide range of abrasives used for cutting, molding and stamping wind turbine components. The Innovative Materials Sector develops very high-performance products at all stages of the energy process, from oil exploration (scintillators used to identify geological layers), to waste recycling (refractory furnace linings), including operations and storage (seals, flexible caps and insulators for drill pump wires and cables.).

[1] *Current Market Outlook 2015-2034, Boeing, 2015.*

4. Strengthening the Group's profile through its principal strategic drivers

4.1 INVESTMENT DIFFERENTIATED BY GEOGRAPHIC REGION TO MEET THE GROUP'S NUMEROUS CHALLENGES

KEY POINTS BY GEOGRAPHIC REGION



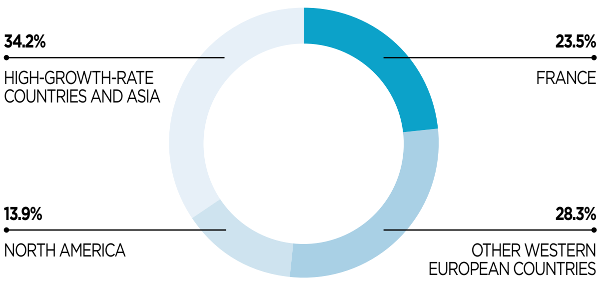
Although Europe remains the largest global market in terms of GDP, Saint-Gobain's development strategy is aimed at affording the Group a global geographic presence, by increasing its share of the industrial assets of its Innovative Materials and Construction Products Sectors outside Western Europe from 61% in 2015 to approximately 66% in 2018, to capture potential longer-term growth.

4.1.1 Concentrating investments in Asia, the United States and emerging countries

Driven by the economic recovery in the United States, the Group is active in the manufacturing and construction markets, as illustrated by the gradual reopening of lines, which had been suspended during the crisis, and new acquisitions. While the new construction and renovation markets are dynamic in the United States, the Group projects significant investments in North America up to 2018. Saint-Gobain is also developing in niche markets and adjacent markets with high added value, particularly those associated with the United States. In 2015, Saint-Gobain strengthened its positioning in emerging countries. Investments in the Construction Products Sector in Asia or the creation of a joint venture between Saint-Gobain and Lodhia Gypsum in Tanzania illustrate this desire to serve today the markets of tomorrow. Similarly, the Group is developing in Asian countries its range of bearings, specialty films, foams and adhesives to supply the local industrial sectors (automotive, electronic, oil, gasoline and natural gas) and the biopharmacy markets.

The Group's development strategy thus allows it to offer differentiated solutions tailored to the peculiarities and constraints of local markets: from designing pipe solutions for hot regions in China and the Middle East (PAMboo), to low-cost habitats in Latin America (Brasilit roofing). The Group further seeks to strengthen its positions in China and India, where specific demands of the industries are growing rapidly, to supply both the domestic and export markets.

DISTRIBUTION OF INDUSTRIAL ASSETS BY REGION

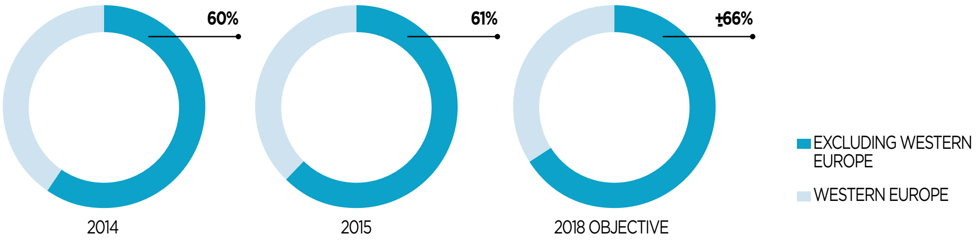


4.1.2 Controlling capital investments in developed countries

Saint-Gobain is seeking to reduce the Group's capital intensity (ratio of industrial assets and annual sales) in developed countries to approximately 27% to 29% by 2018, specifically by means of a 15-point reduction in the capital intensity of Flat Glass between 2012 and 2018. This goal, which aims to make Saint-Gobain's activity more flexible in the face of market fluctuations, has been implemented through a gradual refocus on downstream business activities that are less capital-intensive. Growth in the automotive glass replacement firm Autover is one example at Sekurit.

The crisis has forced the Group to reassess its production capacity, particularly in developed countries, by closing or suspending certain lines. Saint-Gobain is working on optimizing the use of its capital. In Western Europe, the saturation of production capacity with minimum investment (less than 3% of total sales) is a priority, particularly for floats. Pursuing optimization of production capacity is also reflected through the densification of the Glassolutions (Flat Glass) networks. In addition to reducing the unit cost of these investments by 10% to 30%, the Group is carefully assessing market prospects in areas where it is intending to invest.

INDUSTRIAL ASSETS OF THE INNOVATIVE MATERIALS AND CONSTRUCTION PRODUCTS SECTORS



Industrial investments
(excluding finance leases, and excluding the Packaging Sector)
(in millions of euros)

by Sector and Activity	2015	2014
Innovative Materials	529	418
• Flat Glass	311	235
• Innovative Materials	218	183
Construction Products	528	521
• Interior solutions	312	282
• Exterior solutions	216	239
Building Distribution	231	264
Others	58	20
Total Group	**1,346**	**1,223**

by major region	2015	2014
France	269	253
Other Western European countries	335	347
North America	282	200
Emerging countries and Asia	460	423
Total Group	**1,346**	**1,223**

4.2 PRIORITIZING HIGH VALUE-ADDED SOLUTIONS AND DIFFERENTIATION

Differentiation is one of the critical drivers of Saint-Gobain's strategy. This priority applies to all stages of the value chain, from innovation and design of Saint-Gobain's solutions in relation to its customers to the creation of tools and services. It specifically includes an ambitious marketing strategy aimed at better understanding, anticipating and formulating customer needs (see Section 3 of Chapter 3), as well as an R&D strategy that directly matches researchers and customers to provide tailored solutions (see Section 4 of Chapter 3).

Integral to the Group's strategy is a desire to increase its share of sales of high value-added products and solutions in the most important areas. This strategy has been disseminated among all Group Sectors, particularly in Innovative Materials.

As part of its downstream growth in Flat Glass activities, the Group favors targeted partnerships by implementing joint development projects and reducing its market exposure to commodity glass. Sekurit's differentiation strategy is aimed at making it a favored partner of automobile manufacturers, with the development of a number of highly innovative solutions.

In its glass businesses, Saint-Gobain is developing innovative technologies, applying the latest techniques, such as electrochromic glass used in automobile flat glass and the construction of skylights and curtain walls reducing the need for air conditioning and lighting. Providing products that are aesthetic, environmentally friendly and tailored using market segmentation efforts, including in terms of services, is a priority for the Group.

The Group is accelerating its growth by differentiation in High-Performance Materials. Joint developments in diversified industrial niche markets are yielding superior and long-term profitability. These highly specialized niches include, for example, catalyst substrates for the petrochemicals industry, refractories for glass furnaces, bearings and customized tolerance rings for the automotive industry, as well as single-use plastics solutions for the biopharmaceuticals industry. In these markets, where Saint-Gobain is a world leader, the business model of the High-Performance Materials' model is at the core of this success: an integrated development strategy, from materials composition and components design to precision manufacturing, affording tailored solutions to meet specific customer needs. In this, the High-Performance Materials rely on their integrated network of 3,400 employees – including numerous specialist engineers – who work closely with customers.

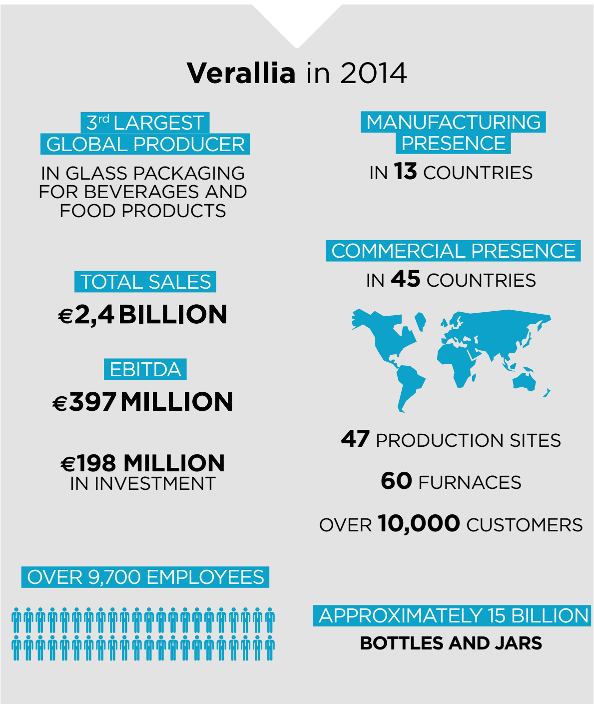
Opportunities to combine expertise in several activities, through close cooperation, are also being taken, as in the case of the unique line of functional-coating films for the habitat and industry markets, which are improving the technical synergies between Flat Glass and High-Performance Materials.

4.3 PORTFOLIO MANAGEMENT IN SUPPORT OF THE GROUP STRATEGY

4.3.1 Completion of the Verallia sale

As announced on June 8, 2015, Saint-Gobain sold Verallia (Packaging Sector), the global leader in the glass packaging markets, on October 29, 2015 to funds managed by subsidiaries of Apollo Global Management LLC and to BPI France, based on a business value of €2,945 million.

As the world's third-largest producer of glass packaging, in 2014 Verallia earned total revenue of €2.4 billion and employs some 10,000 employees in 13 countries. Verallia's sale resulted in the Group's exit from the packaging business. Following logically the sale of its North American activities completed in April 2014, Verallia's sale is a decisive stage in Saint-Gobain's pursuit of its strategic refocus on the design, production and distribution of innovative and high-performance solutions for habitat and industry.



Source: Verallia.

4.3.2 Activities to strengthen the Group's profile

In addition to the sale of Verallia, in 2015 Saint-Gobain pursued active management of its business portfolio, adhering closely to the Group's strategy. Various activities were carried out with a view to strengthening the Group's profile in high value-added businesses and leading markets. These activities were coordinated around three principal axes.

In line with the plan to optimize its portfolio of activities, a number of divestments representing approximately €700 million of revenue on a full-year basis [(1)] were carried out, mainly in the Building Distribution Sector. After the sale of Meyer Decorative Surfaces in December 2014, Saint-Gobain sold Norandex in the United States in 2015, Ashworth in the United Kingdom, Gallhöfer Dach in Germany and, in early 2016, its distribution activities in the Czech Republic and Hungary, in addition to the Brossette industrial fluids activities carried out under Brossette TC. These sales allowed the Sector to refocus on more solid foundations and to strengthen its positions as leader in Europe and Brazil.

During the year the Group took over equity interests or increased the share capital of companies active in high-growth countries, particularly in Africa. Saint-Gobain Weber thus created a joint venture in Ghana with local partners in order to get a foothold in West Africa, a region that for several years has experienced dynamic growth. The Group also acquired 50% of the share capital of Lodhia Gypsum Industries, a company that manufactures and markets plasterboard for the markets of Tanzania, Kenya and neighboring countries. Similar activities were carried out in other emerging countries, such as Brazil in Abrasives, or Indonesia and Vietnam in Gypsum.

Finally, the Group continued its acquisition of growth engines for which solutions are complementary to those developed by Saint-Gobain. It is to this end that the Group acquired ZenPure, a business that designs tailor-made filtration products in a state-of-the-art factory in China, the products of which strengthen the range of fluid systems for the Performance Plastics Activity. Saint-Gobain also signed an agreement for the acquisition of Structus, a US leader in high-performance corner protection for plasterboard. These protective devices, which have already been distributed by Saint-Gobain for several years, afford true differentiation in technical construction materials and allow for downstream development of Saint-Gobain's Gypsum activities. These two acquisitions have positioned the Group in new niche and high value-added markets.

[(1)] Divestments in 2015 and January 2016.

4.3.3 The plan to acquire a controlling interest in Sika

Saint-Gobain is continuing to implement its strategy after the announcement on December 8, 2014 of its plan to acquire a controlling interest in Sika, a leader in construction chemicals.

The plan consists of the acquisition by Saint-Gobain, for 2.83 billion Swiss francs (an amount fully hedged in euros), of Schenker Winkler Holding AG (SWH) which, at December 31, 2015, held 16.97% of Sika's share capital and 52.92% of its voting rights. After the acquisition, the Saint-Gobain Group will be able to incorporate Sika into its financial statements by global consolidation, with a positive impact on net income from year one.

A confirmed strategic interest

This plan fully conforms to the objectives of Saint-Gobain's strategy: improving growth potential, lower capital intensity, presence in emerging countries and product differentiation. Its implementation will enable significant synergies, given its strong industrial logic which results from complementarities in terms of technology and products, customer portfolios and markets.

Sika has demonstrated remarkable growth (more than 8% average annual growth over the past ten years), particularly in emerging countries, which represent 37% of its 2015 sales. Sika and Saint-Gobain will benefit from their new partnership to generate additional sales through the combining of their geographical presence and their distribution channels; for example, Sika is more active in the prescription and construction project's markets, while Saint-Gobain is more so in the distribution and renovation markets.

Sika's offering of niche products is based on strong technological expertise in the areas of water-proofing, sound-proofing, gluing and sealing, and structural protection and reinforcement. Sika and Saint-Gobain will together have a complete offering from "floor to ceiling," and will benefit from an extended field of innovation and differentiation.

Saint-Gobain seeks to pursue Sika's development, respectful of Sika's business culture, image and roots. Thus, Sika will maintain its integrity while retaining its current headquarters, its brand, as well as its listing on the Swiss Stock Exchange. Saint-Gobain supports Sika's 2018 strategy and confirms its intent not to undertake any restructuring linked to the transaction within the two years following the completion of the transaction.

Given the identified complementarities, the impact of synergies is assessed at €180 million as from the fourth year after the transaction, to be split between the two groups.

Significant advances in 2015

Completion of this deal is subject to clearance from the competent anti-trust authorities, which was obtained on December 2, 2015.

Further, the Swiss Takeover Board, the FINMA (Swiss financial markets authority) and the Swiss Federal Administrative Court, confirmed on April 1, 2015, May 4, 2015 and August 27, 2015 in the last instance, respectively, the validity of the opt-out clause provided in Sika's bylaws and have exempted Saint-Gobain from launching a mandatory takeover bid following the acquisition of the SWH shares. No reservations were expressed as to the application of this clause to Saint-Gobain's acquisition of all of SWH's shares.

Moreover, Saint-Gobain has noted the decisions of Sika's General Shareholders' Meetings of April 14, 2015 and July 24, 2015, after the Board resolved to limit SWH's voting rights to 2.6%. Saint-Gobain had anticipated these decisions in April 2015 by extending the term of the purchase agreement relating to the SWH shares with the Burkard family until June 2016. On March 12, 2016, Saint-Gobain and the Burkard family announced their decision to further extend the validity of the purchase agreement until June 30, 2017. As of this date, Saint-Gobain will have the option to extend the agreement until December 31, 2018.

In line with its strategy, Saint-Gobain is determined to successfully complete its plan to acquire control of Sika and, in anticipation of the decision of the Zug cantonal court's first-instance decision scheduled for the summer of 2016, has full confidence in the Swiss justice system to allow SWH to recover its rights in accordance with the law.

3 OPERATIONAL POLICIES

1. **Our values,** shared through reference policies and commitments

Implementation of the Group's strategy relies on policies and commitments, which are applied by the Sectors, Activities and General Delegations. The first level are "reference policies". They are based directly on the Principles of Conduct and Action (see Group Profile – Values) and define the management principles for all Saint-Gobain entities and employees.

Key figures

The entire management is made aware of the Principles of Conduct and Action through an online training program (ADHERE), which every new Group employee must take.

- 1,861 employees (1,250 in 2014) have been trained on-site in the Principles of Conduct and Action by the Responsible Development Department.

In order to multiply this training effort, a training-of-trainers program was launched in 2011 by the Responsible Development Department. As a priority, it is directed toward local human resources managers, and more generally anyone wishing to acquire the skills to present the Principles to their teams.

- Over a five-year period, 48 sessions have been held in 19 countries, involving 821 participants, who themselves have passed on this training onto over 19,000 employees.

1.1 CULTURE OF COMPLIANCE

The culture of compliance driving the Group has developed through its values, which were formally stated in 2003 in the Principles of Conduct and Action (see Group Profile – Values).
Since 2009, this culture of compliance has been the object of an entire program, strengthening the effective application of the Principles of Conduct and Action and the resulting obligations, in all Group Activities and worldwide.
Compliance is an ongoing obligation of all employees. As regularly noted by the Group's general management, the principle of zero tolerance is required. At all levels of the organisation, it becomes obvious for committed managers.
Regularly enhanced since its launch, the compliance program currently focuses on the following main themes:

- compliance with rules relating to anti-trust law: the Competition Law Plan consists of various training activities (online and on-site), audits, practical guides, newsletters, and dedicated teams for all operational issues on this subject;
- anti-bribery: the anti-bribery program covers activities and good practices already implemented in various subsidiaries to prevent risks specifically related to international commercial transactions. It targets passive and active corruption in relations with public officials and the private sector, it consists of training tools (online and on-site), internal policies (gifts, conflicts of interest, agents, etc.) and monitoring by a network of correspondents, by Delegation and by Sector, addressing operational issues on this topic;
- compliance with economic sanctions and embargos, including screening tools, training and specific policies, as well as active monitoring of changes in close association with specialized outside attorneys.

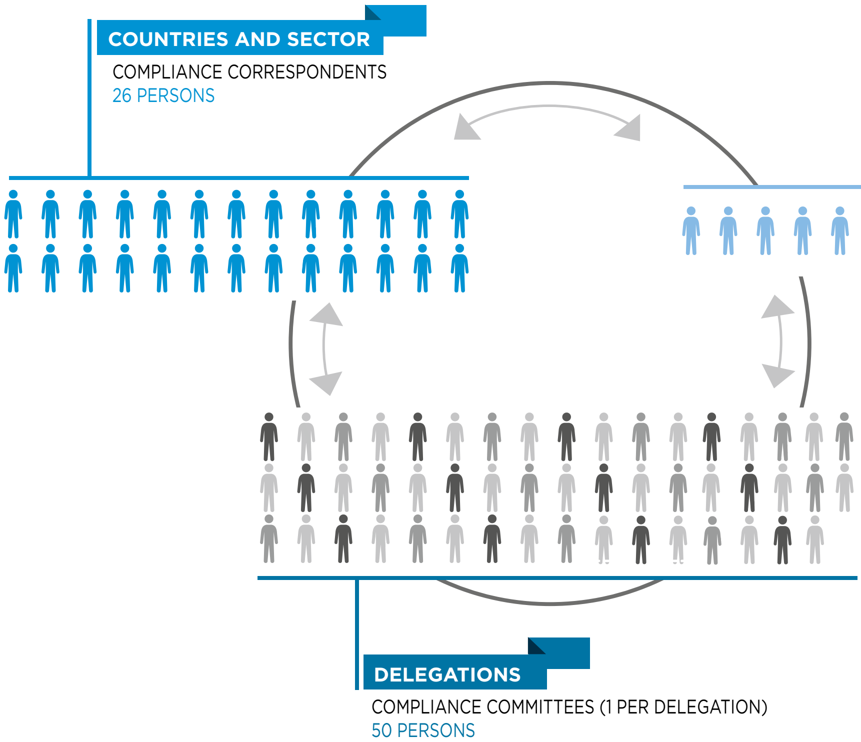
The above has resulted in an established and well-structured culture of compliance. Disseminated and distributed to all levels of the Group through the compliance network, it is constantly evolving on the basis of current subjects.

Responsible teams at all Group levels

The compliance program is subject to monitoring by the Compagnie de Saint-Gobain Board of Directors. It is implemented through a compliance network, coordinated by the General Secretary and more than 80 functional and operational managers who are members of Compliance Committees at the Group and Delegation levels.

G4-DMA Human Rights, investments, non-discrimination
G4-15, G4-HR2
G4-DMA anti-corruption, anti-competitive behavior, compliance

COMPLIANCE NETWORK



Operationally, implementation of our values and culture of compliance is supported by:

- general management, which refers to them regularly, both internally and externally;
- the Responsible Development Department, which promotes the Principles of Conduct and Action to all employees;
- the Legal Department, which creates and implements programs associated with specific topics;
- managers, who endorse and implement them;
- the Internal Audit and Internal Control Department (see Chapter 6, Section 2), which verifies their effective application.

The tools used in implementing the program include:

- a dedicated intranet, entitled Conform'Action, on which key messages are posted and tools made available;
- training, including various e-learning modules;
- the dissemination and implementation of internal policies;
- internal and external audits;
- the compliance alerts system, which allows employees to report any violations of applicable laws, internal rules and procedures, and the Principles of Conduct and Action. All reports are processed and investigated, as applicable. When justified, appropriate measures are taken.

Key figures

- Over 23,000 employees have taken the "Comply" online training program at least once, on compliance with anti-trust law.
- In 2015, over 200 training seminars were held on the compliance program (anti-trust law, anti-bribery rules, economic sanctions and embargos).
- Since 2007, 141 sites have undergone random anti-trust audits by specialized attorneys.
- Over 23,000 employees have taken the "Act" online training program on compliance with anti-corruption policy.
- Some 700 compliance statements were validated in 2015 as part of the Internal Control.
- 63 alerts (9 in 2014) were received through the compliance alerts system and subjected to investigation. The increased number of alerts in 2015 was due to the integration of local compliance alerts system in the reporting.
- 0 (0 in 2014) cases of corruption identified.
- Total major fines for non-compliance with laws and regulations: 0 in 2015 (€715 million in 2014).
- Total number of non-financial penalties for violation of laws and regulations: 0 (0 in 2014).

G4-DMA Labor practices and Human Rights grievance mechanisms
G4-S05, G4-S07, G4-S08

1.2 RESPECT FOR HUMAN RIGHTS

The first two principles of the Global Compact, which Saint-Gobain joined in 2003 (see Chapter 3, Section 1.5) invite companies to "promote and respect the protection of internationally proclaimed human rights within their sphere of influence" (Principle No. 1) and to "make sure that their own companies are not complicit in human rights abuses" (Principle No. 2).

In 2008 Saint-Gobain Chairman & Chief Executive Officer Pierre-André de Chalendar signed the statement of support for human rights by company leaders on the occasion of the 60th anniversary of the Universal Declaration of Human Rights.

More specifically, the Principles of Conduct and Action (Respect for employee rights) state that "Group companies (…) must refrain from any form of recourse to forced labour, compulsory labour, or child labour – whether directly or indirectly or through sub-contractors when the latter are working on a Group site", with these concepts to be applied in the sense of the applicable conventions of the International Labour Organization. "They must refrain from any form of discrimination with respect to their employees, whether in the recruitment process, at hiring, or during or at the end of the employment relationship."

Group companies check the age of their workforce by performing additional verifications, as needed, in cooperation with local authorities. Similarly, for child labor, Group companies ensure they are not participating in any way in forced or mandatory labor, specifically through dialog with personnel representation entities, in an effort to detect any violations.

A specific reporting procedure has been developed to measure the results of efforts applied in this regard, and to give evidence to operational personnel of the Group's determination to ensure enforcement of and compliance with its basic values.

In 2014 and 2015, the Group strengthened its collection of information on discrimination. Complaint reporting systems were improved to promote participation by employees. Clarification of internal definitions facilitated the processing and monitoring of information. Companies now report all incidents of discrimination, whether or not they have been the subject of a complaint, are in the course of being heard, or have been definitively judged and characterized as such. Each reported incident will be analyzed and processed within the companies in question.

Concerning suppliers and subcontractors, the Group's Responsible Purchasing policy includes compliance with human rights (see Chapter 3, Section 1.4).

Key figures

- Total number of incidents involving child labor: 0.
- Total number of incidents involving forced or mandatory labor: 0.
- Total number of incidents involving union freedom: 0 (2 in 2014).
- Other incidents involving human rights: 0.

In 2015, 25 discrimination incidents were reported (12 in 2014), of which:

- Distribution by reason: ethnic origin: 6 (6 in 2014), disability: 6 (4 in 2014), gender: 2 (5 in 2014), age: 5, other: 6;
- Distribution by country: North America: 18; South Africa and United Kingdom: 2; Brazil, France and India: 1.

All incidents are systematically subject to internal investigation.

G4-DMA Human Rights
G4-15, G4-LA16, G4-HR3, G4-HR4, G4-HR5, G4-HR6, G4-HR12

1.3 ENVIRONMENTAL, HEALTH AND SAFETY POLICY

The Environmental, Health and Safety (EHS) policy was defined by the Saint-Gobain Chairman & Chief Executive Officer in a commitment letter distributed throughout the Group and updated in 2012. It is an extension of the Group's Principles of Conduct and Action.
It places environment, health and safety at the same level of enforcement, and sets long-term goals: zero work-related accidents, zero occupational illnesses, zero environmental accidents, and the maximum possible reduction of the impact of our activities. These goals are stated in the Group's EHS Charter, which is available in 35 languages and displayed at all Saint-Gobain sites.
The EHS policy is based on three-year and medium-term goals by 2025, the implementation of action plans developed at site level, and regular measurement of the results obtained. It also defines Saint-Gobain's standards, in other words the minimum requirements the sites are expected to comply with over the longer term, whatever the country and even if beyond the requirements of local laws.
Saint-Gobain's senior management prepare and distribute framework policies (Health policy, Energy, Atmospheric Emissions and Climate policy, etc.) applying to all Saint-Gobain sites around the world.
External certification measures and audits conducted by the EHS and the Internal Audit and Internal Control Departments have been applied at the various Group levels.
EHS policy relies on a network of correspondents distributed among the Group at the Sector level, General Delegations level, and at sites, reproducing the Saint-Gobain matrix organization and coordinated by central management.

Integrating EHS into product and process innovation:
The Research and Development Department incorporates health and environmental concerns into its operating plans. A list of EHS controls counts all points to be checked with regard to raw materials, manufacturing processes and product use, both during their utilization and at the end of their life cycle.
Finally, health-safety and the environment constitute two of the cornerstones of the operational excellence program known as World Class Manufacturing (see Chapter 3, Section 2.1).

Key figures

- 40.3% of training provided by the Group was dedicated to EHS.
- Total environmental expenses: €127.4 million (€123.6 in 2014).
- 664 sites were Quality-certified (including ISO 9001) (637 in 2014)*.
- 83% of sites in question were Environment-certified* (ISO 14001 and/or EMAS) (81% in 2014).
- 77 sites in question were Energy-certified (ISO 50001) (56 in 2014)*.
- 366 sites were Health-Safety certified (OHSAS 18001 – ILO-OSH 2001) (344 in 2014)*.

Since 2003, Saint-Gobain has participated in the CDP questionnaire. This reference questionnaire encourages businesses to transparently communicate their approach to combating climate change.

- In 2015, the Group obtained a score of 97B on the CDP Climate Change questionnaire (95B in 2014).

** Based on a comparable scope*

G4-DMA Environmental, products and services, compliance, overall
G4-DMA Product responsability: customer health and safety

1.4 RESPONSIBLE PURCHASING POLICY

Purchasing is a key factor of the Group's competitiveness. With an annual total purchasing amounting to approximately €29.5 billion through over 200,000 active suppliers, Purchasing meets the needs of the Group's industrial and distribution activities. The purchasing function is divided into non-trade purchases (€16.4 billion in purchases) and trade purchases (over €13 billion in purchases), in order to better adapt to the specific nature of the Group's activities.

Although the purchasing functions are supported by a common link, it is important to note they are not considered at the same level of the Group's value chain:

- non-trade purchases are upstream of the production stage and all aspects of logistics;
- trade purchases are downstream of production.

Thus, the organizations, strategies and objectives differ.

The same is true for the Group's Responsible Purchasing policy, the purpose of which is to control and reduce environmental, social and societal risks to its supply chain. It is built on two pillars, the Purchasers Charter and the Suppliers Charter. It includes three phases:

- risk mapping;
- assessment of suppliers to classify risks;
- development of common progress plans with suppliers.

This general framework is adapted by the operational teams as a function of specific aspects of trade and non-trade purchases, and includes the development strategy for long-term supplier partnerships. Good responsible purchasing practices, as well as their dissemination across supplier networks, are an integral part of the Group's CSR approach.

1.4.1 Non-trade Responsible Purchasing

Implementation of the Responsible Purchasing policy for non-trade purchases includes a map analyzing CSR risks and assessment of suppliers, including a self-assessment questionnaire verified and evaluated by a third party and, as applicable, an on-site CSR audit. The entire approach is part of a constant dialog with suppliers and results in the establishment of action plans and plans for improvement of CSR performance.

The Responsible Purchasing policy is deployed among non-trade suppliers through the R-Net on-line platform, a private site completely dedicated to the subject of responsible purchasing.

Suppliers use R-Net to acknowledge receipt of the Saint-Gobain Suppliers Charter, electronically send essential documents (timber certificates, quality certificates, ISO standards), answer self-assessment questionnaires, obtain all information on Saint-Gobain's responsible purchasing guidelines, and access details on their CSR assessments or, as applicable, CSR audits.

At the same time, risk mapping is carried out with the methodological support of a specialized company, a leader in the field of CSR evaluation. It incorporates traditional CSR criteria such as environmental risks, social risks, ethical risks and, more generally, risks associated with the supply chain. Thus, the Group has identified some 5,000 suppliers deemed CSR risks. This analysis will be reassessed in 2016 by applying certain criteria, such as specific criteria related to Activities and risks associated with the country of origin of suppliers or supplies. The R-Net platform is a unique tool for dialog with suppliers, obtaining their formal commitments and measuring their involvement.

The 2014-2018 goal is to assess the CSR performance of virtually all suppliers deemed to be CSR risks with consolidated net sales to the Group of over €100,000. As for CSR audits, the goal is to perform some 40 to 50 audits per year, primarily in emerging countries. These audits may result in declassification if the necessary corrective plans are not implemented within the agreed-upon timeframes.

This year the Group initiated new measures to reduce risks when purchasing capital equipment in emerging or so-called "low-cost" countries. This involved creating a database of potential manufacturing equipment suppliers considered as high-performing under all criteria, including CSR. A tool called CapexNet was developed to compile this database. Low-cost suppliers are included on a priority basis. The long-term objective is to qualify only suppliers included on the CapexNet data base for manufacturing equipment purchasing projects, as they are rolled out.

Key figures

Training: 1,244 employees have taken the online responsible purchasing training program, including 1,006 purchasers.

Total purchases covered by the Suppliers Charter: 74% (55% in 2014)*.

Distribution of suppliers by CSR performance level after assessment:

- critical: 2% (3.6% in 2014);
- to be improved: 93.6% (92.4% in 2014);
- efficient: 4.3% (4% in 2014).

Distribution of suppliers by CSR performance level after audits (320 audits completed since 2012):

- critical: 6.9% (6.4% in 2014);
- to be improved: 57.4% (80.9% in 2014);
- efficient: 35.6% (12.7% in 2014).

Number of audits: 38, including three follow-up audits (50 in 2014).

Percentage of certified timber purchases (pallets): 95% (89% in 2014).

** "Eligible scope" corresponds to 80% of the scope of suppliers selling over €100,000, not including suppliers with whom Saint-Gobain has no audited commercial relations, either because purchases are on a one-off basis and not repeated, or because this type of supplier, such as the authorities, do not permit them – taxes, city councils, state services, regions.*

1.4.2 Responsible trade purchasing

Published at the end of 2011, the Building Distribution Sector's Responsible Purchasing policy is based on an adaptation of the Group's general policy on the requirements and responsibilities inherent to the building materials distribution line. Complementary to the Principles of Conduct and Action, it is also developed in two different charters: the Purchasers Charter and the Suppliers Charter.

To establish and implement this policy, a rigorous and methodical approach has been implemented. The purpose is to make all principal stakeholders, both internal and external, "adhere" to the objectives and principles of this policy, which is the result of the collective thinking of various areas of expertise within the Building Distribution Sector.

Its deployment conforms to the following model: trade buyers are first trained in responsible purchasing before signing the Purchasers Charter. They thus undertake to comply with the principles of integrity, professionalism, spirit of service, confidentiality and anti-trust law, and to disseminate the Responsible Purchasing policy among their suppliers. For their part, partner suppliers who have signed the Suppliers Charter agree to scrupulously follow the responsible development requirements with regard to the environment, social policy, legality and compliance of the products and manufacturing procedures with domestic and international standards and rules. As part of the Sector's "Responsible Together" program, they further undertake to complete a self-assessment questionnaire every two years. Based on the responses provided, a constructive dialog ensues with the supplier in order to establish joint action plans in a continuous improvement approach, with defined, quantified and planned commitments. The policy was rolled out in two phases. The first, between 2012 and 2013, was aimed at "Strategic Partners". The second, launched in 2014, targeted the "Domestic Strategic" suppliers of the Activities.

Suppliers known as "Strategic Partners" are those with whom a strong international partnership is established year after year; "Domestic Strategic" suppliers are those on whom the Sector's entities rely domestically.

At the same time, risk mapping is undertaken and the Building Distribution Sector performs systematic audits of supplier factories, the purpose of which is to specifically assess their management system and the environmental, social and legal aspects of production activities, and to analyze their production capacities in terms of volume and quality. These audits also correspond to the upstream supply chain. After an audit, the supplier receives a report as well as recommendations for compliance, with the expected completion date or paths for improvement.

Key figures

Total trade purchases covered by the Suppliers Charter: 77% (60% in 2014).

Distribution of suppliers by CSR performance level:

- critical: 4.5% (6% in 2014),
- to be improved: 32% (31% in 2014),
- efficient: 63.5% (63% in 2014).

Number of audited supplier plants: 23 (34 in 2014).

- critical: 0% (0% in 2014),
- to be improved: 70% (72% in 2014),
- efficient: 30% (28% in 2014).

Percentage of purchases from responsibly managed forests: 85% (85% in 2014).

3

1.5 MAIN GROUP COMMITMENTS

1.5.1 Commitments linked to our values

a) Participation in UN initiatives

Saint-Gobain has complied with the United Nations Global Compact since 2003. This commitment attests to the Corporate Social Responsibility (CSR) approach of the Group, which regularly communicates its progress in the areas covered by the Global Compact. Pierre-André de Chalendar is a member of the France Global Compact Executive Committee.

THE GLOBAL COMPACT
WE SUPPORT

In 2009, Saint-Gobain joined two initiatives related to the Global Compact: "Caring for Climate" to combat climate change, and the "CEO Water Mandate" to protect water resources, as part of the United Nations Millennium Development Goals.

The Group involves its supply chain in its approach to reducing environmental impact and commits its suppliers to reducing specifically their air emissions and water footprint.

b) Commitment to forest preservation

To complement its Responsible Purchasing policy, certain Group purchases comprise specific environmental, social or societal risks. Having identified these risks, Saint-Gobain is undertaking an adapted protection action plan incorporating dialog with the stakeholders involved. Further, timber-based products have been subject to specific attention since 2007, the date when the first version of the Building Distribution Sector's Timber policy was published. This policy consists of two parts: a "purchasing" part, which commits the Group to protect biodiversity and local populations, to ensure the legality of the timber according to European regulation and to promote certified timber, or that originating from responsibly managed forests; and a "sales" part, which commits the Building Distribution Sector to train teams, inform customers and certify its agencies FSC/PEFC.

The greatest precautions are taken when purchasing products originating from tropical regions. For several years the Group has sought to ensure that none of its timber-based products originate from countries that violate international conventions and good forestry practices. Thus, purchases of tropical timber originating from or transiting through China are prohibited, as is timber originating from Myanmar, Liberia, Papua New Guinea or the Democratic Republic of the Congo. The Building Distribution Sector also prohibits the purchase of any threatened species, following the recommendations of the CITES and the UCN red list.

A purchasing guide allows it to meet its commitments and is updated regularly, adapting its content to changes in species vulnerability and social and environmental risks related to areas of forest exploitation.

Dialog with local organizations such as the GFTN in the United Kingdom and the Rainforest Alliance in Norway is given priority.

Saint-Gobain also applies these best practices to non-trade purchasing. To ensure transparency in its activities, the Group has participated in the CDP Forest questionnaire since 2012.

c) Other partnerships

TRANSPARENCY INTERNATIONAL

Saint-Gobain is a member company of the Transparency International France Forum of committed companies. Thus, Saint-Gobain supports the association's activities and has committed to reject and combat corruption, in all its forms. Saint-Gobain also undertakes to make its best efforts to implement a solid prevention mechanism, inspired by current best practice in the business world.

G4-DMA procurement practices, G4-15, G4-16, G4-HR4, G4-HR5, G4-HR6

The Group participates in public debates on the strategic challenges of its activity and environment. Thus, Compagnie de Saint-Gobain and most of the Group's subsidiaries are members of associations representing their industry nationally or supra-nationally.
Further, Compagnie de Saint-Gobain is directly involved in professional associations representing French companies, such as the AFEP, MEDEF and EpE.
The Activities also cooperate with various local associations or organizations involved in environmental, regulatory, social, societal or economic problems. The various Activities and subsidiaries have internal procedures to ensure that their participation in associations is known and referenced and that employees, also members of associations, are trained in the rules of anti-trust law.

1.5.2 Commitment to an ambitious agreement at the COP21

In December 2015, 195 countries made the historic commitment to limit global warming to below 2º C at the COP21, the United Nations conference on climate change, held in Paris. This agreement creates a multi-dimensional framework for the economies' implementation of carbon-reduction. The mobilization of businesses for this summit was an historic first.
As an official partner of the event, Saint-Gobain strengthened its commitment to respectful environmental growth and a reduced-carbon world. The Group thus lent its support to an ambitious global agreement to:

- achieve global net emission reductions at the least economic cost with clear, effective and predictable carbon pricing mechanisms and complementary economic signals;
- ensure that international trade and investment rules will positively encourage actions to help combat climate change;
- deploy efficient mechanisms to reduce energy consumption and greenhouse gas emissions in buildings and transportation sectors;
- support this transition by ensuring the long-term viability of measures taken locally;
- introduce certifications to demonstrate the environmental Official partner benefits of products.

Saint-Gobain also supported several international initiatives during the COP21.
Saint-Gobain is one of the 100 "carbon pricing champion" companies under "Caring for Climate", an initiative launched by the Global Compact. To this end, as of January 2016, an internal carbon price will be applied to all Group Activities to assist in guiding actions to reduce CO_2 emissions involving investments and R&D projects.
As part of the Lima-Paris Action Agenda, Saint-Gobain joined the alliance of companies for water and climate change. This initiative supports the actions of cities and watersheds involved in the sustainable management of water resources and adaptation to the consequences of climate change. Saint-Gobain is among the 1,200 non-state actors that signed the Paris Appeal for the Climate. The Group is committed to the rapid reduction of greenhouse gas emissions and adaptation to the impact of climate change.
Group Chairman & Chief Executive Officer Pierre-André de Chalendar also participated in COP21 Buildings Day and presented Saint-Gobain's involvement in supporting sustainable construction and the critical role played by Green Building Councils (GBC) in transforming the sector. The "Global Alliance for Buildings and Construction" was launched on the occasion of this event, to accelerate the rollout of sustainable solutions. With over 20 countries, 50 domestic and international organizations and eight companies including Saint-Gobain participating, the purpose of this alliance is to reduce the building sector's environmental footprint. It will:

- bring together global building players on a broad scale in pursuit of a common goal, and strengthen their determination to ensure they work together in the long term;
- increase the amount of sustainable building in international financing to implement new initiatives and increase the visibility of best practices;
- consolidate around a program of operational measures, networks and strategic partners, representing all participants in the building production chain;
- promote the initiatives of all members and more generally solutions to make them reproducible and transferable;
- incorporate public construction authorities into the network in order to harmonize regulations and financing aimed at low-carbon strategies.

These commitments, in line with Group objectives, confirm Saint-Gobain's desire to contribute to combating climate change.
Saint-Gobain's climate commitments can be found here:
https://www.saint-gobain.com/sites/sg_master/files/saint-gobain_commitments_cop21.pdf

1.5.3 Promotion of sustainable construction

a) Collaboration with Green Building Councils

Saint-Gobain is an active ambassador of sustainable construction. For several years, the Group's teams have been involved in promoting sustainable habitat as members of the Green Building Councils (GBC). These national associations of professionals and participants in the construction market are forums for privileged discussion to define and promote sustainable building. The Group and its subsidiaries are members of over thirty GBC worldwide; specifically, it is a platinum member of the USGBC. Saint-Gobain is also a partner in the European network of GBCs and participates on the corporate advisory board of the World Green Building Council (WGBC).
In 2015, the Group further strengthened its partnership with Green Building Councils by participating with them in various projects. Thus, Saint-Gobain is one of the sponsors of the "Better Places for People" campaign, championed by the WGBC, which aims to shed light on and quantify the benefits of sustainable buildings in terms of health, comfort, wellbeing and productivity.

b) Promotion of energy efficiency of European buildings

Energy efficiency represents a major challenge for Europe:

- it is a considerable resource for reducing greenhouse gas emissions;
- it must allow Europe to preserve resources and ensure its energy independence;
- it is also a source of competitiveness for businesses and an opportunity for growth and job creation for member States.

However, the obstacles to be overcome to improve energy efficiency are still numerous, particularly in the building industry: lack of information, absence of any long-term strategy and therefore lack of visibility of performance levels to be met, difficult access to financing, etc.

Saint-Gobain is committed to promoting energy efficiency solutions in buildings, specifically by improving their performance and simplifying their installation. The Group is also committed to training professionals to ensure that energy renovation is better integrated into the multiple and varied interventions a building experiences during its lifetime. Beyond the efforts of manufacturers and other sector participants (construction professionals, banking and finance sector, etc.), an ambitious policy framework is indispensable to assisting in overcoming these obstacles and creating an energy-efficient European market.

Given their weight in energy consumption (40%) and greenhouse gas emissions (35%), European buildings must occupy a central position in European energy and climate policies. The economic weight of the construction industry, as well as the home-ownership item in household budgets, must place this sector in the top rank of political, economic and social priorities, both national and European.

Saint-Gobain supports the idea of renovation of European buildings which would enable them to reduce the associated energy consumption and CO_2 emissions by at least a factor of four before 2050, for regulated uses (heating, cooling, ventilation, lighting and hot water). Given the expected benefits in terms of comfort, wellbeing, growth and energy security, particular attention must be paid to the potential reduction in energy demand for heating and air conditioning. Technical solutions are available and affordable, particularly for drastic improvement in the energy performance of the outer shells of buildings with passive technology (insulation and insulating glazing), to thus allow for optimized use of active and complementary technologies.

To bring this global objective down to the level of individual buildings, Saint-Gobain promotes in-depth energy renovation, in stages, and implementation of a renovation process based on a "renovation passport", identifying and scheduling over time the tasks to be completed, and optimizing them by incorporating energy efficiency into the renovation work (for example, during moves, renovations of roofs or sidings).

From an EU standpoint, in 2015 Saint-Gobain's actions were concentrated on energy-climate policy after 2020 and the Energy Union, and more specifically on preparation of the revised European Energy Performance Building Directive (DPEB/EPBD) through its response to the Commission's public consultation on this directive. At a national level, the Group continued to implement its transposition in national laws of this directive (DPEB/EPBD) and the Energy Efficiency Directive (DEE/EED), with priority given to renovation of existing buildings.

In Brussels, in the area of energy efficiency, Saint-Gobain is primarily active through associations and coalitions of participants facing the same challenges. First, public relations efforts are focused through the following associations: EURIMA, Glass for Europe and EuroACE, as well as through the policy task force of the Green Building Councils European network.

The Group actively supports the "Renovate Europe" campaign, initiated by EuroACE in 2011, which in 2015 addressed the theme "It's more than renovation." Through the above-mentioned organizations, it contributed to the Coalition for Energy Savings, combining vast numbers of stakeholders (from NGOs to manufacturing associations, including cities referred to as Energy Cities), as well as the Building Performance Institute Europe (BPIE), a think tank that focuses on building performance and which, for example, in late 2015 published a study on best energy renovation practices in Europe (Renovation in Practice). In 2015 it also supported the biannual ECEEE (European Council for an Energy Efficient Economy) Summer Study.

These European initiatives are increasingly trending toward the national level. For example, the Renovate Europe campaign was adapted in Belgium, Italy and Spain. Similarly, the Coalition for Energy Savings found sister coalitions in France (CFEE, Coalition France for Energy Efficiency) and in Germany (DENEFF). For each of these trends, the Group works through its local Activities, thus affording consistency and complementarity between its actions at the Community level and the national level.

1.5.4 Developing the circular economy

The Group participates in the debate on the circular economy and has repeated its support for strong goals for the building sector. Saint-Gobain has been heavily involved in France in the AFEP circular economy work group, which prepared a report and recommendations presented at the COP21.

Internally, pilot projects are emerging locally, and cross-disciplinary task forces have been started to identify resources and potential recycling lines. In January 2014, the Group Research and Development Department implemented a cross-disciplinary program on end-of-life waste recycling, with the specific goal of analyzing innovation processes to provide for optimal use of resources.

As part of this program, a seminar on construction waste recycling brought together some 40 participants from the Marketing, Purchasing, EHS and R&D Departments of various Activities in the Construction Products, Innovative Materials and Building Distribution Sectors. These meetings were an opportunity to emphasize existing internal best practice, to better understand recycling through the intervention of outside companies that are experts in this field, and finally, to present R&D studies, both current and future, being pursued through the cross-disciplinary program.

2. **Operational** excellence policies

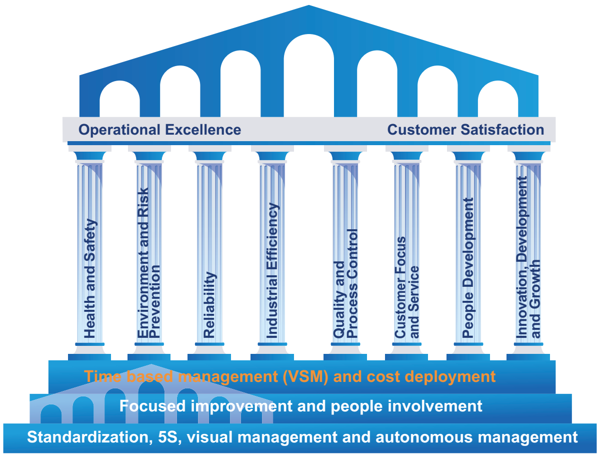
2.1 CONTINUOUS IMPROVEMENT IN OPERATIONAL PERFORMANCE WITH WCM

World Class Manufacturing (WCM) is an integrated management system aimed at improving enterprise performance by targeting industrial excellence in accordance with worldwide standards.

It has been deployed since 2007 in all the Group's industrial Sectors.

A true driver of continuous improvement and operational performance, the WCM program has considerably improved personal safety and industrial performance and has yielded rapid financial results. Currently some 500 Saint-Gobain industrial sites are involved and the roll-out is continuing in all the Group's industrial activities. Over 5,000 managers have been trained as SG WCM Black Belts, Green Belts or Yellow Belts [1], and 70% of employees at industrial sites are involved in the running of this program.

WORLD CLASS MANUFACTURING



The Saint-Gobain WCM management system is represented by a system based on pillars, three of which include Corporate Social Responsibility issues: Health and Safety, Environment and Risk Prevention, and People Development. The pillars of the Saint-Gobain WCM Model cover performance improvement methods such as Lean, Six Sigma and TPM (Total Productive Maintenance).

The principle of management by means of pillars allows a performance management system or total quality management (TQM) system to be established based on loss prevention. It reduces or eliminates boundaries between services, and thus benefits from a cross-functional organizational optimum approach to "Zero Accidents, Zero Losses, Zero Breakdowns, Zero Waste, Zero Delays, Zero Inventory, etc."

The principle of this system consists of three stages:
- understanding of losses;
- eradication of losses;
- prevention of losses.

The impact and success of such a program is due to the involvement of teams in the field, and especially managerial-operational lines and operators. It requires a large amount of training to implement and support these changes, with a high impact on the harmonization of management methods within all Group entities. One of its very positive consequences is the sense it gives to all employees in contributing to the Group's performance and sustainability and in being able to change companies within the Group, while still working under the same performance management model.

This year again, WCM is also delivering a significant reduction in manufacturing costs, as well as significant reductions in health/safety, environmental and industrial risks thanks to numerous projects executed in these areas.

The Quality, Industrial Performance and Environment pillars have strongly contributed to reducing the Group's environmental footprint by reducing production-generated waste and water consumption and by optimizing energy efficiency; furthermore has it eliminated a large number of production investment costs, and a number of environmental taxes have been avoided.

Significant reductions in raw materials inventories, products in process and finished products have also been reported, thanks to the Customer Focus and Service pillar, which has yielded a significant reduction in working capital requirements and number of days in inventory.

The World Class Supply Chain program initiated by the Innovative Materials Sector in 2014 is producing very promising results with, for example, the first pilot projects carried out in the Abrasives, Saint-Gobain Glass and Saint-Gobain Sekurit Activities.

Key figures

1/ Customer service:
- Customer Service improvement: +10% to 15% (on-time delivery);
- reduction in response time: -25%, i.e. two weeks gained;
- improved adherence to production planning: +40% (on-time delivery);
- reduction in late orders: -40%;
- customer satisfaction: +25%.

2/ Working capital:
- Reduction in inventory of finished products: -22%.

[1] *By analogy with the judo belts, the degree of skill possessed by managers in WCM is measured by belts: Black Belt, Green Belt, Yellow Belt, and White Belt.*

G4-DMA energy, water, effluents and waste, emissions

2.2 STRIVING FOR EXCELLENCE IN SAINT-GOBAIN'S BUILDINGS: THE CARE:4® PROGRAM

In line with its Sustainable Habitat strategy, Saint-Gobain is committed to improving its own buildings by applying the CARE:4® program (Company Actions for the Reduction of Energy by 4). This program calls for a fourfold reduction in overall energy consumption and greenhouse gas emissions in the Group's office buildings by 2040. Since 2014, it has expanded to other aspects of comfort and environment by incorporating criteria of the Multi-Comfort program: thermal, acoustic and visual comforts and interior air quality (see Chapter 2, Section 3.1).

Applying to itself the principles it promotes among its customers, the Group acts as a responsible player and inspires the market by having exemplary construction and renovation operations worldwide.

The General Delegations and Activities' Senior Management ensure the rollout of the CARE:4® program across the entire Group perimeter. They are based on the strength of a multi-sector and cross-disciplinary network involving the Environment, Marketing, R&D, Strategy functions and the Industrial Sectors.

CARE:4® has been used since 2008 in new construction and total renovation operations. It sets a performance objective aligned with the best local energy standard or, in the absence of this, a consumption limit based on the climate [(1)]. As symbols of Saint-Gobain's skills and innovation capacity, hosting the public, research, training and innovation centers, showrooms, major points of sale and headquarters of General Delegations and Activity take priority. These sites, owned or leased by the Group, constitute "Buildings of Interest for the Group" (BIG). They are intended to become demonstrations of solutions and of Saint-Gobain's expertise. The program now extends to building renovation. The energy results achieved in 2013 are used as a basis for assessing progress, as well as for setting renovation priorities.

Launched in 2014, PASS:4, "Building Passport", set rules for a step-by-step retrofit that contribute to and structure sites programs. This method defines a starting point, an ambitious goal, and a plan for achieving it. It contributes to planning improvement actions for each building based on life cycle. The purpose is to emphasize transitional progress made, and accelerate energy renovation.

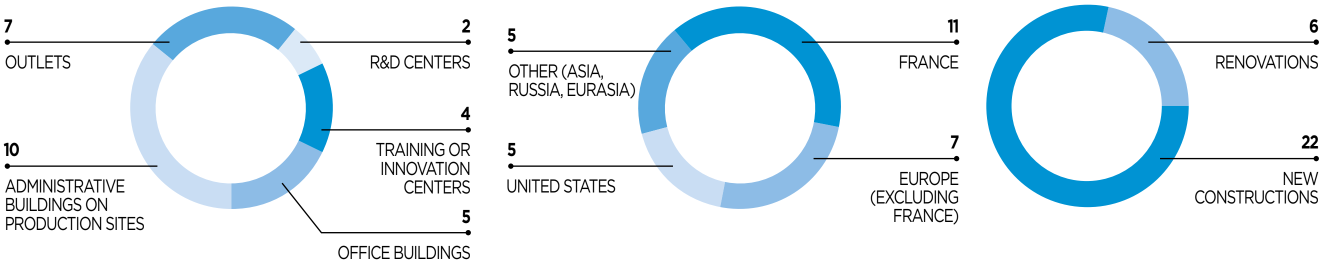
In 2016, PASS:4 will be rolled out in around ten pioneer sites.

CHALLENGES OF THE CARE:4® PROGRAM

Key figures

- 28 buildings recognized as CARE:4® at end-2015.
- 5 completions in 2015 : these buildings afford annual savings of 6,200 MWh and a reduction of 2,100 tons of CO_2 emissions per year.
- Group tertiary buildings: 1,970 buildings, 1.9 million sq. m. at December 31, 2015.

DISTRIBUTION OF COMPLETED PROJECTS



(1) *The energy consumption of a new building is subject to a limit of 80 kilowatt/hours of primary energy per square meter per year (kWhPE/m²/year) in temperate climates, and 120 kWhPE/m²/year in extreme climates, all comfort-related consumption items combined.*

Focus on… La Halle de Pantin (France)

Certified HQE Renovation [1] (Environment), BBC Renovation [2] (Energy).

In 2015, during renovation of La Halle de Pantin, Saint-Gobain Distribution Bâtiment France [3] implemented an environmental and social approach, applying the Saint-Gobain Group strategy and as part of the CARE:4® and Multi-Comfort programs. This project resulted in the opening of an unprecedented sales area that combines under one roof ten building trade brands, eight of them from the Group and two partner brands, thus making this site the largest mall dedicated to building trade professionals in Europe.

This renovation stands out for taking into consideration all environmental challenges at each stage of the building life cycle: from design to demolition.

Eco-design	Site integration	User comfort
• Energy consumption five times lower than legal requirements • Controlled airtight sealing • Design options and innovative solutions for reducing raw material usage	• Collection and recycling of all onsite water • Phyto-restoration and landscape management enabling bio-diversity development • Local use on worksite and operationally	• Focus on customer and employee comfort • Spaces bathed in natural light • 12,450 sq. m. of landscaped spaces • Covered parking with ground floor ventilation

A WIDE RANGE OF ARCHITECTURAL PROJECTS

[1] *HQE Renovation: French label to honor buildings for which environmental performance corresponds to current best practice.*

[2] *BBC Renovation: French label certifying the energy performance of a building. It corresponds to the highest level of performance for renovation.*

[3] *POINT.P, La Plateforme du Bâtiment, Cedeo, Décocéram, PUM Plastiques, CDL Elec, Outiz, SFIC.*

3. A marketing approach tailored to each customer

3.1 A DIFFERENTIATED APPROACH BY MARKET AND CUSTOMER

3.1.1 Broad diversity of customers

Due to its presence in a wide array of markets (habitat, automotive, aerospace, health, etc.), Saint-Gobain has a vast ecosystem of customers, ranging from local trade professionals to major multinationals.

Specifically, in habitat markets, the Group serves its direct customers (retailers, installers), while maintaining strong relations with specifiers (architects, design offices). With the undergoing digital transformation, Saint-Gobain pays particularly close attention to end-users (investors, home owners).

The Group seeks to maintain a relationship of trust with all its customers, whether retailers/wholesalers, large contractors, small building companies, or private individuals. From initial design to project completion (new construction or renovation), Saint-Gobain therefore addresses all the players and offers a tailored package of products and services to each.

Saint-Gobain applies its industrial expertise to developing, manufacturing and marketing a wide range of building materials aimed at improving the comfort (thermal, acoustic, air quality, etc.) of residential (individual homes and apartments) and commercial buildings, while combining energy efficiency, functionality and aesthetics, as illustrated in the Multi-Comfort program.

In addition to habitat, Saint-Gobain is active in industrial markets, where its expertise in innovation and co-development is applied to a wide range of high-performance materials for high-tech applications in sectors as diverse as automotive, aerospace and health. In each of these markets, the Group deals with various types of customers, from small local enterprises to major multinationals, including wholesalers and retailers.

3.1.2 A portfolio of respected brands, each a leader in its business line

Saint-Gobain operates the construction industry's strongest portfolio of manufacturing brands including global market leaders [1] such as ISOVER, Weber, CertainTeed, Gyproc, Placo® and Ecophon, among others.

The Group is also the European leader [1] in the distribution of building materials, through independent and highly respected distribution brands such as POINT.P, Lapeyre, Jewson, Raab Karcher and Dahl.

Finally, Saint-Gobain has specialist brands in high-performance materials, mainly for industrial markets. These brands are well known for their expertise, particularly in the automotive glazing, abrasives, polymers and ceramics markets.

[1] Source Saint-Gobain

G4-DMA : market presence

PORTFOLIO OF SAINT-GOBAIN BRANDS

3.2 AN AMBITIOUS DIFFERENTIATION STRATEGY

3.2.1 An approach tailored to each customer

The approach used by Saint-Gobain first requires listening to customers to understand the challenges specific to their businesses, anticipating their needs and responding to them through a tailored and relevant offering of products, systems and services.

In the habitat markets, Saint-Gobain aims to be the privileged partner of each player, from initial design to worksite implementation and project completion.

In over 30 countries, the Group has set up Habitat Committees aimed at developing marketing and commercial synergies between various Saint-Gobain companies, through transversal actions tailored to each customer group, such as:

- a coordinated approach to the principal key accounts in construction and renovation projects, organized by market segment (residential, health, education, hotels, etc.), and often based on innovation centers and showrooms in France, the United Kingdom, Italy and, since 2015, the United States and Spain. New innovation centers are anticipated in 2016 in Brazil, Germany, India and Sweden;

G4-4

- a combined training offer dedicated to installers in several countries available at dedicated Saint-Gobain centers (for example, in France, Italy, Ireland, Russia, Sweden, Austria, The Netherlands, etc.);
- a coordinated presence at major trade shows, such as Greenbuild in the United States, Ecobuild in the United Kingdom, Batimat in France, and the Big 5 in the United Arab Emirates, which showcase the Group's products and solutions and enable Saint-Gobain experts to give talks on topics such as eco-innovation and sustainable construction, or on new building techniques.

SAINT-GOBAIN'S APPROACH TO EACH CUSTOMER IN THE HABITAT MARKET

SAINT-GOBAIN'S VISION: to be the preferred partner of all construction and renovation players, from design to completion

MAJOR TRENDS AFFECTING THE HABITAT MARKETS

- Urban development and demographic change
- Sustainable design, construction and operation
- Holistic building design (multi-dimensional criteria)

INVESTORS, DEVELOPERS, ARCHITECTS, SPECIFIERS, PRIVATE INDIVIDUALS	MAIN CONTRACTORS	DISTRIBUTORS	TRADESMEN, PRIVATE INDIVIDUALS, CONTRACTORS, DO-IT-YOURSELFERS
Put the user at the center of the construction and renovation process with a Multi-Comfort approach Minimize the environmental impact of buildings: eco-innovation policy, lifecycle analyses and Environmental Product Declarations for all product families Support customers in their major projects in coordinated fashion between Saint-Gobain activities (including key accounts), based on the Group's skills in Building Sciences	Develop systems and services to simplify implementation and to optimize costs and delivery times at worksites – specifically by combining the expertise of the Group's various activities Co-develop new solutions with major builders Support major projects, with a targeted service offering: BIM objects for digital modeling, adapted logistics, etc.	Capitalize on strong brands Develop a service offering to allow distributors to grow their sales and optimize their processes (adapted logistics, training of field teams, optimized merchandising, business support, etc.) Deploy e-commerce and e-services offerings to simplify and optimize processes and facilitate sales development	Develop reliable, easy and rapid solutions Make the lives of installers easier by assisting them to grow their own business through an extended services offering: training, sales assistance, technical assistance, technical studies, etc. Roll out multi-channel approaches to support them throughout their professional lives Retain the loyalty of professional clients through a close relationship developed through strong local distribution brands

For customers in industrial markets, Saint-Gobain aims to be the partner of choice by developing and supplying high-performance products, which ensure the reliability and safety of the solutions to which they contribute, optimizing the productivity of manufacturing processes and enhancing the comfort and safety of users.
This involves long-term partnerships based on a co-development approach, with a view to creating for them and with them solutions for efficiently and confidently rolling out their activities.
For example, in the automotive market, the Group continuously innovates (lightweight glass, more effective door seals, better passenger compartment insulation) to address the current challenges faced by major automotive companies: reducing fuel consumption, promoting occupant safety and comfort (acoustical, thermal, etc.). Similarly, in the aerospace sector, it is through co-developments with manufacturers that Saint-Gobain Performance Plastics has perfected radomes that allow web browsing and watching direct-broadcast TV on board aircraft.

3.2.2 Innovate with customers all along the value chain

Saint-Gobain's marketing teams are focused on improving the experience for customers, with four main priorities:

a) Develop customer feedback programs to better understand their needs

For Saint-Gobain, innovation starts with listening to customers to fully understand the opportunities and challenges they face. Then the Group works alongside them to develop new solutions and services to help them succeed.
Within Saint-Gobain Performance Plastics, all teams have been trained in questioning and probing techniques which facilitate a deeper understanding of customer needs through structured interviews. Over the past two years, this approach, known as "Blue Printing", has generated over 1,000 ideas, more than 50% of which relate to new services. The Construction Products Sector carries out regular surveys among various categories of customers that help them understand the importance of different service and product expectations. In North

G4-8, G4-PR5

America, the CertainTeed Voice of Customer program, which has been in place for over 20 years, has resulted in hundreds of innovations, including a customer loyalty program and a training and qualification program for installers.

Customer satisfaction is also monitored regularly in Saint-Gobain's distribution businesses. For example, in 2015 Jewson invested in a Customer Experience Centre that continually analyzes data from brand outlets and its website, asks customers about their level of satisfaction and reacts to various types of notifications. This organization has already detected leading indicators of crisis (decline in a customer's order frequency, for example) and, through dialog, identified the underlying problem. This approach, justified by the evidence that retaining a client is always less expensive than gaining a new one, allowed Jewson to secure a significant percentage of its consolidated net sales in 2015.

b) An eco-innovation approach based on Life Cycle Analysis (LCA)

As part of its Sustainable Habitat strategy, Saint-Gobain seeks to contribute true added value to its customers and to all stakeholders in the habitat markets. In doing so, the Group is developing and distributing innovative solutions that contribute to reducing the environmental impact of buildings and infrastructure over their life cycle while contributing comfort, health and wellbeing to users.

To reduce the environmental impact of their solutions, particularly CO_2 emissions and the consumption of natural resources, the Group's Activities are working in all stages of the life cycle, from choice of raw materials to end-of-life of products, including the use/function phase.

They may rely on the Group's eco-innovation approach and associated toolbox. This is a pragmatic and structured approach based on existing good practices, consistent with the Saint-Gobain culture and organization.

A solution is considered eco-innovative for the Group if:

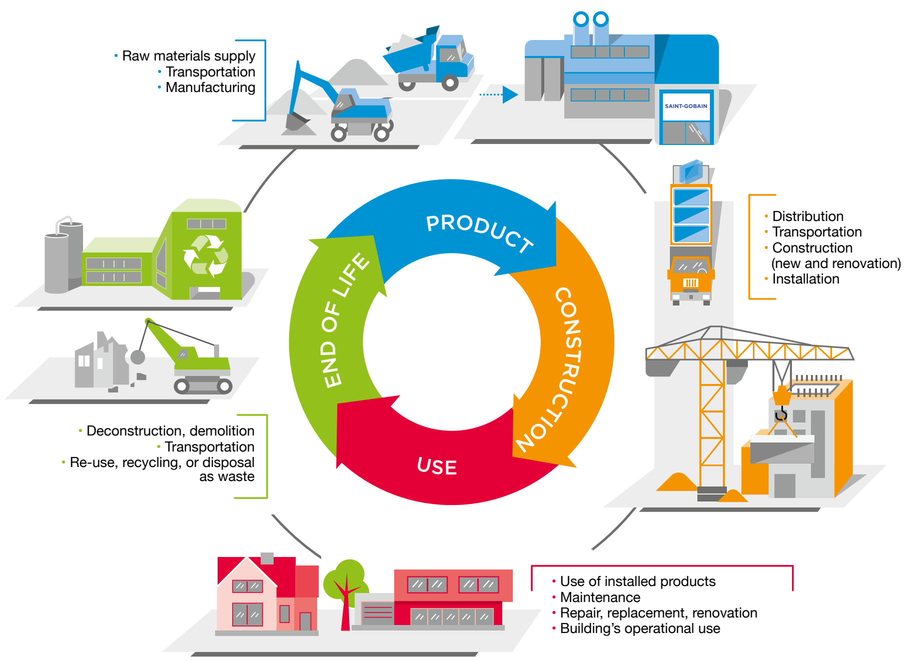
- it contributes to reducing building impacts or infrastructure during implementation;
  and/or
- it has a low environmental impact over its entire life cycle, from extraction of raw materials to end of life.

This eco-innovation approach is based on the use of Life Cycle Analysis (LCA), which quantifies the environmental impacts of a solution at each stage of its life cycle. The results of these LCA are also communicated to professional customers, referrers, builders or retailers, in the form of Environmental Product Declarations (EPD), verified by independent third parties. This information is used when assessing a building's overall environmental performance, specifically as part of building certifications such as LEED, BREEAM, DGNB or HQE.

Efficient resource use is a priority for Saint-Gobain: waste, particularly construction or deconstruction wastes, is considered a strategic resource to be recycled or reused, particularly as secondary raw materials in production processes.

Over 500 Group employees have been trained in eco-innovation to date, largely among the marketing and R&D teams. The one-day training presents the challenges of eco-innovation as part of the Sustainable Habitat strategy, as well as the toolbox provided to teams to eco-innovate.

LIFE CYCLE ANALYSIS OF CONSTRUCTION MATERIALS



G4-DMA Environmental: products and services
G4-PR1

c) Developing new tailor-made services and tools that will improve the customer journey

Saint-Gobain businesses have millions of interactions with customers every year.

Digital techniques are enabling the Group to understand more about the customer – and so improve each customer's experience at every touch point along the way.

From digital applications that help a customer make the right product choice, such as Saint-Gobain Glass Compass or CertainTeed's Roofing PitchPerfect, to platforms such as MyPlaco, that enable customers to track orders and deliveries, Saint-Gobain businesses are developing new tools to make life easier and more efficient for customers. The Group is also developing multi-channel offerings that offer customers the flexibility to interact with Saint-Gobain businesses when they want, where they want, and how they want. On-line purchasing, associated services and click-and-collect options are just some of the new ways Saint-Gobain is improving the customer experience.

In 2015, the Group continued to consolidate its position as a leader in two fields:

- the use of enhanced reality and physical-realistic renderings. For example, Saint-Gobain Glass, using the GlassPro software and the GlassPro Live service, offers architects an opportunity to view the outside appearance of a planned building in a perfectly realistic way. Weber, with the Webertherm program, offers its installation customers the opportunity, after taking a photo of siding to be renovated, to simulate its appearance after renovation and choose color, texture, etc.;
- providing BIM virtual objects for architects. Increasingly, a digital simulation stage is required during the design of major projects in order to avoid potential inconsistencies to be resolved at the worksite, to better plan them, and to simulate the properties of the future building. Digital simulation promotes a significant reduction in construction costs and a significant improvement in building quality. Most Group Activities have designed libraries of virtual objects where architects and designers may download Saint-Gobain products from the design phase. That encourages interaction with designers from the initial sketch phase, and contributes to improving both volumes sold and the value of the project's mix of products.

d) Improving customer relations by strengthening Saint-Gobain's leadership positions

For Saint-Gobain, innovation is also about new ways of thinking. The Group is leveraging the breadth of its portfolio of Activities to develop new systems and solutions that reinforce building performance. Through its innovation centers, Saint-Gobain designs and develops – in close partnership with customers and other influencers – long-term innovations that will shape our surroundings and improve our quality of life.

In addition to its innovation centers, "demo houses" are built to illustrate the Multi-Comfort program and prove that the recommended solutions are not just theoretical, but rather that they function as real buildings. This constitutes indispensable support for the program.

The data from the 21 new operational projects refines the understanding of Multi-Comfort and thus the credibility of the approach.

In 2015, five new projects were completed, in Slovakia, Poland, Norway, France and Romania, one project completed in the United States is in the process of performance validation, and more than ten are in the process of completion and are anticipated for 2016-2017.

MULTI-COMFORT ACHIEVEMENTS IN 2015

Commercial renovation (store) - Pantin, France

Residential construction - Stavanger/Myklebust, Norway

Private residential construction - Warsaw/Zielonki, Poland

Residential construction and renovation - Trnava, Slovakia

Commercial construction (offices) - Reci, Romania]

3.2.3 Seizing digital opportunities

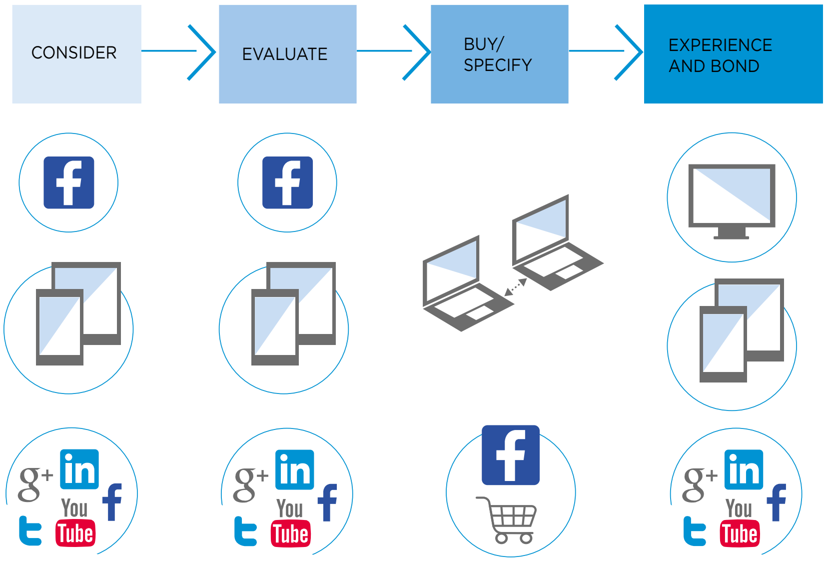
a) Customer processes

Digital is transforming customer relationships, affording better interactions with them and improving their experience. Consequently, all Saint-Gobain's Activities are defining and implementing digital roadmaps tailored to their markets and customers. To be effective, this approach must be based on the understanding that each Activity has a process for its various customers (direct and indirect).

Most customers experience different phases before, during and after their interaction with Saint-Gobain. It is in properly understanding the difficulties that each one encounters that we develop tailored digital services and solutions.

This process analysis task is now critical to the management of Saint-Gobain's Activities.

CUSTOMER JOURNEY



b) The omnichannel approach

The omnichannel approach aims to ensure a seamless and consistent customer experience across physical and digital touch points, along the entire customer journey.

THE OMNICHANNEL APPROACH

The use of a unique and continuous CRM allows us to perfectly monitor customers from their various interactions with the Group's Activities, and perfectly address them.

c) Data analysis (Big Data)

Marketing decisions are not made according to individual intuition, they are supported by advanced analysis, statistics and customer behavior. The development of predictive models based on past data is one key to effectiveness. Several Group Activities, particularly in the Building Distribution Sector, currently use these methods to anticipate customer needs. In 2016, this approach will become more widespread. More than 20 projects, covering all Activities, have the objective of systematizing this approach.

d) Monitoring of digital strategy

Digital transformation is a unique opportunity for the Group to better measure the effectiveness of its marketing approaches. For the Building Distribution Sector, the effectiveness of the digital approach is measured by volume of online sales (e-commerce) as well as sales generated indirectly, through processes that start online and finish in-house (Web to store). For the Group's manufacturing Activities, e-commerce is not the purpose of the digital strategy. Rather, it involves increasing website traffic and, beyond that, the "commitment" of visitors to the Group's sites. When a visitor downloads a document from a site, and asks a question or tries out the brand, he becomes a potential identified customer, with whom it is possible to interact.

4. **Innovation,** a key element for Saint-Gobain's development

4.1 INNOVATING ALONG THE ENTIRE VALUE CHAIN

4.1.1 R&D at the heart of the Group's strategy

Research and Innovation are at the heart of Saint-Gobain's strategy and Corporate Social Responsibility approach. The Group's ongoing measures to develop even more its culture of innovation are bearing fruit. For the fifth consecutive year, Thomson Reuters' Top 100 Global Innovators has ranked Saint-Gobain among the 100 most innovative organizations in the world. In 2014, the Group was also one of the 100 most frequent filers with the European Patents Office. It will continue its efforts in the coming years, in particular with regard to investments, in order to maintain and expand its leadership positions in its activities and to maintain a high level of performance and operational excellence. In 2015, the Group invested €434 million in research and development, and 3,700 employees were working on nearly 900 research projects, resulting in the filing of nearly 350 new patents.

4.1.2 Strategic and cross-functional R&D programs, growth drivers for the Group

Inventing innovative and high-performance products and solutions to improve our habitats and daily lives is at the heart of the Group's strategy. It is a major responsibility and source of motivation for the Saint-Gobain teams who, through their innovations, are contributing to reducing the environmental impact of buildings and processes and to developing new solutions with high added value.

Saint-Gobain's research and development teams operate according to a logic of management by project. This method of operation allows it to conduct research and development activities with the greatest possible efficiency, assigning the appropriate resources and looking a long way upstream at considerations relating to markets, industrial property, production, respect for health and the environment. This organization allows Saint-Gobain to ensure a continuous flow of innovations, to be launched on the market at the appropriate time.

The main task of R&D is active and proactive support for the Group's numerous Activities through targeted research projects, yielding developments and innovations involving both processes and products or systems, thus strengthening the competitiveness of its Activities and serving Saint-Gobain's current markets.

Its second task is to contribute to the Group's development and growth through strategic R&D programs, by allowing it to penetrate new markets through breakthrough technologies that address the challenges of growth, energy and the environment. For each strategic program, research projects are at various stages of maturity; some of them are still maturing, while others are already at the industrialization stage.

The third task is to prepare the future of the Group's business lines and their development through cross-functional R&D programs, by anticipating major changes in techniques and markets. These cross-functional programs, linked directly to the work axes of the marketing groups, allow it to organize skills common to the Group's various Activities and to improve Saint-Gobain's ability to develop key technologies.

STRATEGIC PROGRAMS

Strategic programs	**Cross disciplinary** programs
Active glazing **Lighting** **Energy efficiency and environmental footprint of processes** **Fuel cells**	**Materials sciences** • Physics and chemistry of inorganic binders-based materials • Green chemistry • Recycling • Organic and inorganic foams • Innovative glass and furnaces • Additive manufacturing and 3D printing **Building sciences** • Acoustics • Air quality • Energy performance and thermal and visual comfort **Digital transformation** • Connected objects and smart data for our products and services

4.2 INNOVATING THROUGH INTERACTION FOR AND WITH CUSTOMERS

Saint-Gobain's development strategy and the progressive transformation taking place in the habitat markets position the Group in a dynamic of openness and of attention to its customers' needs. To address current expectations and anticipate those of the future, Saint-Gobain is opening itself broadly to a culture of partnership and co-development.

Saint-Gobain is equipping buildings with differentiated and high-value-added solutions, particularly in the area of comfort. As proof of the effectiveness of its solutions and to further develop research and innovation, a number of the Group's Activities are associated in many countries with the "Multi-Comfort" program.

In this context, housing construction and renovation operations have been launched by the Group's Activities in collaboration with players in the construction industry. These test worksites, using Saint-Gobain solutions, allow energy efficiency and comfort levels to be monitored in situ, both in real time and over the long term.

All Multi-Comfort worksites in various countries assist the R&D and marketing teams to better understand house performance as a reflection of occupant behavior and of the Saint-Gobain products installed, and to develop new, increasingly effective solutions, tailored to local construction methods and occupant comfort.

Further, new technical solutions have been placed on the market, such as Saint-Gobain Gypsum's Habito plasterboard, which has a tremendous capacity to support heavy loads. Habito combines strength and durability while offering improved acoustic performance. It is the result of an innovative industrial design approach, focused on identifying end user needs.

This attention paid to comfort and user needs in living spaces – offices, homes, apartments, concert halls or classrooms – is also evident in the solutions Saint-Gobain has developed in certain of its industrial markets. For example, Saint-Gobain Sekurit has launched ComfortSky, a new glass panoramic roof that affords greater thermal comfort in vehicles in both summer and winter, with improved visual comfort for occupants.

4.3 MOBILIZING ALL INTERNAL AND EXTERNAL INNOVATION RESOURCES

An internal structure organized around building science and comfort, set up in 2014, accelerates innovation processes that combine the R&D, production, marketing and sales teams throughout projects, to ensure that all necessary skills are available for successful implementation.

These skills are the key to success for the habitat strategy. They are necessary to the implementation of the Multi-Comfort program. Developing Saint-Gobain's capacities in this area will strengthen an approach, centered on user comfort and experience, in the design of efficient buildings. It will also contribute to improving the Group's capacity to develop innovative solutions, by taking into account the implementation of these solutions and their value in use.

Thus, the first Building Science Days, in February 2015, brought together over 100 participants from the Saint-Gobain R&D and Marketing Departments and the Habitat Committees, who shared their Group initiatives with regard to building science in fields as varied as interior home improvement, comfort, design, user experience and measurement, in realistic situations and sizes.

Ecosystem complexity and accelerated technological change require very effective local implementation of R&D efforts and close collaboration with outside players to complement the Group's expertise.

A new Saint-Gobain research center opened its doors in early 2016 in Capivari, Brazil. It is in a building of 3,000 sq. m. built at the center of a landscaped environment, where Saint-Gobain teams will work in association with the local scientific community and South American innovation agencies, developing products for industrial and construction markets, tailored to local regulations and needs.

Saint-Gobain is legally pursuing its policy of openness to innovation through its university network, which is increasingly international and promoted locally around R&D centers:

- cooperation has intensified with Chinese universities (Tsinghua in Beijing, Fudan and Tongji in Shanghai) and Indian universities, particularly the Indian Institutes of Technology, including one in Madras, while the first research agreements have been established in Brazil with the opening of the new center;
- Saint-Gobain Research India has entered into an agreement with the Research Park of the Indian Institute of Technology Madras (IITM-Research Park) and established itself on the campus of that institute (Chennai, India) in late 2015;
- "University Days" were organized in June 2015, bringing in over 50 international doctoral and post-doctoral candidates financed by Saint-Gobain to share their research results with Group researchers;
- in 2015, Saint-Gobain renewed the "Engineer and Diversity" Chair with the Institut National des Sciences Appliquées (National Institute of Applied Sciences or INSA) in Lyon, as well as the "Innovative Solutions for a Sustainable and Responsible Habitat" Chair with the Ecole des Ponts ParisTech.

Finally, in 2015 the Group continued to expand its opportunities for startups:

- Saint-Gobain organized the fifth edition of its NOVA 2015 Innovation competition which, since its creation in 2008, has aimed to recognize startups that offer innovative solutions in building materials, energy efficiency, green technologies, light integration solutions, construction and materials services and innovative technologies. The three winning startups were selected from among 270 candidates from 37 countries and six continents;
- Saint-Gobain joined the French incubator Impulse Labs, specialized in the construction and energy sectors.

Recorded Research & Development costs*
(in € millions)

2015	434
2014	395
2013	423

** Excluding Verallia*

5. **Purchasing,** a competitive challenge

5.1 RIGOROUS ORGANIZATION, A MEASURE OF EFFICIENCY

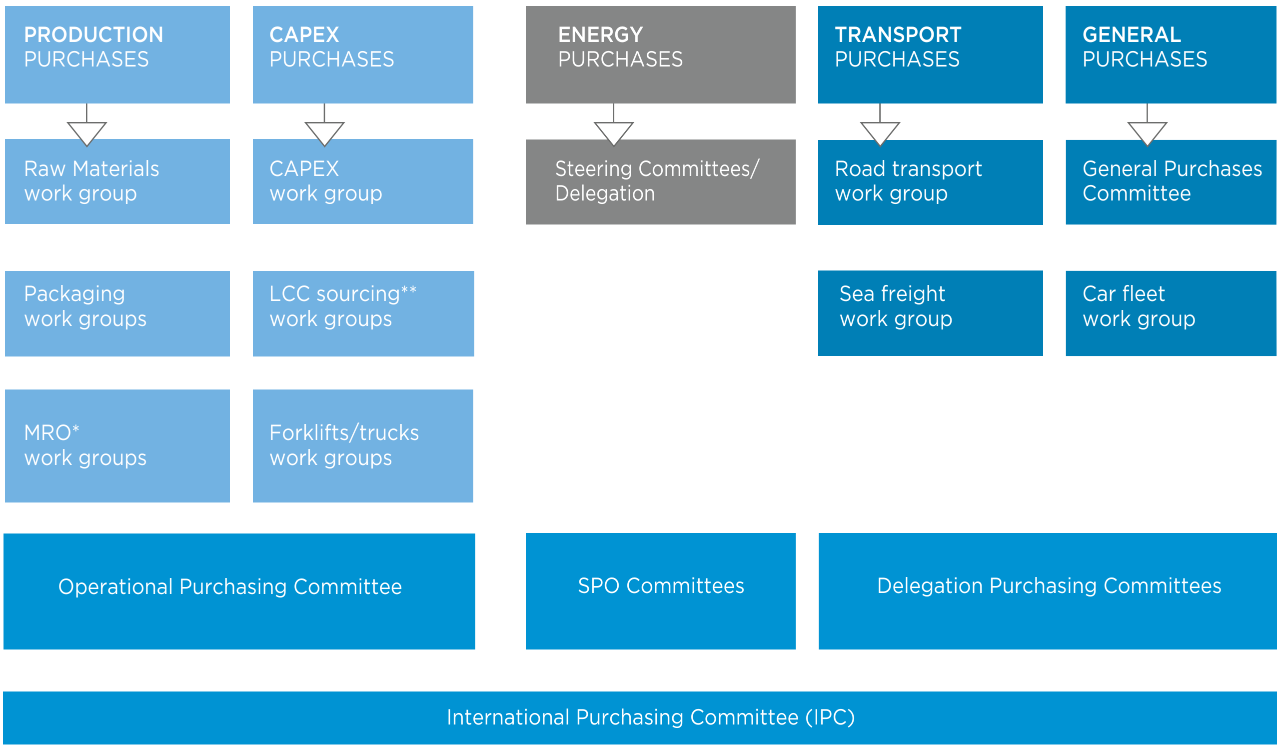
Purchasing is a key factor of the Group's competitiveness, and its organization is tailored to the specific nature of its activities to ensure efficiency (see Chapter 3, Section 1.4).
The Group has a partnership development strategy with its suppliers, so its portfolio of strategic suppliers has become stable over time.
Beyond the specific aspects of its activities, Saint-Gobain recognizes the major role of the Purchasing function in competitiveness and innovation. Mindful of its performance, the Group seeks to optimize its activities' purchases and strengthen the contribution of the Purchasing function to meet its economic objectives.

To this end, the Group is committed to developing its buyers' professionalism through training activities. A training program is available to all Group purchasers in the form of the Purchasing School. More specific training for trade purchasers supplements this process. This training, which is particularly important for newly hired employees in the Purchasing function, gives them the tools that allow them and their teams to achieve behavioral excellence in their daily activities.

5.2 NON-TRADE PURCHASING

Non-trade goods purchases are divided into five overall families: production purchases, investment purchases, transport purchases (for sales and supply), energy purchases and general purchases (general expenses, non-production services, etc.).
The large number of non-trade goods suppliers is a result of the considerable diversity of Saint-Gobain's activities.
Non-trade goods purchasing relies on a community of over 600 professional purchasers, trained in purchasing practices according to the various purchasing categories and positioned at various levels of the Saint-Gobain organization: Group, General Delegation, country, Activity, entity and sites.
This community of purchasers, both collaborative and professional, works for the Group's operations, and is recognized as a key factor in the Group's competitiveness and innovation. A specific promotional program has been developed, the World Class Purchasing (WCP) program, to strengthen this sector and improve the Purchasing function's contribution to Saint-Gobain's performance, particularly in the area of responsible purchasing.

ORGANIZATION OF NON-TRADE PURCHASING



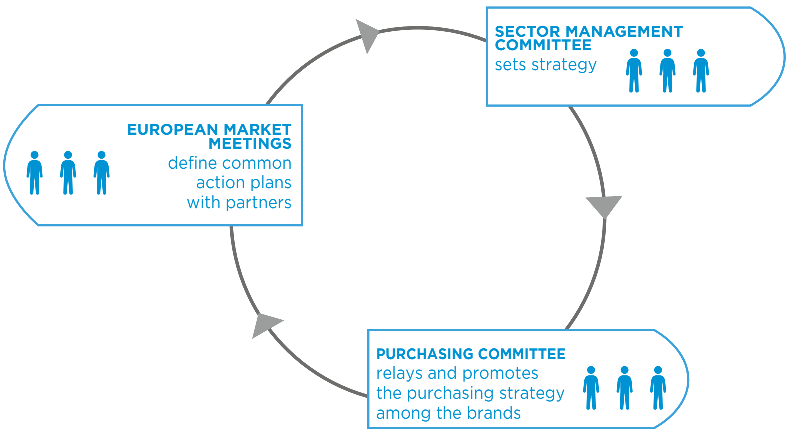
** Maintenance, Repairs and Operations.*
*** Sourcing in low-cost countries.*

G4-DMA procurement practices
G4-13

5.3 TRADE PURCHASING

Trade purchasing involves the purchasing of products by entities of the Building Distribution Sector with a view to resale at its points of sale.
The portfolio of trade suppliers consists of 26,000 suppliers from over 50 countries across over 15 markets, reflecting the various markets of customers of the Building Distribution Sector brands. Annual purchasing segmentation allows for the identification of so-called "Strategic Partner" suppliers, with whom strong international partnerships are built year after year, those known as "Domestic Strategics" on whom the Sector's entities rely nationally, and those known as "Niche", who contribute specific products indispensable to a region's product mix.
This segmentation task is the first stage in a process of the focusing of trade purchases on a certain number of loyal, innovative partners, who are capable of anchoring their activities over time while respecting the environment, offering quality products at competitive prices, assisting the brands with sales and advice, maintaining an effective logistics network and remaining profitable. This approach references the best suppliers that have been selected to contribute the best products at the best prices with the best services to satisfy customers. Optimization of the supplier portfolio is a priority objective, and once referrals are made, it results in personalized assistance to partners through an annual assessment of the partnership, the Partnership Analysis. Each year, all Building Distribution Sector brands assess the partners with whom they are working based on six standard criteria: commerce, marketing, logistics, purchasing, teams and CSR. A report is then drafted, summarizing the data collected across all countries where the Building Distribution Sector and the partner have joint activities, allowing the latter to measure and understand its position within the markets where it is active. Finally, an action plan is prepared jointly, to improve the quality of the local partnership relationship.
Trade purchasers comprise a community of over 800 employees. They are responsible for managing one or more supplier portfolios. This community is managed through three entities with well-defined roles: the Sector Management Committee sets strategy; the Purchasing Committee, which meets four times a year, relays and promotes the purchasing strategy among the brands; and finally, European market meetings define common action plans with partners. The 150 heads of this community meet once a year at sessions of the Global Purchasing Committee, which is an opportunity to provide updates on changes in the markets, to anticipate evolving roles, and to exchange best practice.
Finally, a highly operational organization tool, the Purchasing Excellence Program, enables the strengthening of this community, the incorporation of new hires, and the maintaining of common objectives. Tailored to the specific needs of each brand, it enables development of the trade purchasing strategy and promotes best practice. Since 2015, an e-learning version of this program has been developed in four languages, to reach the greatest number of participants.

TRADE PURCHASING STRUCTURE



6. A human resources policy aimed at reconciling job performance and employee satisfaction

6.1 THE HEALTH AND SAFETY POLICY

Health and safety are central Saint-Gobain values in managing its industrial, distribution and research activities. They originate from a strong desire from the company, strengthened by every employee's commitment. Updated in 2013, the EHS Charter is displayed at all the Group's sites. It presents the Group's EHS aims to all visitors, and reminds employees: zero work-related accidents, zero occupational illnesses, zero environmental accidents, and a minimum impact of our activities on the environment.
To support its progress in health and safety, Saint-Gobain has defined medium-term goals on the 2025 horizon.
In terms of safety, TRAR measures the rate of lost-time and non lost-time accidents, by number of hours worked by permanent and temporary employees, which will soon include permanent subcontractors. The Group has set a medium-term objective of a TRAR of under 2.5 in 2025.
With regard to health, the Group's professional risk objectives apply to toxic agents, silicon, dust, ergonomics, noise and psycho-social risk management. Each General Delegation must also develop and execute action plans to implement Group Health policy in concert with the Sectors and Activities.

6.1.1 A health and safety risk assessment

Saint-Gobain's health and safety management is based on identifying and reducing professional risks.
Consequently, the Group has developed a health and safety risk assessment standard, updated at the end of 2013. This standard defines the process to be followed to identify dangers and analyze potential safety and health risks. It thus determines priorities and develops action plans to be implemented in order to better control these risks. The assessment methodology assists industrial sites in preventing risks other than toxic risks, which are covered by a specific standard. It contains three levels: primary prevention (avoiding or eliminating exposure), secondary prevention (managing risks) and tertiary prevention (limiting the consequences and managing the effects).
In 2014, the Saint-Gobain Group's EHS Management implemented a training program to guarantee identical and consistent implementation of health and safety risk assessments around the world. To that end, it trained and certified one or more delegates in each Delegation in the risk assessment method. These delegates ensure that the local EHS network is current with the method defined by the Group. Over time, each Group site will have a supervisor to promote the preventive approach according to the method, and to ensure that the process is consistent with the Group standard.
Standards for health and safety risk assessments refer to specific standards, such as the noise exposure standard (NOS - NOise Standard) and the toxic agents standard (TAS) (see Chapter 3, Section 6.1.3).

6.1.2 Safety, a core Group value

a) Everyone's responsibility

Employee safety, like health, is a constant priority for the Group, with a long-term objective to be achieved: zero work accidents. Saint-Gobain seeks to guarantee safe working conditions and a safe environment to all staff at its sites, including temporary workers and subcontractors, even beyond the requirements of applicable local law.
This approach is used by all Group businesses, and seeks to make safety full part to the corporate culture. Safety is a value applied by all employees and at all management levels. The goal is for each person to contribute to his or her own safety and that of his or her colleagues.
Senior management has shown its commitment to developing a culture of safety within the Group. Operations management is everywhere responsible for ensuring all aspects of safety: goals, action plans and performance measurement. To support this commitment, a portion of management bonuses is based on results and resources invested, particularly in the application of safety standards.
EHS teams also take a number of initiatives to raise awareness and increase training at the sites. The matrix of EHS training, which defines training needed as a reflection of the position held, is a strong tool used in setting up relevant EHS training programs for each site. In 2015, 22.3% of training involved safety aspects.
The Group offers general training modules supplemented and adapted by the General Delegations in accordance with their needs.

G4-DMA social: occupational Health and Safety

b) Standards ensuring the proper application of Safety policy at all Group sites

The common causes of serious accidents throughout the Group are identified and analyzed to define the safety standards that need to be implemented as a priority. An accident analysis standard also defines the criteria needed to determine the root causes of accidents.

Saint-Gobain has defined the following 11 safety standards:

Safety standards

- management of road risks
- confined spaces
- vehicle and pedestrian safety
- storage and logistics activities
- working at heights
- management of subcontractors working at sites
- work permits
- commissioning and decommissioning
- forklift safety
- machine safety
- SMAT (Safety MAnagement Tool) standard, on observing safety practices in the field.

In 2014, the Group's EHS Department launched a new online training program to better assist sites in applying road risk standards and SMAT.

c) Encouraging safety results

For several years, through everyone's efforts, the Group has registered a continuous decline in labour accidents. In 2015, improving safety results yielded a reduction in the lost-time and non-lost-time accident rate. Group TRAR fell from 4.5 in 2014 to 3.9 in 2015. This improvement is the result of implementing safety standards, of everyone's involvement, and the sharing of a common safety culture. To this end, Saint-Gobain seeks to share best practices and to apply the good results and progress made in the field. The "Millionaires Club" comprises the most exemplary sites with regard to safety, specifically with one million hours worked or five years without an accident requiring work suspension. In 2015, it covered a total of 243 sites, versus 210 at the end of 2014. It recognizes sites that have the best results and that demonstrate to the entire Group that the zero work-related accident goal is possible. Among these sites, 68 are "silver millionaires" (specifically recording 10 years with no lost-time accident), and nine are "gold millionaires" (specifically recording 15 years with no lost-time accident), versus 67 and six, respectively, at December 31, 2014.

Each year, Saint-Gobain recognizes the most exemplary sites and companies. Twenty-two Health and Safety Diamonds were issued in 2015, including 18 awarded to sites that have made significant progress, and four to highlight exemplary programs carried out by a company or a Group Activity in the area of health and safety.

In 2015, Placoplatre received a Health and Safety Diamond for its plan to reduce employee exposure to diesel particles in quarries. This plan was rolled out on two approaches: equipping polluting vehicles with particle filters, and training equipment drivers in eco-driving. This plan was executed in collaboration with suppliers and sub-contractors. The action plan comprising technical, organizational and behavioral aspects reduced the emissions of vehicles equipped with particle filters by 56%. This plan can be applied to all mines, as well as in confined areas where diesel vehicles are operated.

6.1.3 Protecting employee health, a Group imperative

a) A Health policy covering the various Saint-Gobain stakeholders

In 2013, Saint-Gobain adopted a Health policy consistent with measures already taken by the Group. It sets guidelines for its measures to protect the health of its employees, customers and product users, as well as residents adjacent to its sites.

All Group sites around the world must implement it, in accordance with their local regulations, and in addition to the industrial safety and health tools already in place.

Saint-Gobain's goal is to collectively protect the health of its employees, temporary staff and subcontractors working at its sites around the world, by anticipating and preventing the risks of occupational illnesses or disability. The Health policy also promotes the individual health of each Group employee, through measures to prevent disease related to individual risk factors such as sedentary lifestyle or smoking. Given the physical constraints of work positions, promoting a balance between private and professional life, preventing psycho-social risks and job-related stress are also challenges to be met in order to ensure employee health and good working conditions.

The second aspect of the Group's Health policy applies to respecting the health of customers and users of its products and services. It is a major factor to be taken into consideration during the design and roll-out of new products and market solutions. EHS tools are available to R&D and marketing to identify risks during the product's use life. Each Activity incorporates control of health risks into responsible product management, specifically by performing Life Cycle Assessments (LCA). In this way the Group's Health policy supplements Saint-Gobain's eco-innovation approach.

The health of local residents is the third part of this policy. Sites take measures to reduce potential environmental impacts that may have consequences on neighboring residential areas: sound nuisance, atmospheric emissions and water, soil and subsoil emissions.

As part of its Health policy, Saint-Gobain is strengthening its system of monitoring occupational illnesses by recording the number of these and their cause, to tailor its prevention initiatives to local contexts.

Each General Delegation prepares and applies action plans for implementing Health policy in cooperation with the Sectors and the Activities. The Saint-Gobain General Delegation in Brazil, for example, has set up a medical monitoring system to observe changes in indicators linked to health and to occupational illnesses.

In recent years, Saint-Gobain has also taken a number of measures in France with its social partners to prevent psycho-social risks and improve the quality of life at work. The Group framework agreement on stress prevention is the cornerstone of the measures adopted by the various companies: CHSCT (Health and Safety Committees) management committees and members are trained in preventing these risks and a diagnostic has been performed by the various Activities.

b) Standards ensuring the proper application of Health policy at all Group sites

To ensure the same level of protection to all Saint-Gobain employees around the world, the Group has also prepared mandatory standards and recommendations for health and industrial safety.

Topic	Description	2015
Noise exposure	The NOS (NOise Standard) standard was prepared to identify, assess and control potential noise exposure at worksites. Developed in 2004, it was extended to the entire Group in 2005, including outside Europe. This standard is aimed at protecting all employees and subcontractors.	The standard is in the process of review.
Cellphones and smartphones	The standard defines the rules of prevention in terms of purchasing and using cellphones and smartphones.	The standard was updated in 2014 to provide Group employees with equipment with a specific absorption rate of less than 1 W/kg.
Risks related to workstations and posture	A specific tool to identify risks related to workstations and posture, "PLM" (Posture Lifting Movement) was developed and distributed among EHS managers of the Sectors and General Delegations, at both industrial and distribution sites. This tool is available to the Delegations.	PLM-equivalent tools have been implemented in the Delegations.
Exposure to toxic agents	The TAS (Toxic Agents Standard) is a standard developed for the identification, analysis and control of potential exposure to toxic agents at worksites. Since the launch of the TAS, four application guides have been developed, for silicon crystals, construction, renovation and maintenance of melting furnaces, the handling of nanomaterials at Research and Development centers, and the use of fibrous materials. These various tools are updated regularly, to follow regulatory changes and knowledge in the area of industrial hygiene. SAFHEAR Saint-Gobain has also developed the "SAFHEAR" toxic risk assessment tool to assist sites in applying the TAS.	Launched in 2005, the TAS was updated in 2014. The new assessment methodology described in the TAS covers the methodological approach of the standard on the assessment of health and safety risks. The document specifically includes an explanation of the safety data sheet (SDS) management system and updating of qualitative and quantitative methods for analyzing toxic risk. New criteria (nanomaterials, non-specific dusts, etc.) have been added to the definition of the substance hazard levels, according to the rules set by Saint-Gobain based on substance hazard ratings set by international agencies (CIRC, ACGIH, IGRS, etc.). The SAFHEAR "Products and substances inventory" portion was updated in 2014. In 2015, a training plan for using the SAFHEAR tool was rolled out across the entire Group. Following this training, more than 370 sites launched updates of their chemical products inventory within this section. A new level of the "Toxic risk analysis" module was implemented in the 4th quarter of 2015. The purpose of this new level was to place it in compliance with the new version of the TAS. The rollout will continue throughout 2016. A new module for managing measurement results and quantitative methods of toxic risk analysis will be developed in 2016.
Nanomaterials	A code of conduct was prepared jointly by the EHS, Medical and Research and Development Departments. It defines the context within which the Saint-Gobain teams, particularly R&D, should use nanomaterials. In addition to strictly defining the substance handling stage in Group laboratories, Saint-Gobain requires that its researchers assess, from the design stage onwards, dangers potentially arising during product manufacture, use and end-of-life. To that end, a specific methodology was developed at the R&D centers in 2010 and is the object of dedicated researcher training.	The code of conduct is continually being updated to take better account of developments in knowledge.

c) Implementation of the REACH regulation

In connection with the internal standard on toxic agents (TAS), Saint-Gobain is actively involved in implementing the REACH regulation to ensure regulatory compliance with Group practices. All Group businesses are involved, whether as manufacturer, importer, user or distributor.

Saint-Gobain is preparing the 2018 registration schedule, anticipating certain possible registrations in partnership with other European declarants affected by these same substances. The Group is also working to apply extended safety data sheets with exposure scenarios, as a user and manufacturer of substances.

For records that have been filed, Saint-Gobain is following the assessments of the European Chemicals Agency (ECHA) and member States, collaborating in discussions, and addressing possible requests through groups of declarants.

The Group communicates its use of substances to its suppliers, in order for them to be taken properly into account in their registration dossiers. Further, it is systematically incorporating the REACH clause, reviewed in 2012, into all purchasing agreements, to ensure regulatory compliance by its suppliers.

Finally, Saint-Gobain is actively continuing to update the list of candidate substances for authorization, or those subject to authorization or restrictions. The Group anticipates the initial schedules for substance authorization in Europe, in order to meet its substitution and communication obligations to its customers.

6.2 THE FOUR PILLARS OF THE OPEN PROGRAM

Based on its history and on the wealth of its social dialog, the Saint-Gobain human resources policy seeks to afford each person a working environment conducive to professional and personal growth and allowing them to reconcile job performance and employee satisfaction. To strengthen employee commitment and satisfaction, the Group launched the OPEN (Our People in an Empowering Network) program, a management tool aimed at all employees. Saint-Gobain's employees form a community of joint entrepreneurs, supported by the Principles of Conduct and Action, respect for employee health and safety, leadership by example and social dialogue.

THE OPEN PROGRAM

In recent years, the Group has experienced profound changes, specifically the evolution from a product-oriented to a market-oriented organization, positioning Saint-Gobain in a dynamic of openness. External openness so that it can be attentive to the world around it and provide responses to customer needs. And internal openness, both as teams and as individuals, to stimulate discussion, innovation and the capacity for differentiation. The OPEN program combines four action priorities: professional mobility, team diversity, employee commitment and talent development.

6.2.1 Promoting professional mobility

Promoting and enriching Saint-Gobain's professional mobility, whether geographic, functional or between Activities, is a priority for the skills development and growth of individuals. This is the best means of contributing diversity, developing innovation, ensuring the growth of collective skills to meet the organizational and technological needs of the Group's Activities, sharing knowledge of markets and customers, and in turn enriching employees' career paths.

Professional mobility is a Group asset, since it enhances the sharing of experiences between employees and therefore Saint-Gobain's potential for innovation. It also offers a solution to reconcile individual professional development with the company's needs: offering greater opportunities

G4-DMA Social: employment, Labor/Management Relations for growth enhances employee loyalty and intensifies cross-functional links between activities, which in turn generates new customer solutions.

Measures taken by Saint-Gobain to support mobility are based on broad communication of the policy and related actions, as well as on a better defined view of mobility.

This communication is based on a mobility charter, common to all Group entities, to disseminate the rules for managing transfers and harmonizing employee review practices. All employees are also invited to check job postings and apply for them. The OpenJob online platform was developed and rolled out in the General Delegations to address this need.

In the various Group entities, mobility committees bring together human resources managers to share job openings and discuss prospects for employee development. These mobility committees involve all employees and are further supported by managers. The management teams also encourage employee mobility and incorporate employee candidates from other Activities into succession plans.

In the case of geographic mobility, the Group offers assistance to employees and their families. Finally, in the context of reorganization plans, Saint-Gobain promotes mobility agreements.

For example, in 2015, 537 managers were transferred between Activities, 986 were involved in functional transfers, and 209 in geographic transfers.

6.2.2 Promoting diversity

Diversifying teams ensures that the Group is responding to the world around it and sharing in its challenges, enriching itself by different skills and experiences, while developing its capacity to innovate. Managerial competence and a policy of equal treatment with regard to hiring, professional training and compensation favor diversity within the Group. Wherever the Group is present Saint-Gobain promotes diversity in all forms: between genders, nationalities, professional career paths, ages, and disabled status.

Strengthening team gender balance requires a proactive hiring policy and action plans for professional promotion, salary equality, training, and a balance between employees' professional and personal lives. Tutoring and mentoring programs have been set up in several General Delegations, and an e-learning program to raise the awareness of the challenges of gender balance, entitled Gender Balance Awareness, has been completed and distributed in several languages among human resources and management teams. Saint-Gobain's women's networks, which are being created everywhere in the world, foster a culture of gender balance. In 2015, this combination of initiatives enabled Saint-Gobain to increase the share of women among the Group's entire workforce to 21.4%. They represent 21.4% of managers, versus 20.9% in 2014. The female manager hiring rate rose from 27.2% in 2014 to 28.7% in 2015.

To promote a multidisciplinary environment and a diversity of nationalities, emphasis is placed on encouraging diversified career paths in the various business lines (Marketing, Research and Development, etc.), as well as on establishing local manager teams. Currently, 46% of the Group's management originate from countries other than France.

With regard to generational diversity, Saint-Gobain seeks a balance in the employee age pyramid, giving both young employees and seniors their place. In 2015, employees under age 26 represented 10% of the total workforce, accounting for 30.7% of new hires, and employees over age 50 represented 25.9% of the total workforce, accounting for 6% of new hires.

Finally, the integration and job retention of disabled individuals are important subjects for Saint-Gobain. The local human resources teams monitor the employees in question particularly closely, who represent 1.7% of the total workforce. On this basis, the United Kingdom takes part in the Employers' Forum for Disability, for example.

6.2.3 Strengthening employee commitment

Increasing employee involvement in a context of change, both generational and technological, is an essential goal for the Group. To meet this challenge, the Group places the attitude and involvement of managers at the core of its approach: managers can motivate and enhance employee loyalty by giving greater direction to day-to-day work, and favoring a spirit of initiative. Regardless of the hierarchical level or geographic region, four managerial attitudes guide and commit managers: always be consistent with the Group's values, no leadership without a close focus on people, walk the talk, and no complacency allowed. Based on these principles, Saint-Gobain has developed a set of tools aimed at helping to strengthen its employee commitment: measuring employee commitment, compensation, health coverage, social dialogue, job retention and a culture of enterprise.

To measure employee commitment in various areas, a number of satisfaction surveys have been carried out each year in most countries where the Group is active. Following the identification of needs, action plans are implemented. This year, France surveyed all 43,600 employees. In addition, each year Saint-Gobain submits its human resources practices to the Top Employers Institute. This independent organization awarded 2015 Top Employer certification to Saint-Gobain in eight countries: France, Poland, the United Kingdom, Germany, China, South Africa, Brazil and Italy. Further, to better understand its employees' needs, Saint-Gobain has set the goal of holding annual reviews for all employees. In 2015, 90.5% of management employees received an annual review. In France, a planned management tool for non-management personnel will allow for more precise monitoring of progress in this area.

Regarding compensation, basic salary standards are defined by the General Delegations in each country and activity sector according to market conditions. Companies then set their own salary policy. The long-term goal is to ensure compensation that gives each employee access to housing consistent with his or her own country's standards.

At the same time, for 28 years, the shareholder program has offered employees the opportunity to become shareholders under preferential conditions. The Group Savings Plan (PEG) allows them to acquire Saint-Gobain shares at a discount and, in certain countries, an additional contribution. In 2015, 34,398 employees in 43 countries where the Group is active participated in the PEG. 4,449,939 shares were purchased, totaling €144.4 million (see Chapter 7, Section 2.3).

In France, to encourage team spirit and link each person to the Group's success, Saint-Gobain favors collective profit-sharing agreements.

G4-DMA Social: diversity and equal opportunity, Labor/Management Relations
G4-EC6

Saint-Gobain also seeks to provide its employees with health coverage that affords them protection against life's hazards. In France, the corporate policy for health and insurance expenses has been harmonized for all companies, mutualizing plans and contributions with a view to offering common guarantees to all. The Group seeks to continue this approach through the social protection systems existing in all countries in which it is active.

To address social issues specifically, dialogues are held and applied to local priorities. The Group's General Delegates periodically meet with personnel representatives to discuss strategy and local challenges. In France, apart from very numerous meetings at company level, the Saint-Gobain Chairman & Chief Executive Officer chairs the Group Committee (a body that represents personnel at the Group level in France) and meets with central union coordinators at least once a year. At the European level, the Chairman & Chief Executive Officer chairs the European Convention for Social Dialogue, which each year brings together 70 union representatives from 27 European countries. Assisted by an independent expert, this Convention supplements national dialogue by approaching subjects of common interest, such as safety or job changes at European industrial sites. These subjects are in particular raised by the members of the select committee, speaking for the Convention, who receive specific training for performance of their duties. In 2015, the European select committee met five times in extraordinary session to discuss the transnational organization of certain Group Activities, and three times in ordinary session.

In an uncertain economic environment, to the greatest extent possible, Saint-Gobain seeks to implement solutions to protect jobs and to carry out workforce reductions only as a last resort. The goal, first of all, is to reorganize to manage temporary situations, as in the case of technical unemployment, or to favor internal mobility agreements which, combined with incentive measures, preserve jobs within the Group. If restructuring is inevitable, employees affected by the workforce adjustments participate in tailored assistance programs that may result in re-deployment training, assistance in geographic mobility, or support for completing a personal project, such as creating a business. In France, the Saint-Gobain Developpement structure serves in this assistance role (see Chapter 3, Section 8.1.2).

To develop a sense of belonging to the company among employees, Saint-Gobain has taken a certain number of actions aimed at making the Group a leading company with regard to safety, health and work conditions. Saint-Gobain thus promotes flexibility and telecommuting to create a motivating and engaging work environment, respecting work-life balance. Saint-Gobain also seeks to ensure privileged access to the Group's products and solutions, specifically by providing training in the techniques of installing and assembling products. The same holds true for the extension of CARE:4®, the program for improving the energy efficiency of Saint-Gobain's tertiary buildings, and the concepts of comfort and working conditions (see Chapter 3, Section 2.2).

6.2.4 Developing talent

Saint-Gobain's goal is both to increase the skills and expertise of its employees while seeking excellence at all times in each business line, as well as to be a leading employer, known and recognized for the wealth of the professional career paths it offers. This involves taking into consideration individual desires and the needs of the organization, by proposing tailored and evolving career paths, whether individual or collective, specific or cross-disciplinary.

In a group of global scale and because of the diversity of its business lines, training policy must address the four following challenges: facilitating implementation of the Group's strategy and the mobilization of employees around this strategy; contributing to the Group's progress to further emphasize innovation and give greater consideration to its customers' expectations and needs; consolidating the operational and technical expertise that are Saint-Gobain's strength in its markets; and finally, supporting development in high-growth areas.

This policy is based on the goal of broad access to training, adaptation of training to the Group's needs, profiles and business lines, and attracting talent.

Saint-Gobain develops specific worldwide training programs by business line which are implemented locally. Tools tend toward mixed approaches, with remote and in-person training focusing on case studies originating within Saint-Gobain. This is specifically the task of the School of Management, for employees in management positions. In the long term, Saint-Gobain's goal is to intensify training programs for managers by business line, supplementing them with specific modules, and make better use of its talent, both managerial and non-managerial. Throughout their professional lives, the Group's training efforts must ensure the employability and the success of all employees. This year, particular emphasis will be placed on digital training, through e-learning accessible to all employees, or in-person training. To this end, in 2015, over 4.4 million training hours were offered by the Group, representing 2% of payroll. The proportion of employees who benefited from training was 83.7% of the work force, and each employee received an average of 26.3 hours of training per year.

The "Saint-Gobain Talents" program identifies managers with significant growth potential or key skills. Applied locally, at all levels and in all Group business lines, it develops these talents and establishes career plans by promoting diversified career paths. The Group's development of employee reviews and succession plans, mentoring and relations with target schools and universities strengthen this activity.

Offering a professional career path within the Group is an asset that Saint-Gobain publicizes unceasingly to students and young graduates to attract the best talent, through a number of activities. Talent development is also the goal of any manager who cares about their teams and the Saint-Gobain values.

7. An environmental approach aimed at reducing the impact of the Group's Activities

Saint-Gobain's environmental vision is to ensure the sustainable development of its activities, while preserving the environment from the impacts of its processes and services throughout their life cycle. The Group thus seeks to ensure the preservation and availability of natural resources, meet the expectations of its relevant stakeholders, and offer its customers the highest added value with the lowest environmental impact.

The Group has set two long-term objectives: zero environmental accidents, and maximum reduction of the impact of its activities on the environment.

Short- and medium-term goals have been set to address these two ambitions (see below and Chapter 4, Section 2.2.1). They concern the five principal environmental areas identified by the Group: raw materials and waste; energy, atmospheric emissions and climate; water; biodiversity and soil use; and environmental accidents and nuisance.

Saint-Gobain implements the best available internal and external techniques and practices to improve its environmental performance.

Environmental objectives have been established for the perimeter of "concerned sites", consisting of 567 sites that represent 91% of the environmental impact of the Group. For water discharges, for example, they represent 97% of the Group's impact (see Chapter 4, Section 2.2.1).

7.1 SUSTAINABLE RESOURCE MANAGEMENT

OBJECTIVES [1]
Non-recovered waste: -50% (2010-2025)
Long-term: 0 non recovered waste

Responsible raw materials management, waste processing and conversion are major challenges for Saint-Gobain. In the face of growing scarcity of raw materials, sustainable resource management ensures the competitiveness and continuity of the Group's activities by protecting supplies, and anticipating changes in laws and the exhaustion of natural resources.

Through cross-disciplinary measures and synergies between its manufacturing and distribution lines, Saint-Gobain has committed to providing innovative solutions in the area of sustainable resource management throughout the product life cycle, for all value chains.

The Group has dedicated itself to two priorities in managing raw materials and waste: generating minimal production waste, and incorporating maximum recycled content into its products.

Developed in 2015, the Sustainable Resource Management policy [2] is aimed at promoting a reduction in the impact of the use of resources and their effective management to promote a transition towards the circular economy. This policy sets guidelines to encourage optimized and sustainable management of the resources used and generated by the Group, to reduce their environmental impact across the entire life cycle. It also results in a commitment by the Group to be a responsible company, wherever it is active, in sustainable resource management and related challenges.

The Sustainable Resource Management policy is based on the goals of continuous improvement and specific tools:

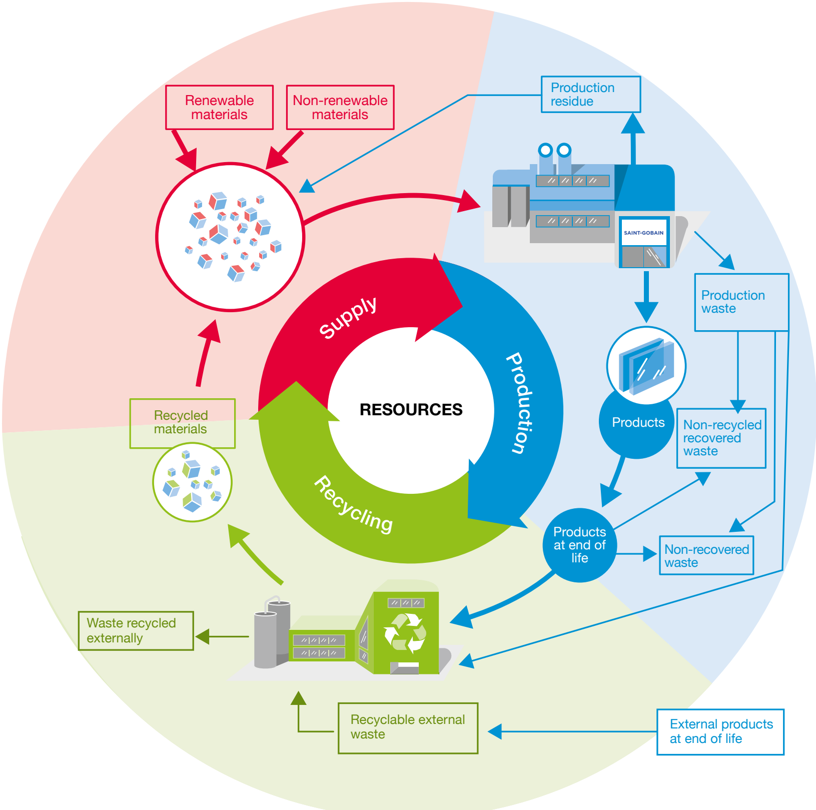
- mobilizing and increasing awareness of all Group business lines, functions, sites and stakeholders to the challenges of sustainable resource management and promoting the transition to the circular economy;
- planning the implementation of measures tailored to all Group Activities based on the nature of their business lines and the opportunities presented to them;
- measuring progress achieved using common indicators, consistent with frameworks and reference tools recognized internationally;
- anticipating changes in our stakeholders' expectations, preparing for future regulations in countries where it is active, and addressing challenges related to sustainable resource management in the Group's innovation strategy.

From 2016 onwards, the short- and medium-term objectives of the policy will be defined, prior to their implementation by all Group Delegations, Activities and functions, in accordance with local regulation.

(1) At iso-production for the concerned perimeter.
(2) The Saint-Gobain Sustainable Resource Management policy is available upon request from the Group's EHS department.

G4-DMA Environmental: Effluents and waste, materials

RAW MATERIALS AND WASTE MANAGEMENT



7.1.1 Waste management to minimize quantities of production residue

For waste management, priority measures target the reduction in quantities of production residue generated, then internal recovery of production waste, and finally promotion of external recovery processes (recycling or, by default, energy recovery by incineration) for production residue not internally recoverable. Final waste is buried only at last, if no other solution is possible.

Saint-Gobain's goal is to halve its non-recovered waste by 2025 in comparison with 2010 levels [1].

For several years Saint-Gobain's Activities have been engaged in reducing production waste. Progress achieved at certain Group sites shows that "zero non-recovered waste" is an attainable goal.

The Group also seeks to increase waste recovery between Activities, so that waste from one Activity becomes the raw material for another. To achieve this, work committees have recently been launched in France and the United Kingdom including industrial and distribution activities in order to explore what recovery processes need to be implemented. As an example, the Lapeyre group, Saint-Gobain Glass France and the Paprec Group have combined to create the first French industrial line to recycle windows at the end of their life. Lapeyre collects old windows from its customers, Paprec Group recycles and reuses the various materials, and Saint-Gobain Glass recovers the cullet in order to reintroduce it into the manufacturing of flat glass.

In connection with Health policy and in compliance with local regulation, hazardous waste management is subject to specific monitoring to ensure respect for the health of employees, local residents, customers and users of its products and services.

7.1.2 Promoting the use of recycled materials

Recovering production waste internally and using recycled materials originating from external sources (outside cullet, recovered scrap metal, etc.) allow Saint-Gobain's Activities to optimize their consumption of raw materials. The two main raw materials used by the Group are sand (glass-making activities) and gypsum.

For glass furnaces [2], reducing resource consumption is essentially achieved by incorporating cullet [3] into the furnace materials. To produce cast iron, the Pipe Activity uses two melting processes: primary melting which produces cast iron from iron ore in blast furnaces, and secondary melting in which cast iron is manufactured from scrap metal and recovered cast iron.

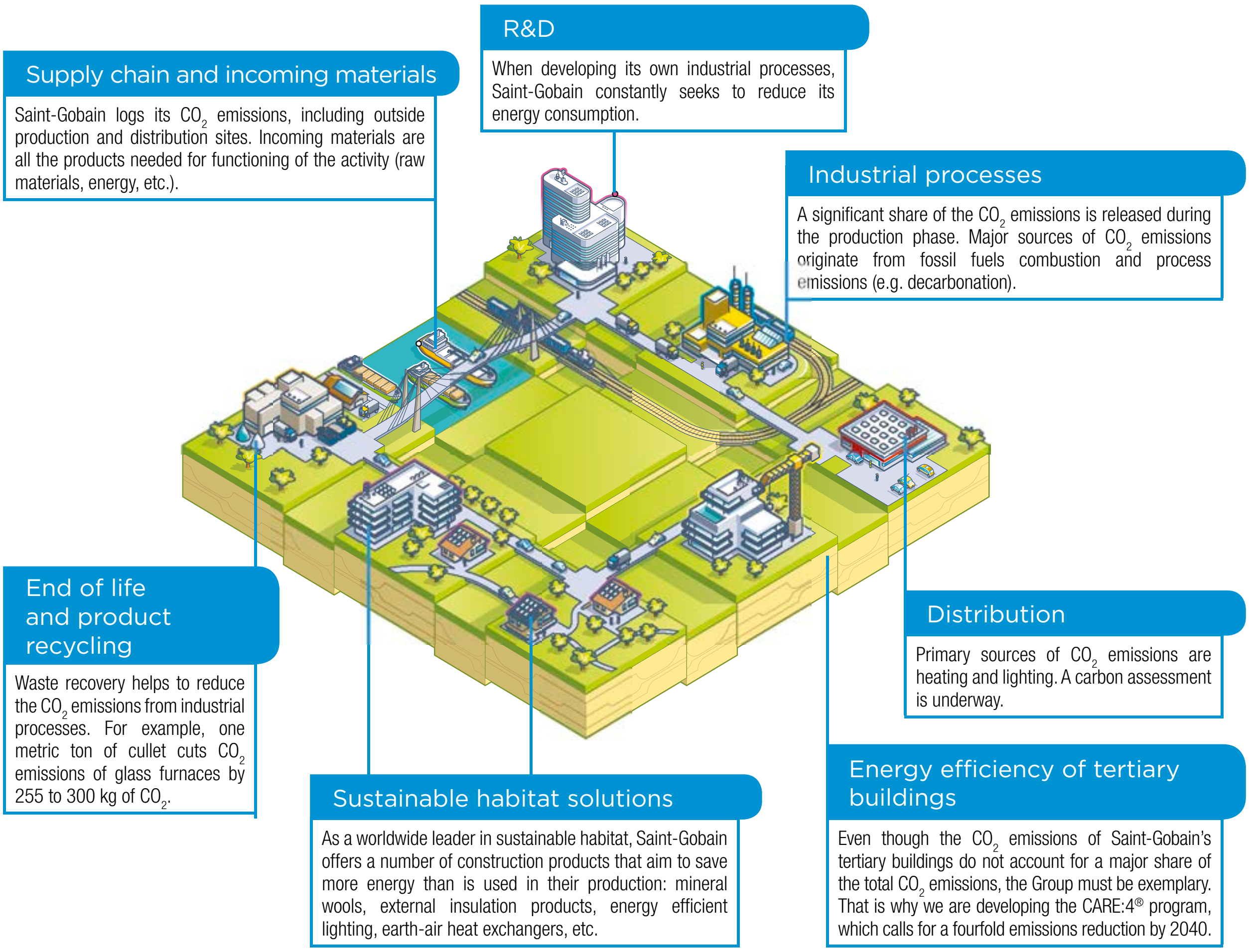
Gypsum itself is an abundant, natural and recyclable material, the manufacture of which requires low energy consumption. As for cullet, the only limits on recycling are the difficulties of recovering and sorting the waste.

(1) *At iso-production for the concerned perimeter.*
(2) *Furnaces used for flat glass and glass wool.*
(3) *Broken glass from manufacturing waste or from selective collection of waste and the contents of recycling.*

7.2 ATMOSPHERIC EMISSIONS AND CLIMATE IMPACT

OBJECTIVES [1]
Energy consumption: -15% (2010-2025)
Total CO_2 emissions: -20% (2010-2025)
Emissions of NO_x, SO_2 and dust: -20% for each emissions category (2010-2025)

MAIN SOURCES OF EMISSIONS OF SAINT-GOBAIN'S ACTIVITIES



7.2.1 A new Energy, Atmospheric Emissions and Climate Change policy

In 2014 Saint-Gobain released an Energy, Atmospheric Emissions and Climate Change policy [2], with the purpose of:

- mobilizing and raising awareness of challenges related to energy, atmospheric emissions and climate change in all the Group's functions, sites and stakeholders, while including socio-economic challenges;
- planning the implementation of measures tailored to all the Group's Activities, in line with their level of exposure to energy, atmospheric emission and climate change risks;
- measuring progress achieved using common indicators consistent with the existing international frameworks and reference tools;
- anticipating regulatory changes in the countries where the Group is present, and incorporating energy, atmospheric emission and climate change challenges into the Group's strategy for innovation.

This policy targets all the Group's functions.

Saint-Gobain places all its sites within a dynamic of continuous improvement. To that end, the sites have the goal of identifying and assessing Best Available Techniques and Practices (BTP), then gradually implementing them at an economically acceptable cost, in accordance with the Group's environmental vision. A BTP roll-out plan has been defined, to be updated annually and incorporated into the three-year strategic plan.

The Saint-Gobain Group has now prepared a priority action framework for sites representing most of the Group's environmental impact worldwide: these are the 567 "environmentally concerned" sites

[1] *At iso-production for the concerned perimeter.*
[2] *Saint-Gobain's Energy, Atmospheric Emissions and Climate Change policy is available upon request to the Group's EHS Department.*

G4-DMA Environmental: emissions

(see Chapter 4, Section 2.2.1 and Chapter 9, Section 1.6.3). Each of the concerned site, depending on the Activity to which it belongs, must define progress goals and monitoring methods relating to energy management, atmospheric emissions, climate change and the corresponding risks in the areas of environment and health. These goals take into account the comparisons of processes between the different sites of a given Activity.

In the context of site acquisition, energy, atmospheric emission and climate change risks must be assessed and taken into account in the due diligence processes performed upstream. Energy consumption and atmospheric emission performance will be assessed as part of studies carried out before the construction of new facilities.

Saint-Gobain seeks to establish the principle of promoting exemplary practices for its new sites. Specifically, each new site must be designed to be of maximum efficiency and flexibility in energy terms, while limiting to the maximum extent possible its emissions of atmospheric pollution. This flexibility applies to both energy resources and supply methods.

Similarly, any change or any significant new investment at an existing site must be accompanied by an identification and assessment of BTPs.

7.2.2 Reducing energy consumption

Energy efficiency is a critical factor in the environmental and financial performance of Saint-Gobain's sites, allowing it to reduce greenhouse gas emissions. The Group improves in this area by sharing best available practices and techniques, specifically for optimizing existing equipment (improved combustion procedures, refractories used in more efficient furnaces, heat recovery from furnaces and dryers and replacement of equipment at the end of life).

Saint-Gobain also develops energy audits at its sites and is implementing an energy management system based on ISO 50001 certification. At December 31, 2015, 77 sites in the concerned perimeter were certified ISO 50001, compared with 54 a year earlier.

The roll-out to all the Group's industrial sites of a management which will improve company performance by eliminating losses, named World Class Manufacturing (WCM) (see Chapter 3, Section 2.1), is another driver of progress.

A large share of research and development efforts is dedicated to improving manufacturing processes, targeting atmospheric emission reduction.

As of 2016, an internal carbon price will be incorporated into the assessment of significant investments at sites and at cutting-edge R&D projects.

The use of secondary raw materials in processes also reduces energy costs. Currently, this use is limited by technical constraints in particular, and by the availability of quality materials in tight markets. Incorporating cullet (broken glass) into glass furnaces, for example, significantly reduces energy consumption.

The results of Life Cycle Analyses also make it possible to show that the benefits given by the Group's solutions, particularly in terms of energy consumption, often greatly exceed the impacts associated with their production (see Chapter 2, Section 3.1.2).

7.2.3 Promoting renewable energy and reducing transport emissions

To reduce greenhouse gas emissions, Saint-Gobain is also creating projects using renewable energies such as wind, biomass, biogas, solar, etc.

Furthermore, a carbon assessment of Saint-Gobain companies has shown that transport represents a significant share of indirect CO_2 emissions during various stages of product manufacturing and distribution: raw material shipment to the factory, transfer of certain products to another site for additional processing, then transporting the finished products to the distribution site. This is one reason why the Group chooses to locate its industrial and commercial facilities close to its customers.

Non-road transport (rail, river transport) is used in Saint-Gobain's industrial activities, as well as by the brands of the Building Distribution Sector. River transport was used by Saint-Gobain PAM to supply over 2,300 linear meters of pipeline for the sewage system of Novi Sad, the second-largest city in Serbia after Belgrade. Produced in Lorraine (France) at the Pont-à-Mousson plant, the 270 pipes traveled some 2,200 kilometers on the Moselle, Rhine, Main and Danube Rivers, through Linz, Vienna, Bratislava and Budapest before arriving at Novi Sad.

7.2.4 Managing risks related to climate change

The Group has identified its major climate change risks in order to manage them:

- the alteration of hydrological regimes, specifically the development of water-stressed regions, which leads to production risks and harms local populations: these are part of the water policy. During the COP21, Saint-Gobain committed to the alliance of companies for water and climate change. This alliance encourages signatories to measure their water footprint and reduce their impact;
- the tightening of regulatory restrictions: the Group participates to joint initiatives to anticipate and reduce risks;
- the increase of extreme climate events which occasionally result in production or supply interruptions, in addition to the facility or inventory damages.

The Group manages risks aggravated by climate change (floods, heavy rainfall, storms) as part of its Industrial and Distribution Risk Prevention Policy.

As stated in an internal set of standards and best practices, the Group's Prevention Policy is defined by the Risks and Insurance Office (RIO). The RIO coordinates policy implementation by Sector and Activity with the support of the General Delegations. At Sector and Activity level, Prevention Coordinators manage application of the Group's policy within the scope of their perimeter. At the site level, Prevention managers perform the annual self-assessment of the risks of their sites using risk estimate software. This tool assesses risks, including those related to natural hazards, as well as the corresponding protection and prevention levels. Self-assessments are updated annually by production sites, research and development centers and logistics sites. A special assessment is performed at sales outlets.

Besides, regular visits to the Group's largest sites performed by prevention engineers, who are external auditors (approximately 500 visits per year), help to identify among other criteria exposure levels and vulnerability to natural events. Saint-Gobain uses the information they collect to update its risk data base, allowing it to identify sites that may be exposed or vulnerable to flooding and storms. The sites themselves use the tool to update their action plans to improve their levels of prevention and protection.

G4-DMA Environmental: energy

7.2.5 Limiting atmospheric emissions

The Group's direct CO_2 emissions are very closely tied to its industrial activities. These CO_2 emissions are a result of fossil fuel combustion and chemical reactions occurring in manufacturing processes (for example, decarbonation in glass-making processes). Over 88% of direct CO_2 emissions from sites within the concerned perimeter are related to activities involving glass, cast iron and gypsum production.
Each year the Environment Emeralds recognize projects that contribute to reducing the environmental impact of our sites. In 2015, Saint-Gobain Sekurit at Sriperumbudur, in Chennai, India, was recognized for exemplary work in reducing energy consumption and climate change. This project consisted of optimizing energy efficiency during the various stages of manufacture of automotive glass. Between 2013 and 2014, total CO_2 emissions caused by energy consumption were reduced by 18% versus the standard process.
As for other emissions, Saint-Gobain has taken an active approach to control dust emissions. The Group has invested in electro-filters or sleeve filters, depending of the type of industrial facility.
Some Saint-Gobain plants, primarily glass furnaces and Pipe Activity sites, emit substances that contribute to acidification of the environment: sulfur dioxide (SO_2) and nitrogen oxides (NO_x).
The principal measures for reducing sulfur dioxide emissions include the use of fuel oil or high-quality coal, or reducing energy consumption. To complement the reduction of NO_x emissions at source, gas treatment systems have also been installed.
Heavy metals from impurities contained in furnace materials (raw materials and cullet) are also monitored. The depollution facilities described above, particularly electro-filters, also contribute to control these emissions.
The Energy, Atmospheric Emissions and Climate Change policy adopted in 2014 will enable Saint-Gobain to increase its efforts of emissions reduction in the coming years. The heads of Climate Energy coordinate application of the text within Activities, as well as the launch of pilot projects.

7.3 WATER MANAGEMENT

OBJECTIVES [(1)]
Water discharge: -80% (2010-2025)
In the long term, zero industrial water discharge in liquid form

The Saint-Gobain Water policy, which applies to all Group sites around the world, was adopted in 2011. It follows the signature in 2009 of the CEO Water Mandate by Pierre-André de Chalendar. The policy confirms the intention to reduce the quantitative and qualitative impact of Saint-Gobain's activities on water resources to the maximum, with regard to both use and discharge.
The long-term goal is to use a minimum of resources and approach a "zero discharge" of liquid industrial water, while avoiding the creation of new impacts on other natural environments and/or other stakeholders.
The medium-term goal of 80% reduction in water discharge was set by applying current and future plans in Saint-Gobain's most heavily contributing Activities, primarily Pipe. It is completed by the goal of 80% reduction of water withdrawal.
To contribute to the roll-out of its Water policy at industrial sites, Saint-Gobain has defined an EHS "Water" standard that determines the minimum requirements that sites must meet over time. It structures improvements in water management performance and the prevention of risks of water shortages, pollution and flooding of the sites.
The application of Water policy aims at reducing water-related risks and quantities of water withdrawal and water discharge, promoting the less sensitive ones, monitoring water quality and preventing accidental pollution. Saint-Gobain uses also a risk assessment grid for exposure and sensitivity of the site. The assessment grid defines four levels of site exposure at Group level for the three types of risk identified in the standard. Each of these three risks has been studied from operational, regulatory and reputation standpoints. The standard is rolled out in priority at the sites with the highest risk levels.
For example, the Vetrotex America plant is located at Xicohtencatl Tetla, Mexico, an arid area subject to drought six months of the year. Reducing the plant's water usage is a challenge for sustainable industrial development in this region. A program to reduce usage, waste and discharges of wastewater was implemented at the plant in 2014. The site's water usage was reduced by 14% compared to 2013 with the implementation of a system to identify and monitor leaks in the manufacturing process, a change in cleaning procedures, and improvements to the air conditioning system. The site's annual water use has declined by 76 million liters.
Since 2012, the Group has demonstrated its commitment to water conservation by participating in the Water Disclosure CDP, the purpose of which is to encourage companies to develop detailed reports on water management risks and opportunities and to communicate the results transparently.

7.4 BIODIVERSITY AND SOIL USE

OBJECTIVES
2025: promote the preservation of natural areas at Company sites as much as possible

Biodiversity is an environmental challenge for all the Activities of the Saint-Gobain Group, which has now been incorporated into the environmental goals.
Out of the 145 underground or open-pit quarries operated by the Group around the world, the vast majority (120, or 83%) are part of the Gypsum Activity which has implemented a biodiversity charter for its quarries.
These are operated with the objective of preserving the environment in compliance with local regulations. During operating and restoration periods, the effects on local residents and the environment are reduced as much as possible: visual impact, dust, noise and vibrations, consequences for road traffic and impact on local natural environments. Through its experience in mining activities, the Group now has a high level of internal expertise on the subject. The purpose of the new

[(1)] At iso-production for the concerned perimeter.

G4-DMA Environmental: water

objectives is to broaden the rolling-out of good practices, targeting greater consistency of quarry management at the Group level.

Although to date the Group has primarily been committed at high-impact sites or regions with significant biodiversity, the subject is now approached from all angles, specifically including regular biodiversity. The Group has set a goal of conserving, restoring, strengthening and recovering biodiversity, and ensuring sustainable and fair use, and in order to achieve this the goal of involving all stakeholders.

In 2013, a cartographic study was implemented at 50 sites to assess site sensitivity to biodiversity. The pilot sites represent most of the Group's Activities (flat glass, gypsum, pipe systems, etc.) and the principal countries where the Group is active. This mapping will be gradually extended worldwide and the results will lead to the development of an initial list of priority sites for biodiversity management in 2016. It is an initial stage toward preparing a Biodiversity policy in 2017, which will develop specific objectives for each site.

Projects have already been implemented by several sites. Saint-Gobain Distribution Bâtiment France signed an agreement with the National Natural History Museum to renovate and monitor the biodiversity of its non-artificialized spaces. An advisory and scientific consulting assignment was given to the Natural Patrimony Department to better integrate and better understand biodiversity at the network's 2,000 points of sale. One of the key projects of this partnership is La Halle de Pantin, opened in September 2015 in the Paris region. A portion of the 12,450 m^2 of green space has been converted to a phyto-restoration watershed for onsite purification of wastewater from the stores (see Chapter 3, Section 2.2).

7.5 ENVIRONMENTAL ACCIDENTS AND NUISANCES

In 2012 Saint-Gobain launched the environmental event and feedback management standard "EvE" (Environmental Event).

This standard also identifies criteria for assessing the severity of an event from three standpoints: environmental, regulatory and reputation. An event's severity is equal to the highest of the three levels of severity thus assessed. The event is declared "very severe" if it is a major environmental accident with severity superior or equal to 3 on a scale of 0 to 5. In the standard, "Environmental Event" stands for an event that has had or could have an environmental impact or result in a case of environmental non-compliance, regardless of the severity level. "Environmental Impact" is defined as any negative change to the environment resulting from the facility's activities, products or services. Environmental impacts resulting from the facility's normal operations and/or within the limits authorized by the facility's operating permits are excluded.

In 2015, no major environmental event or accident was recorded.

The first phase of roll-out of the standard was aimed at counting all environmental events and analyzing their principal causes. The second phase is aimed at reducing these events.

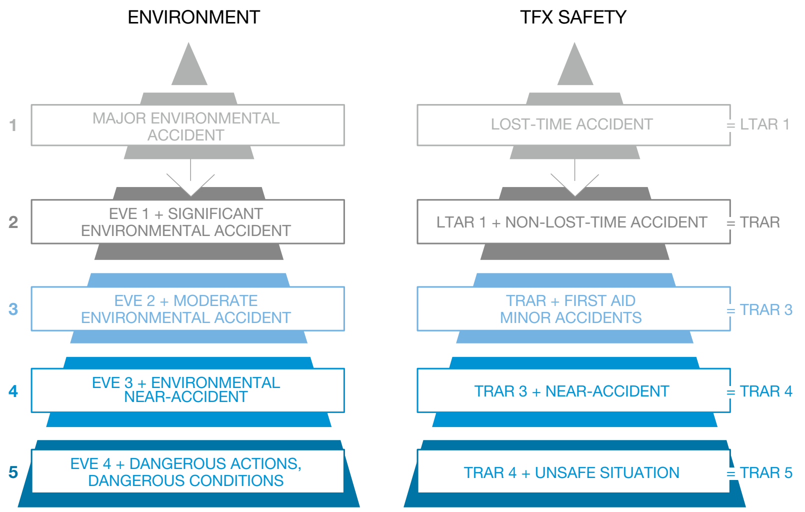
Through this standard, which is integrated into the training program, the Group has developed a common methodology for all its sites to progress toward zero environmental accidents objective. Saint-Gobain is thus developing the same type of feedback tools for the environment as used in safety.

The number of sites reporting events is monitored by the Group's executive committee, similarly to safety indicators.

Over time, the purpose is to define a method of environmental risk assessment common to all Group sites, in order to make existing practices consistent, allow for better comparability of results, and thus better control the environmental impact of activities.

Four Group sites were classified as SEVESO in 2015.

DEFINITION OF THE VARIOUS ENVIRONMENTAL EVENT LEVELS AND PARALLELS TO SAFETY ACCIDENTS



G4-EN24

8. **Contributing** to local and social development

8.1 CONTRIBUTING TO REGIONAL DEVELOPMENT

8.1.1 Socio-economic footprint: creating shared value

The distribution of Saint-Gobain's turnover and added value among its stakeholders is presented in the Group's profile. This part shows the breaking down of employee payroll, supplier expenses, dividends distributed to shareholders and taxes paid to the government.

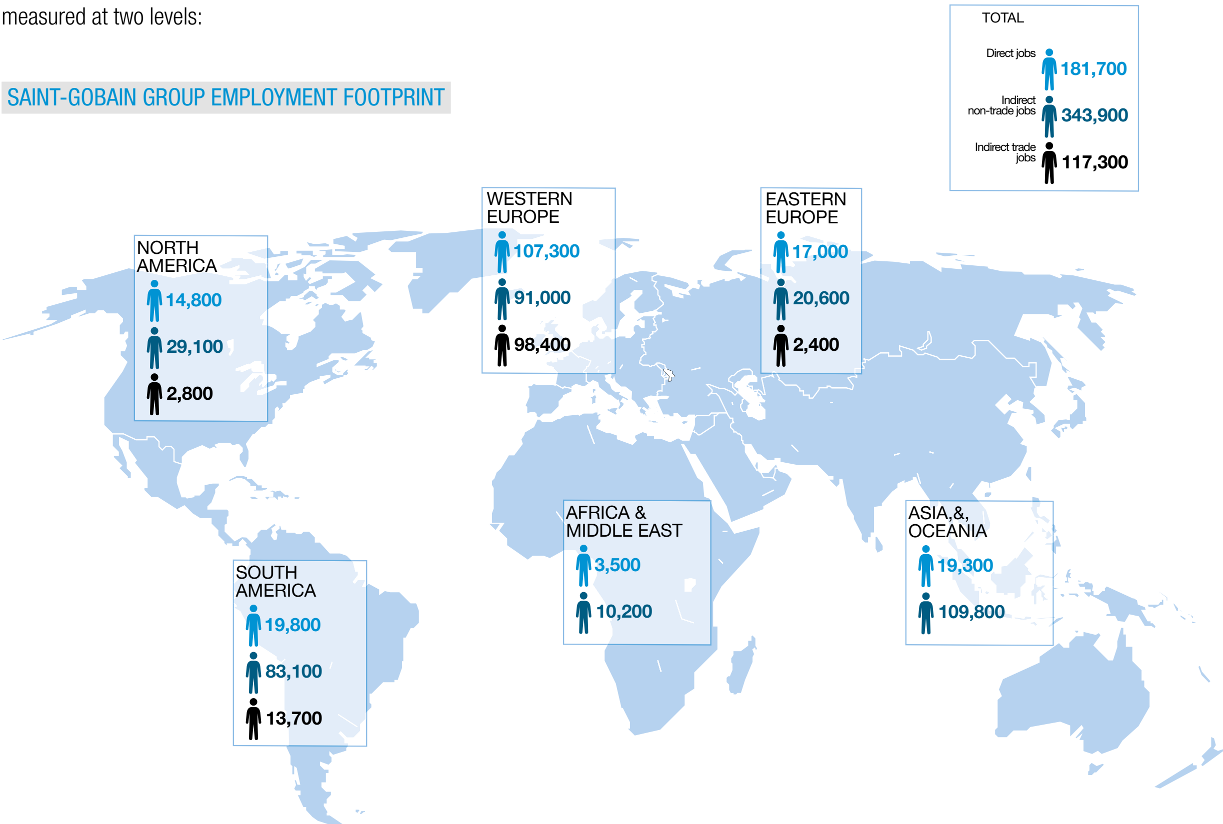
These amounts can be interpreted in the context of social utility: employees' purchasing power and skills improvement, job durability for suppliers and for all the supply chain, contributions to the financing of public services, returns to investors.

Saint-Gobain also contributes to the economic and industrial dynamics in the regions where the Group operates facilities, as well as in its suppliers' employment pools. Saint-Gobain's job footprint may be measured at two levels:

- direct jobs, including those of the Group's employees;
- indirect jobs, including jobs created through the Group's purchases from its suppliers and the purchases from their own suppliers.

Conducted by the accounting and consulting firm EY in 2014, the survey of Saint-Gobain's indirect jobs is based on the latest purchasing data, i.e. from January 1st to December 31st, 2013. The study accounts for 81% of the Group's total purchases. The nature of these purchases has been clearly identified (see methodological note on our website www.saint-gobain.com). The results are therefore probably underestimated. Similarly, for transparency purposes the following presentation distinguishes indirect jobs from the Group's distribution business network from other indirect jobs.

SAINT-GOBAIN GROUP EMPLOYMENT FOOTPRINT



With 181,742 direct jobs and indirect jobs in 2013 resulting from the Group's purchases estimated at over 460,000, Saint-Gobain's impact exceeds the 600,000 jobs threshold. We note that even though the Group makes 75% of its purchases (excluding business purchases from the distribution network) in Western countries, the 25% of purchases made in emerging countries generates over 200,000 indirect jobs, with labor intensity in India, China and Brazil averaging seven times the level found in Western countries.

This socio-economic footprint could also include jobs "induced" by the Group's activity, i.e. jobs that result from the consumption expenses of households containing direct and indirect employees. This impact, however, is not measured in the context of this report.

G4-DMA Economic: indirect economic impacts, G4-DMA Society: local communities, G4-EC8, G4-S01

8.1.2 Development of employment pools

In France, which has the highest density of facilities, relations with local partners are the most evolved, due to the activities of Saint-Gobain Développement, an organization that specializes in assisting local development and revitalizing regions. Saint-Gobain Développement's contributions to the economic fabric are multiple:

- direct partnerships with small and medium-sized companies;
- support in enhancing skills;
- support in developing networks and local structures;
- professional integration of young people alienated from the job market.

The key indices relating to Saint-Gobain Développement are given in Chapter 4, Section 2.2.3.

a) Assisting the development of small- and medium-sized companies (SME)

Global assistance is offered to developing SMEs. It consists of:

- unsecured equity loans at subsidized rates;
- support in the form of skills and knowhow transfer.

This assistance forms part of an "industry to entrepreneur" partnership. It is long-term in nature.

b) Support for skills

Support for skills may be provided by experienced Saint-Gobain employees who seek to share their expertise with SMEs supported by the Group. Intervention is on a volunteer basis, and follows methods defined in an engagement letter.

This program has a dual impact:

- gains in the efficiency of measures to promote local economic development;
- positive internal returns in terms of team motivation and commitment.

c) Support for developing networks and local structures

Saint-Gobain Développement contributes to economic development through its ongoing collaboration with local economic development players, particularly the ALIZE organization, which combines a large number of local networks and participants (large companies, institutional networks, regional and municipal entities, chambers of commerce and trade, etc.). Saint-Gobain is especially active in the following ALIZE organizations: Vaucluse, Nord-Isère, Savoie, Manche, Grand-Hainaut, Pays de l'Arbresle and Pays de Tarare.

8.2 ENCOURAGING SPONSORSHIP IN COMBINATION WITH THE GROUP'S STRATEGY

In 2015, a total of €6.4 million [1] was invested in solidarity measures with local communities. Some initiatives were taken at headquarters level; others originated from the Delegations, Activities or Group sites.

8.2.1 Saint-Gobain Initiatives International Corporate Foundation

The Saint-Gobain Initiatives International Corporate Foundation is based on employee commitment. All Group employees – whether working or retired – may sponsor solidarity measures in two areas:

- helping young people find jobs;
- building, improving or renovating social housing for general interest and help make it energy-efficient and eco-friendly. The projects must be carried out by a non-profit organization and located near a Group site.

The Foundation provides financial support to the projects it selects. In addition, Saint-Gobain subsidiaries may provide support in technical skills or provide donations of equipment and materials. Certain projects offer opportunities to mobilize local employees, who commit themselves through the sponsoring association and participate on a volunteer basis.

The Foundation was created in 2008. Its funding amounts to €1 million per year.

Over the 2008-2015 period:

- 272 projects in 52 countries were submitted to the Foundation;
- 115 projects were supported, representing a Foundation commitment of €7.3 million.

8.2.2 Local corporate initiatives

To complement the projects of the Saint-Gobain Initiatives Foundation, the Companies, Activities and Delegations, in their respective scopes of activity and depending upon the local challenges they face, are initiating sponsorships in the Group's reference markets, as well as in areas such as education, research, culture and health.

All the Group's sites in the United Kingdom and Ireland, for example, participate in the charitable program "Together", which brings together employees, customers, suppliers and members of local communities in a solidarity initiative.

[1] These figures include an endowment from the Saint-Gobain Initiatives International Corporate Foundation (€1 million), as well as sponsorship efforts of a cultural, artistic, educational or general interest nature.

G4-EC8, G4-S01

8.2.3 Active local foundations

A number of Saint-Gobain General Delegations or Activities have created foundations to work more closely in the regions.

a) Saint-Gobain Corporation Foundation

In North America, the Saint-Gobain Corporation Foundation is active in three programs:

- "matching gifts", which allows it to supplement the personal donations of employees to NGOs or education by 50%;
- "community gifts", through which each industrial facility in the United States or Canada contributes to a local community; donations and initiatives are left up to the discretion of the facilities, depending upon local priorities and needs;
- "direct grants", a program of direct support to certain non-governmental organizations for social and societal development, improving energy efficiency and conserving the environment; one example is the partnership with YouthBuild, a non-profit association that helps youths in disadvantaged communities in sustainable construction and renovation.

b) Saint-Gobain India Foundation

In India, the Saint-Gobain India Foundation has taken on the task of improving the living conditions of the disadvantaged sectors of the population by supporting projects related to education, particularly for young girls. It is also active in apprenticeship, health and the environment.

c) Foundations in Activities

In France, the PAM Foundation of the Pipe Activity assists young people experiencing social or financial hardship by offering sponsorship support underwritten by company employees.

The Placoplatre Foundation contributes to integrating young people through work in the building trades. It also supports programs related to environmental conservation and local cultural activities near Gypsum Activity sites.

Key figures

- Investments in projects to support local communities: €6.4 million (€5.5 in 2014).
- Number of projects received by the International Saint-Gobain Initiatives Corporate Foundation: 48 (37 in 2014).
- Number of projects accepted by the International Saint-Gobain Initiatives Corporate Foundation*: 16 (28 in 2014).

** Since the investigation period for these projects is sometimes too long, some of them might not be presented to the management committee, which partially explains the delay in the number of projects accepted (the other reason being greater selectivity by the Foundation's selection and management committees, which have chosen to focus more resources on a smaller number of projects). The trend is expected to be reversed as of 2016.*

8.2.4 Cultural, artistic and educational and general interest sponsorships

Compagnie de Saint-Gobain also commits itself each year to supporting cultural, artistic or general interest projects in France.

Beyond the regular support to associations such as the AROP (Paris Association for the Promotion of Opera), the Chartres International Stained Glass Center (Centre International du Vitrail de Chartres), the *Aix-en-Provence Festival*, associations of friends of major cultural institutions such as the Louvre, the Quai-Branly Museum or the Pompidou Center, Saint-Gobain is committed to supporting projects consistent with its culture and history, or in areas where its business knowledge and expertise are well known.

In 2015, on the occasion of its 350th anniversary, Saint-Gobain supported the Association historique de Saint-Gobain (Saint-Gobain History Association), the *Rendez-vous de l'histoire de Blois* (round tables and conferences related directly or indirectly to Saint-Gobain were organized for the "Economy meets History" season), the Versailles History book festival, and a concert by the Jubilate group at Les Invalides.

Saint-Gobain also committed to COP21, specifically through a partnership entered into with the City of Paris to display innovative prototypes and demonstration models on the banks of the Seine. The Group also supported the Carrefours Jobs Association, which each year organizes the Paris Jobs Fair.

In its cultural activities, in 2015 Saint-Gobain supported two major art exhibits directly linked to its history or Activities: *Chagall, Soulages, Benzaken...* Le vitrail contemporain ("Chagall, Soulages, Benzaken… Contemporary Glassworks") (May 20 – September 21, 2015) at the Cité de l'architecture et du patrimoine (Architecture and Patrimony Society), which specifically displayed the glassworks expertise of Saint-Just, as well as the exhibit *Trésors de sable et de feu. Verre et cristal aux Arts Décoratifs, XIVe-XXIe siècle* ("Treasures of Sand and Fire. Glass and Crystal in the Decorative Arts, 14th-21st Centuries") (April 9 – November 15, 2015), presented at the Musée des Arts Décoratifs (Museum of Decorative Arts).

Finally, in education, as in 2013 and 2014, Saint-Gobain supported the *La Main à la pâte* Foundation, which aims to promote scientific and technical education among children and youth. During this year of light, the Group also supported a seminar organized by the Polytechnique School and the Louvre, entitled *La Lumière au prisme d'Augustin* Fresnel ("Light through the Prism of Augustin Fresnel"), combining art and science.

Key figures

- Amounts spent in cultural, artistic and educational sponsorships: €0.8 million euros (€0.6 million in 2014).

G4-S01

4 2015 RESULTS AND OUTLOOK FOR 2016

1. Financial results

The 2015 consolidated financial statements were approved and adopted by Saint-Gobain's Board of Directors at its meeting of February 25, 2016.
The consolidated financial statements were audited and certified by the statutory auditors.
Following the sale of the Packaging business and in accordance with IFRS 5, Verallia (including Verallia North America) is shown within "Net income from discontinued operations" in the 2014 and 2015 income statement, including capital gains on the sale of Verallia North America in 2014 and on Verallia in 2015.
The comments below make reference to the restated financial statements for 2014.

2015 KEY FIGURES

Amounts in €m	2014 *retreated*	2015	2015/2014
Sales	38,349	**39,623**	**+3.3%**
EBITDA	3,709	**3,844**	**+3.6%**
Operating income	2,522	**2,636**	**+4.5%**
Recurring* net income	973	**1,165**	**+19.7%**
Net income**	953	**1,295**	**+35.9%**
Free cash flow***	916	**975**	**+6.4%**
Net debt	7,221	**4,797**	**-33.6%**

** Recurring net income from contributing operations excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.*
*** Consolidated net income attributable to the Group.*
**** Free cash flow from continuing operations excluting tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions.*

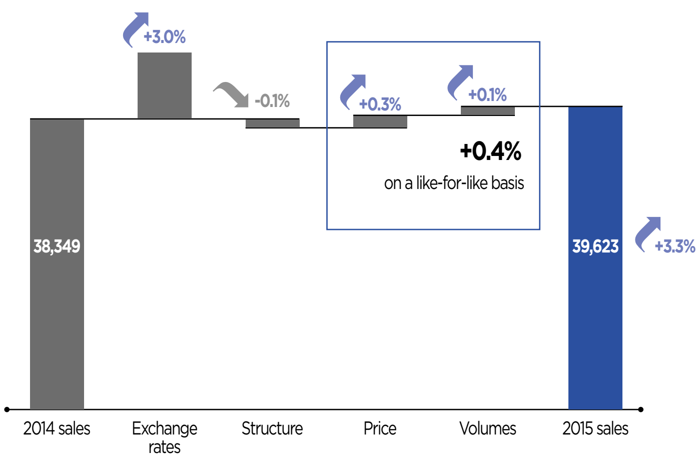
Operating income up 2,2% on a like-for-like basis.

- Organic growth at 0.4% with stable volumes (up 0.1%).
- Positive 3.0% currency impact on sales, positive impact of only 1.4% in H2; minimal Group structure impact after reclassification of the Packaging business.
- Further strong growth in net income, up 36%.
- Sharp decrease in net debt, down to €4.8 billion.
- **2015 dividend: stable at €1.24, to be paid wholly in cash.**

1.1 OPERATING PERFORMANCE

2015 sales came in at €39,623 million, up 3.3% on a reported basis driven by the positive 3.0% currency impact, and **up 0.4% like-for-like**. Optimization of the Group's portfolio in terms of acquisitions and disposals led to a negative 0.1% Group structure impact after reclassification of the Packaging business.
Volumes failed to recover during the year (up 0.1%), due chiefly to the sharp decline in France which continued over the second half. Amid falling raw material and energy costs, prices were stable in the fourth quarter but edged up 0.3% over the year as a whole.

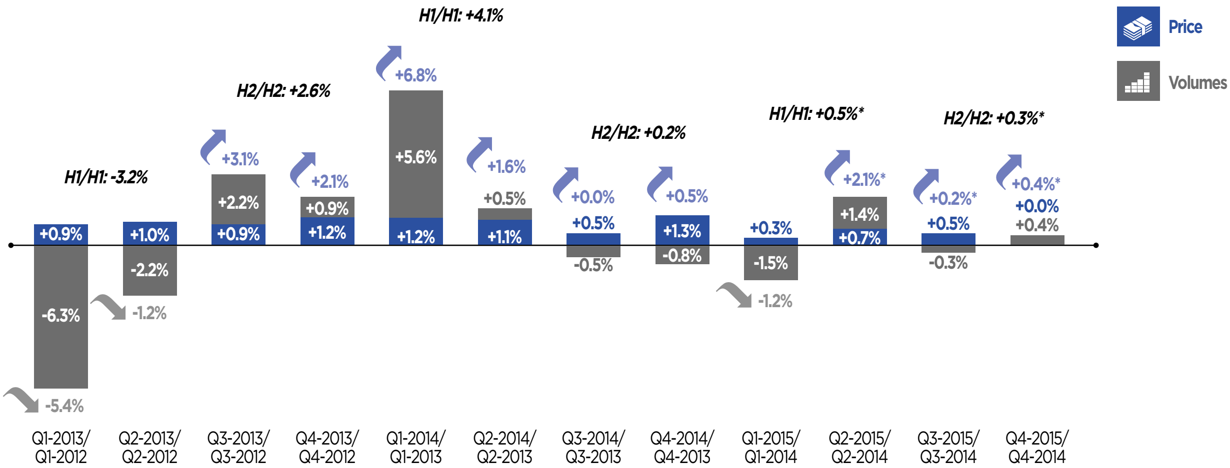
SALES
(€m)



G4-DMA Economic: economic performance

QUARTERLY ORGANIC GROWTH

(% change in sales on a like-for-like basis)



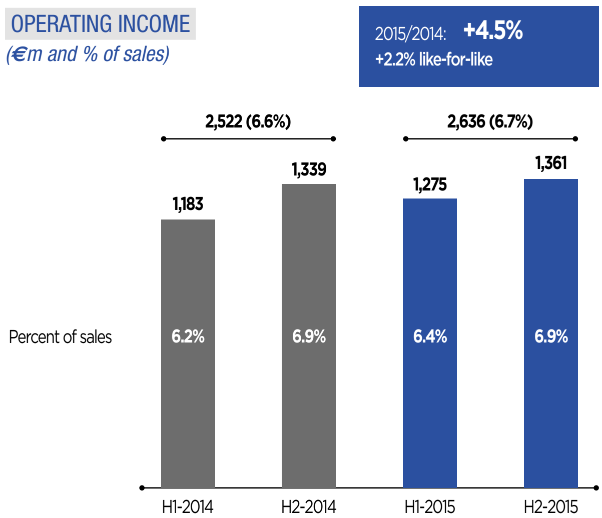
** excl. Verallia as from Q2-2015*

Over the full year, the Group was buoyed by good growth from Flat Glass and upbeat momentum in Interior Solutions. Ceramic proppants in the oil and gas industry continued to weigh on High-Performance Materials. Exterior Solutions retreated due to a sharp contraction in Pipe in the second half and Building Distribution was down slightly over the full year but improved in the fourth quarter.

The Group's operating margin came in at 6.7% (6.6% in 2014) and at 6.9% for the six months to December 31, 2015. Operating income climbed 2.2% on a like-for-like basis, partly helped by favorable weather conditions in Europe towards the end of the year.

OPERATING INCOME

(€m and % of sales)



In 2015 the Group met its **capital expenditure target of €1.35 billion** and **cost savings target of €360 million** compared to 2014. Industrial optimization efforts rolled out over the past few years have notably enabled Flat Glass to continue delivering a strong rally in its performance. The Group also exceeded its **operating working capital requirement** target, with a reduction of two days' sales (one day based on constant exchange rates) to 26 days, a record low for the Group and a reflection of its ongoing efforts to maintain cash discipline.

In line with the **goal of optimizing its business portfolio**, a number of businesses were divested, primarily in Building Distribution, representing around €700 million in full-year sales.

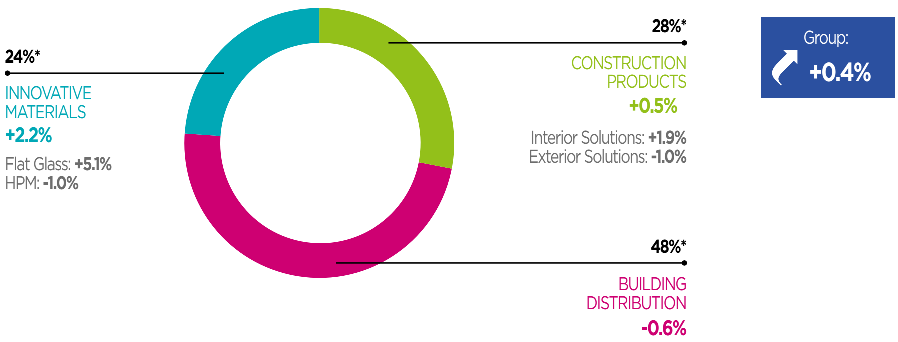
The disposal of Verallia in October was carried out on very favorable financial terms and marks a decisive step in the Group's strategic refocus.

The Group also continued to pursue **its acquisition strategy** with the aim of growing the share of industrial assets in the US and emerging countries, investing in new technological niches, and strengthening Building Distribution in its key regions. These acquisitions represent around €300 million in full-year sales.

1.1.1 Operating performance by Business Sector

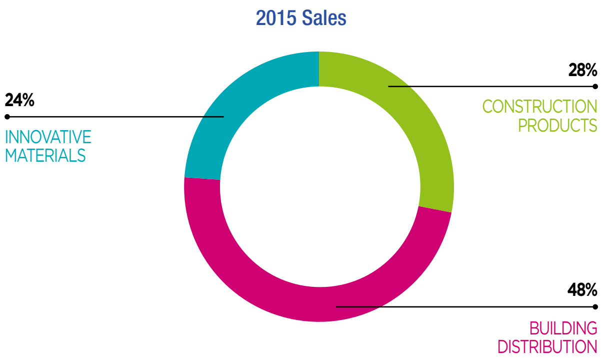
SALES TRENDS BY BUSINESS SECTOR

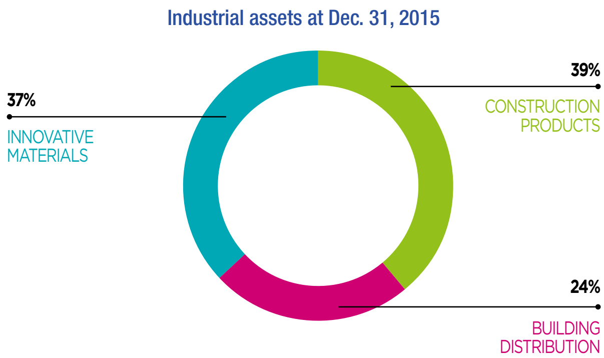
(% change in 2015/2014 like-for-like sales)



* *Breakdown of 2015 sales.*

BREAKDOWN OF SALES AND INDUSTRIAL ASSETS BY BUSINESS SECTOR



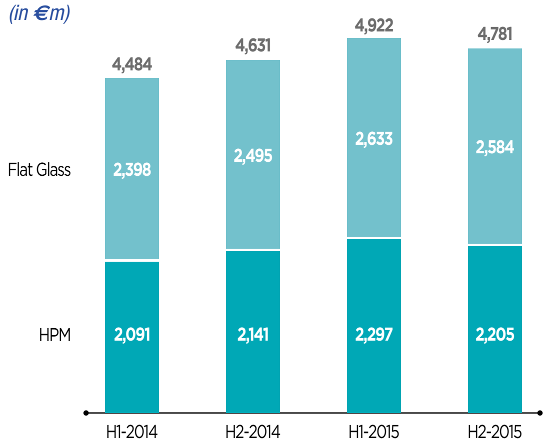


a) Innovative Materials

2015/2014 ORGANIC GROWTH
(like-for-like)

	2015/2014	H1/H1	H2/H2
Innovative Materials	**+2.2%**	**+2.6%**	**+1.7%**
Flat Glass	+5.1%	+5.6%	+4.4%
HPM	-1.0%	-0.8%	-1.2%

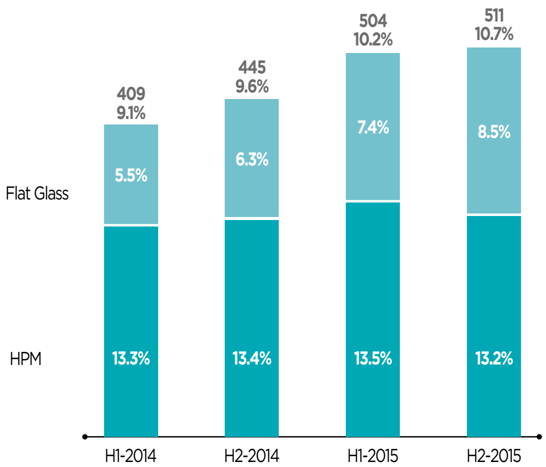
SALES
(in €m)



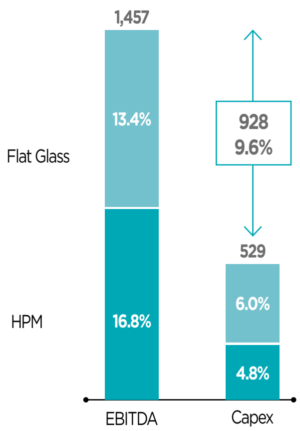
Innovative Materials sales climbed 2.2% like-for-like over the year as a whole and 1.7% in the second half. The operating margin for the Business Sector widened to 10.5% from 9.4% (10.7% in the second half), driven by the rally in Flat Glass and a resilient performance from HPM.

- Like-for-like, **Flat Glass** sales advanced 5.1% over the year and 4.4% in the second half. In Western Europe, construction markets remained fragile with both prices and volumes beginning to recover towards the end of the year, while the automotive Flat Glass business recorded strong gains and outpaced already good market growth. Healthy trading was confirmed in Asia and emerging countries with the exception of Brazil, hit by a slowdown in automotive and, at the end of the year, in the construction market.
  Additional volumes linked to improved operating leverage over the past few years helped fuel strong gains in the operating margin, up from 5.9% to 7.9%, and to 8.5% in second-half 2015.
- **High-Performance Materials (HPM)** sales slipped 1.0% on a like-for-like basis, with the full-year performance affected by the decline in ceramic proppants. The other HPM businesses continued to deliver organic growth.
  Despite the downturn in volumes, the operating margin for the year held firm, at 13.4%.

OPERATING INCOME
(€m and % of sales)



2015 EBITDA & CAPEX
(€m and % of sales)

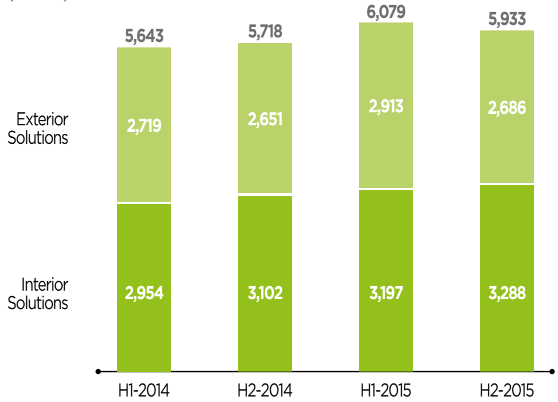


b) Construction Products

2015/2014 ORGANIC GROWTH
(like-for-like)

	2015/2014	H1/H1	H2/H2
Construction Products	**+0.5%**	**+0.9%**	**-0.1%**
Exterior Solutions	-1.0%	-0.4%	-2.0%
Interior Solutions	+1.9%	+2.2%	+1.8%

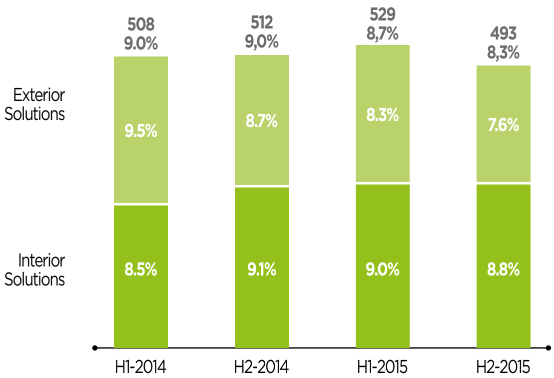
SALES
(in €m)



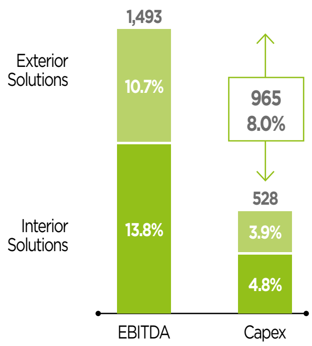
Construction Products (CP) reported 0.5% organic growth, but slipped 0.1% in the second half due chiefly to the downturn in Pipe, which reduced the Business Sector's operating margin for the year from 9.0% to 8.5%.

- **Interior Solutions** posted 1.9% organic growth for the year (1.8% in the second half). The downturn in volumes and prices on the French market put the brakes on growth in Western Europe, although this impact eased in the fourth quarter. Trading in North America was dented by a slight dip in prices in the second half and by the decline in the Canadian market. Asia and emerging countries continued to deliver growth.
  The operating margin came in at 8.9% versus 8.8% in 2014.
- **Exterior Solutions** retreated 1.0% like-for-like, with the 2.0% decline in the second half due solely to Pipe. This business was affected by the economic situation in Brazil, a weak infrastructure market in Western Europe and China, and fewer contracts in the Middle East owing to the decline in the oil industry. Exterior Products in the US reported good volume gains buoyed by the strong second-half performance, although prices remained down. Mortars continued to be affected by the economic climate in Western Europe, although the business saw an improvement in the three months to December 31. Mortars delivered further good organic growth in Asia and emerging countries, despite its exposure to the Brazilian market.
  The operating margin fell to 8.0% from 9.1% in 2014, as the rally in Exterior Products in the second half failed to offset the decline in Pipe.

OPERATING INCOME
(€m and % of sales)



2015 EBITDA & CAPEX
(€m and % of sales)



c) Building Distribution

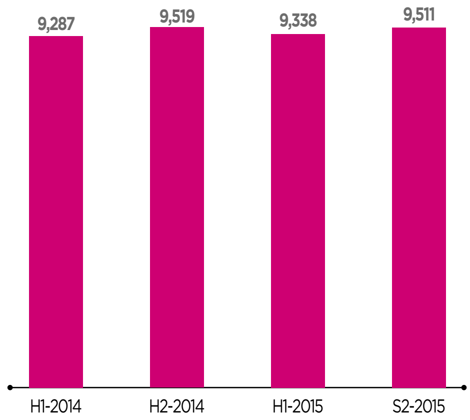
2015/2014 ORGANIC GROWTH

(like-for-like)

	2015/2014	H1/H1	H2/H2
Building Distribution	**-0.6%**	**-1.1%**	**-0.1%**

SALES

(in €m)

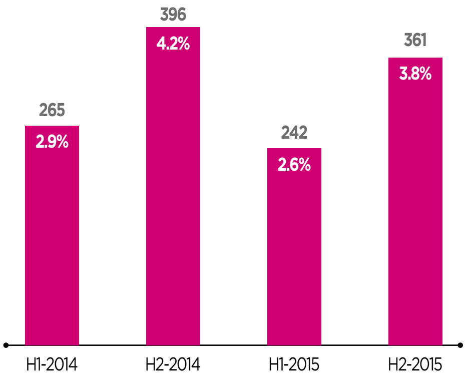


Building Distribution sales slipped 0.6% (down 0.1% over the second half) in a construction market that declined sharply in France but showed the first signs of stabilizing towards the end of the year. After disappointing first-half trading, Germany returned to growth in the six months to December 31. The UK saw small gains in the year, with less traction in the second half. Led by Sweden and Norway, Scandinavia confirmed its robust momentum over the full year, as did Spain and the Netherlands. Brazil delivered good growth as a whole, despite the more pronounced economic slowdown in the fourth quarter. Trading in Switzerland was hit by the impact of an exchange rate boosting imports.

The operating margin was affected by slack volumes in France, coming in at 3.2% for the full year (3.8% in the second half), versus 3.5% in 2014.

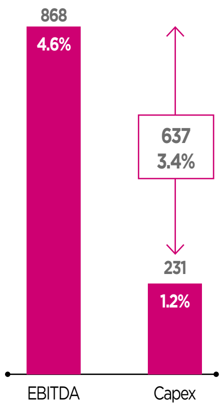
OPERATING INCOME

(€m and % of sales)



2015 EBITDA & CAPEX

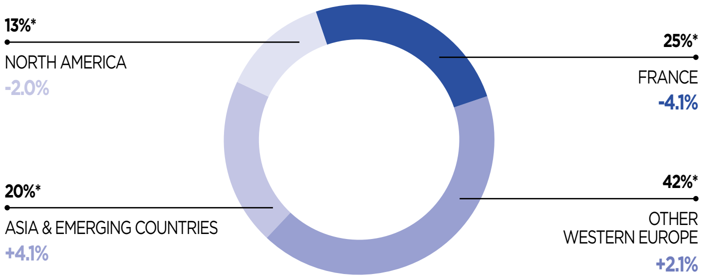
(€m and % of sales)



1.1.2 Operating performance by region

SALES TRENDS BY REGION

(% change in 2015/2014 like-for-like sales)



Groupe :
+0.4%

O/W

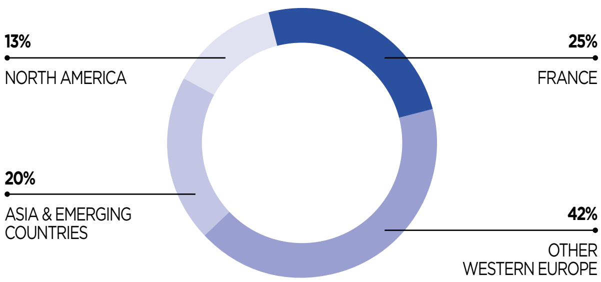
ASIA (7%):	-0.2%
LATIN AMERICA (6%):	+7.7%
EASTERN EUROPE (5%):	+3.4%
AFRICA & MIDDLE EAST (2%):	+8.8%

O/W

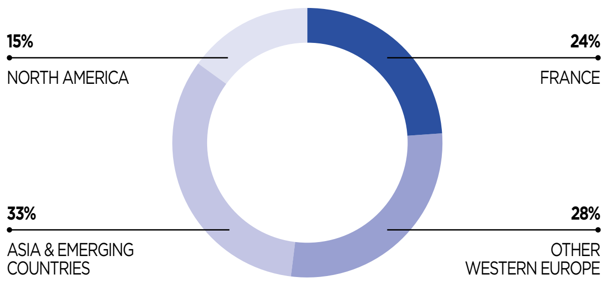
SCANDINAVIA (12%):	+4.6%
GERMANY (12%):	+2.1%
UNITED KINGDOM (10%):	-1.3%
SPAIN/PORTUGAL (3%):	+8.3%

BREAKDOWN OF SALES AND INDUSTRIAL ASSETS BY REGION

2015 Sales



Industrial assets at Dec. 31, 2015



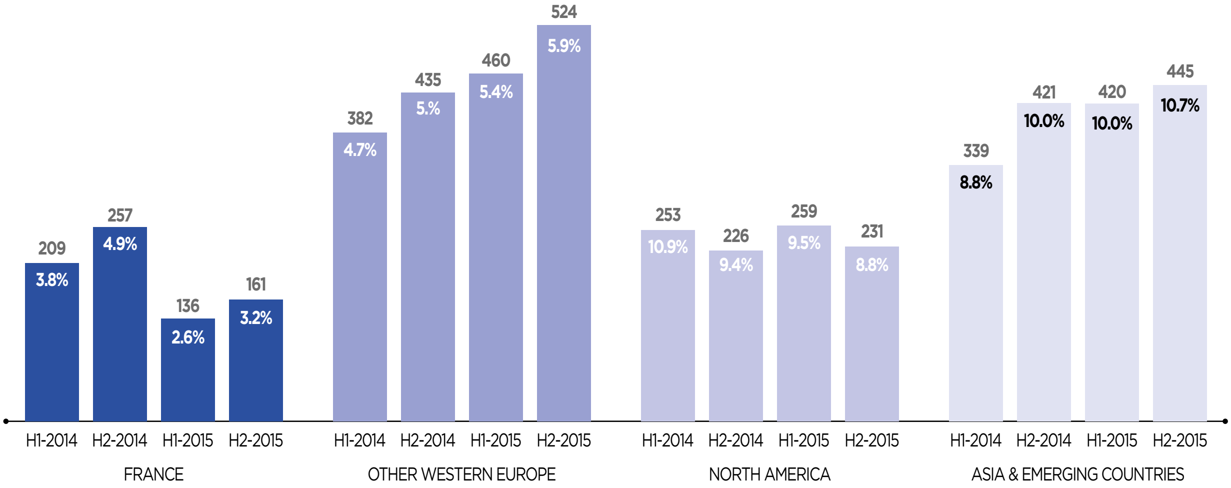
Over the year as a whole, the Group's organic growth and profitability gains were dented mainly by France.

- Construction volumes in **France** remained sharply down throughout the year, although there were signs that activity was stabilizing towards the end of the year. The second half was affected by the downturn in Pipe. With negative 4.1% organic growth for the year (negative 3.9% organic growth in the second half), the operating margin narrowed sharply to 2.9% from 4.3% one year earlier.
- **Other Western European countries** saw 2.1% like-for-like sales growth, led by a stronger second half at 2.4%. Nordic countries and to a lesser extent the UK continued to advance in the year. After posting a 1.3% decline for the full year, Germany returned to growth in the second half. Trading in Southern Europe and Benelux countries rebounded, particularly in Spain and the Netherlands. The operating margin saw strong gains, coming in at 5.7% in 2015 compared to 4.9% in 2014.

- **North America** retreated 2.0%, hit mainly by the contraction in proppants and also by sluggish industrial markets. Organic growth in construction was dampened by Roofing prices and by the downturn in the Canadian market. The operating margin was 9.1% versus 10.1% in 2014.
- **Asia and emerging countries** delivered solid 4.1% organic growth over the year and 3.1% in the second half, with declines in Brazil and China and advances in all other regions. The operating margin continued to strengthen, up to 10.3% in 2015 versus 9.4% in the year-earlier period.

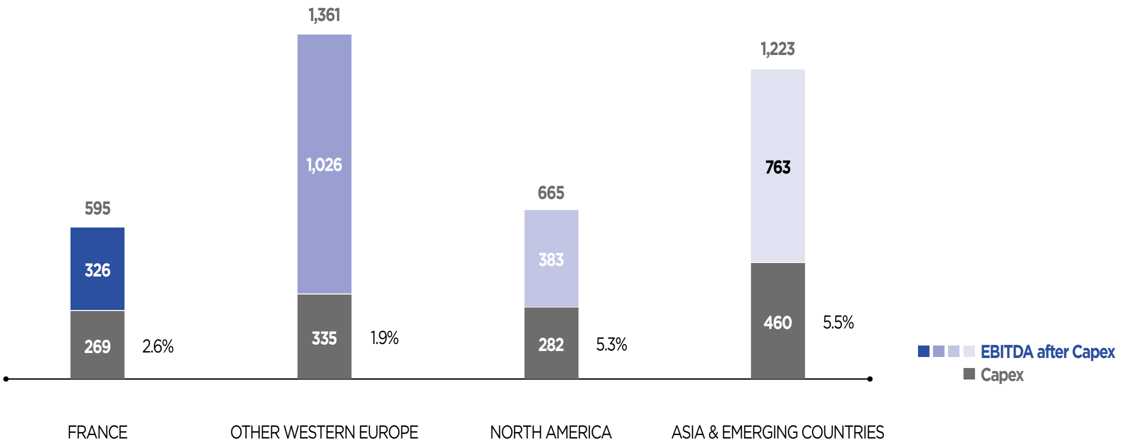
OPERATING INCOME BY REGION

(€m and % of sales)



2015 EBITDA AND CAPEX BY REGION

(€m and % of sales)



1.2 FINANCIAL RESULTS

Consolidated **sales** advanced 3.3%. **Exchange rates** had a positive 3.0% impact on sales, mainly due to gains in the US dollar and pound sterling against the euro. The positive currency impact was less in the second half (+1.4%), in particular as Latin American currencies weakened sharply against the euro. After reclassification of the Packaging business, divestments (mainly in Building Distribution) and bolt-on acquisitions (particularly in the US and in emerging markets) had an offsetting impact, resulting in a negative **Group structure impact** of 0.1%. Like-for-like (comparable Group structure and exchange rates), sales inched up 0.4% with slack volumes.

Despite the lack of volume growth, **operating income** was up 4.5%, or 2.2% like-for-like, representing 6.7% of sales versus 6.6% of sales in 2014.

EBITDA (operating income plus operating depreciation and amortization) advanced 3.6% to €3,844 million, or 9.7% of sales.

Despite lower restructuring charges, **non-operating costs** increased to €344 million from €183 million in 2014, owing to the write-back of the provision linked to the reduction in the automotive Flat Glass fine in 2014. Non-operating costs also include a €90 million accrual to the provision for asbestos-related litigation involving CertainTeed in the US, unchanged from 2014.

NON-OPERATING ITEMS

(€m)

	2014	2015	Change
Operating income	**2,522**	**2,636**	+4.5%
Non-operating costs	-183	-344	
o/w:			
Provisions for asbestos-related litigation	-90	-90	
Other expenses	-93	-254	
Other operating expenses	**-759**	**-998**	
o/w:			
Disposal gains (losses)	+41	-65	
Asset write-downs	-800	-933	
Business income	**1,580**	**1,294**	**-18.1%**

The net balance of capital gains and losses on disposals, asset write-downs and corporate acquisition fees was a negative €998 million, versus a negative €759 million in 2014. In accordance with IFRS 5, these figures do not include capital gains on the disposal of Verallia North America in 2014 (€375 million) and Verallia in 2015 (€811 million). In 2015, this caption includes €65 million in losses on asset disposals, chiefly in Building Distribution, along with €933 million in asset write-downs before the tax reversal, or €712 million net of tax: namely €300 million net of tax booked against Lapeyre (Building Distribution) in France and write-downs in Flat Glass, Pipe and proppants. **Business income** was therefore 18.1% down on the previous year.

Net financial expense improved, at €629 million versus €663 million in 2014, reflecting the fall in the cost of gross debt to 3.9% at December 31, 2015 from 4.2% at end-2014, and lower gross debt over the last two months.
The tax rate on recurring net income was 29% compared to 32% in 2014, in line with the decrease in the tax rate in certain countries and a positive geographical mix. **Income tax expense** fell from €398 million to €248 million, reduced by reversals of deferred tax liabilities linked to intangible asset write-downs.

NET FINANCIAL EXPENSE, INCOME TAX AND NET INCOME FROM DISCONTINUED OPERATIONS

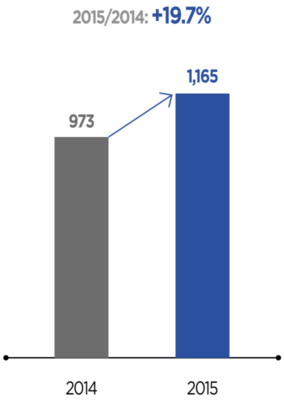
(€m)

	2014	2015
Net financiel expense	**663**	**629**
Average cost of gross debt*	4.2%	3.9%
Income tax	**398**	**248**
Tax rate on recurring net income	32%	29%
Net income from discontinued operations	**481**	**929**

** At December 31.*

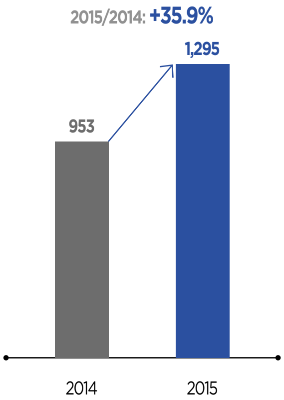
4

RECURRING* NET INCOME
(€m)



RECURRING* EPS
€ 2.09 (+20.1%)

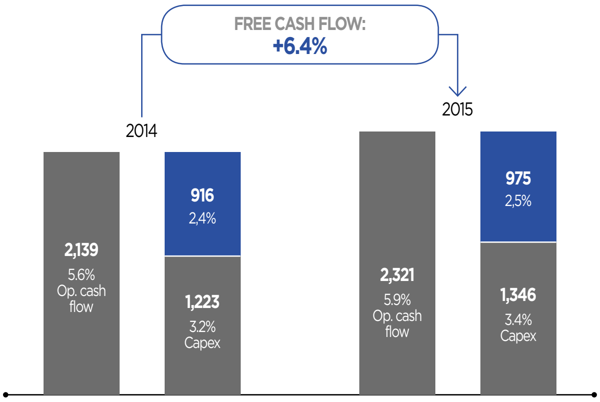
NET INCOME
(€m)



EPS:
€ 2.32 (+36.5%)

** Recurring net income from continuing operations excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.*

CASH FLOW FROM OPERATIONS *(excl. tax impact*)* AND CAPEX
(€m and % of sales)



** Excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions.*

Recurring net income (excluding capital gains and losses, asset write-downs and material non-recurring provisions) jumped 19.7% to €1,165 million.

Net income from discontinued operations totaled €929 million in 2015 including the capital gain on the sale of Verallia, compared to €481 million in 2014 which also included the reclassified capital gain on the Verallia North America sale.

Net attributable income including net income from discontinued operations surged 35.9% at €1,295 million.

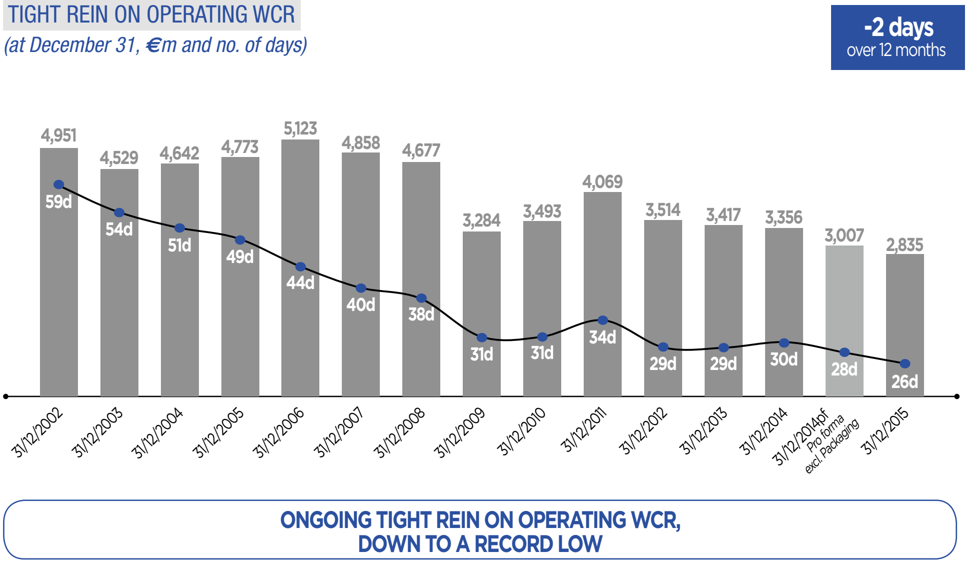
Capital expenditure amounted to €1,346 million, in line with forecasts, and represented 3.4% of sales (3.2% of sales in 2014).

Cash flow from operations rose to €2,562 million (€2,225 million in 2014). Before the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions, cash flow from operations advanced 8.5% to €2,321 million.

Despite the increase in capex, **free cash flow** (cash flow from operations less capital expenditure) was up 21.3% to €1,216 million. Before the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions, free cash flow stood 6.4% higher year-on-year, at €975 million, or 2.5% of sales (2.4% of sales in 2014).

Operating working capital requirements (WCR) continued to improve in value terms (down €172 million to €2,835 million), representing a record low of 26 days' sales (27 days at constant exchange rates) and reflecting the Group's ongoing efforts to maintain strict cash discipline.

TIGHT REIN ON OPERATING WCR
(at December 31, €m and no. of days)

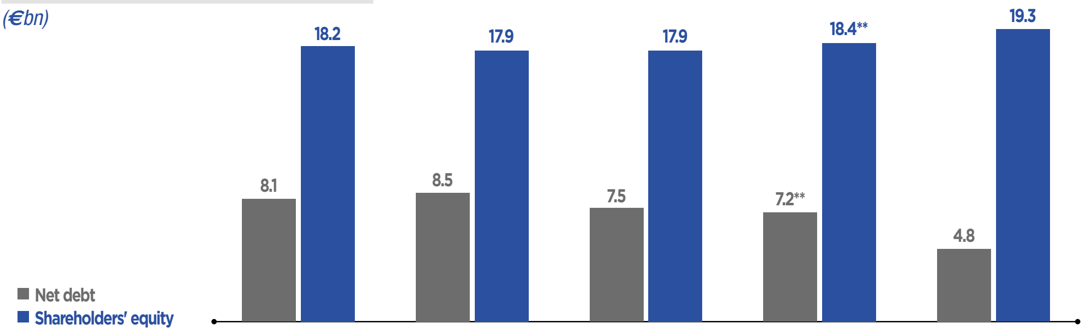


Investments in securities represented €227 million (€95 million in 2014) and correspond to small-scale acquisitions aligned with the Group's strategic focuses, chiefly within the Construction Products and High-Performance Materials businesses.

As a result of the Verallia sale and sound financial management, **net debt** fell to €4.8 billion from €7.2 billion at end-2014. Net debt represents 25% of consolidated equity, compared to 39% at December 31, 2014.

The net debt to EBITDA ratio came out at 1.2 versus 1.8 at end-2014.

NET DEBT AND SHAREHOLDERS' EQUITY
(€bn)



	12-2011	12-2012	12-2013	12-2014	12-2015
Net debt/shareholders' equity	44%	47%	42%	39%**	25%
Net debt/EBITDA*	1.6	1.9	1.8	1.8	1.2

PERSISTENTLY STRONG BALANCE SHEET

** EBITDA = operating income + operating depreciation/amortization over a 12-month period.*
*** Including Verallia.*

Share buyback and dividend. In line with its objectives, the Group bought back 13,863,858 shares for €545 million during the year. This exceeds the number of shares created in connection with the Group Savings Plan, stock option plans, bonus share plans and the stock dividend payment.

At its meeting of February 25, 2016, Compagnie de Saint-Gobain's Board of Directors decided to recommend to the June 2, 2016 Shareholders' Meeting a return to a **full cash dividend** policy, **with the dividend stable at €1.24 per share**. This represents **59% of recurring net income**, and a dividend yield of 3.1% based on the closing share price at December 31, 2015 (€39.85). The ex-date has been set at June 6 and the dividend will be paid on June 8, 2016.

1.3 2016 OUTLOOK AND STRATEGIC PRIORITIES

1.3.1 2016 strategic priorities

The Group will pursue its internal optimization efforts and its acquisitions and divestments strategy. This will allow it to improve the Group's growth potential by focusing on high value-added and less capital-intensive businesses and on activities outside Western Europe.

Saint-Gobain is pursuing its plan to acquire a controlling interest in Sika. During 2015 it obtained the antitrust authorities' unconditional approval for the transaction and various legal decisions were handed down in favor of the deal's completion. The last obstacle remains the limitation of the voting rights of the SWH holding company, on which a decision in first instance is expected from the Zug court in summer 2016.

A new €800 million cost-cutting program for 2016-2018 will be launched as part of ongoing cost savings initiatives. This program will focus more extensively on operational excellence and purchasing, and will include new initiatives in terms of logistics optimization, sales excellence and the digital transformation of industrial plants.

The digital shift remains an important focus. Thanks to its presence at several levels of the value chain (production and distribution), Saint-Gobain is particularly well placed to leverage the opportunities resulting from the digital transformation of its markets.

Saint-Gobain has reaffirmed its commitment to fighting climate change by introducing an internal carbon price which will be factored into all assessments of future investments. Climate change represents both a major challenge for society and a growth opportunity for Saint-Gobain's products.

1.3.2 2016 outlook

In 2016 the Group should benefit from more vibrant trading in Western Europe, with France stabilizing. North America should continue to see slight growth on construction markets but is expected to face a more uncertain outlook in industry. Our operations in Asia and emerging countries should deliver satisfactory growth overall, albeit affected by the slowdown in Brazil.

Saint-Gobain will continue to keep a close watch on cash management and financial strength. In particular, it will:

- keep its **priority focus on sales prices** in a still deflationary environment;
- unlock additional savings of around **€250 million** (calculated on the 2015 cost base) thanks to its ongoing **cost-cutting program**;
- pursue a **capital expenditure program** (around €1,400 million) focused primarily on growth capex outside Western Europe;
- renew its **commitment to invest in R&D** in order to support its strategy of differentiated, high value-added solutions;
- keep its **priority focus on high free cash flow generation**.

In line with its strategy, Saint-Gobain is confidently pursuing its plan to acquire a controlling interest in Sika.

In a still very volatile macroeconomic environment, **Saint-Gobain will continue to adapt in 2016 and is targeting a further like-for-like improvement in operating income.**

These statements on outlook constitute either trends or objectives, and are not to be considered as projected results. Although Saint-Gobain believes these forward-looking statements are based on reasonable assumptions as of the date of publication of this document, investors are warned that they are not guarantees of future performance. Actual results may differ quite significantly from forward-looking statements due to a number of risks, both known and unknown, uncertainties and other factors, most of which are difficult to anticipate and are generally outside Saint-Gobain's control, specifically the risks described in Chapter 6, Section 1 of this registration document. Consequently, every precaution must be taken in using these forward-looking statements. The prospective information contained in this registration document can only be applied on the date of its publication. Saint-Gobain makes no commitment to supplement, update or amend these forward-looking statements as a result of any new information, future event or for any other reason.

2. CSR results

2.1 2015 VALIDATION OF A SYNTHESIS DASHBOARD

EIn 2014, the Group reviewed its CSR priorities as a function of changes in its strategy and by involving its internal stakeholders. Thus, five CSR roadmaps were finalized in 2015, and will be rolled out in 2016. They involve CSR governance, sustainable solutions for our markets (construction and industrial markets), reduction in environmental impacts, employees' professional growth and the Group's contribution to local development.

The categories of priority challenges identified during the materiality analysis carried out in 2015 (see Chapter 2, Section 1.2) are included in the Group's strategy, in both the CSR roadmaps for the medium- and long-term visions, and in the operational action plans.

Category of priority challenges	CSR roadmap	Operational action plan
Understanding customer needs	Sustainable solutions: Sustainable Habitat – industrial markets	Habitat Committees, Sustainable Habitat team
Culture of excellence	CSR Governance	WCM Internal Audit
Local development	Group contribution to local development	Responsible Purchasing Compliance program; OPEN
Environmental impact	Reduction in environmental impacts	Environmental action plan
Innovation	Each roadmap includes actions to develop innovation	NOVA; cross-disciplinary programs and strategic programs
Leadership by example	CSR Governance	Compliance program
Human values	Employees' professional growth	OPEN

In 2015, a synthesis dashboard of CSR indicators was approved by the Saint-Gobain Board of Directors. It contains 11 key indicators, three of which were identified as priority.

Some of these indicators already appear in the Group's objectives, others will be assessed in 2016.

CSR Roadmap	Definition	Objective
PRIORITY INDICATORS		
CSR Governance	Percentage of new management who have taken "Adhere" and "Comply" in the 1st year of their employment	100%
Reduction in environmental impacts	CO_2	-20% by 2025 (base 2010)
Employees' professional growth	Diversity index (gender, nationality, experience)	
OTHER INDICATORS		
Sustainable solutions	Number of Multi-Comfort projects comprising coverage of countries and market segments	
Sustainable solutions	Eco-innovation training	
CSR Governance	GFI-G4, remain FTSE4good and CDP/DJSI rated for 3 years	DJSI in 2017
Reduction in environmental impacts	Reduction in environmental events: EvE 2	Zero incident
Employees' professional growth	Safety: TRAR	Zero accident
Employees' professional growth	Loyalty index: rate of absenteeism + training + departure rate + mobility indicator	Positive trend
Group contribution to local development	Direct and indirect jobs	
Group contribution to local development	Share of local purchases (countries) in total purchasing	

2.2 OTHER CSR INDICATORS

2.2.1 Group environmental impact and its solutions

Results concerning CO_2 emissions, waste water and unrecovered discharges are presented in absolute value at actual production versus 2014 for the entire Group or for the 567 sites in the concerned perimeter as described in this document. They provide information on the Group's environmental impact.

Indicators linked to the three-year period objectives and mid-term objectives to 2025 concerning CO_2 emissions, water discharge and unrecovered waste, at comparable 2014 production (or 2014 iso-production) for the concerned perimeter, are also provided. These indicators represent the environmental performance of the sites.

a) Environmental expenditures

Indicator	2015	2014
Total environmental expenditure, of which:*	€127.4m	€123.6m
1) Salaries and other payroll expenses for environmental officers	€27.0m	€25.1m
2) ISO 14001 and EMAS environmental certification and renewal costs	€2.6m	€2.9m
3) Environmental taxes	€5.8m	€8.9m
4) Insurance and warranties	€6.1m	€4.3m
5) Environmental fines	€0.1m	€0.1m
6) Cost of environmental incidents	€0.3m	€0.9m
7) Cost of technical measures	€6.0m	€7.1m
8) Environmental R&D budget	€61.8m	€59.0m
9) Soil decontamination, site remediation and other clean-up costs	€17.7m	€15.1m
Capital expenditure on environmental protection measures	€63.3m	€52.1m
Provisions for environmental risks	€163.3m	€155.2m

** Adjusted for actual scope of reporting.*

b) Raw materials and waste

Indicator	2015	2014
RAW MATERIALS AND PRODUCTION WASTE		
Quantity of non-recovered production waste from the concerned sites, based on 2014 production output*	0.490 Mt	0.496 Mt
Consumption of primary raw materials in glass furnaces, concerned sites*	6.49 Mt	6.46 Mt
Consumption of cullet in glass furnaces, concerned sites*	1.69 Mt of internal cullet, and 1.09 Mt of external cullet	1.64 Mt of internal cullet, and 0.99 Mt of external cullet
Percentage of cullet in each ton of finished product of glass wool produced, concerned sites*	19.6% of internal cullet, and 44.9% of external cullet	18.6% of internal cullet, and 45.2% of external cullet
Percentage of cullet in each ton of finished product of container flat glass produced, concerned sites*	29.1% of internal cullet, and 8.9% of external cullet	28.6% of internal cullet, and 6.9% of external cullet
Percentage of ton of finished product from primary melt of cast iron produced, concerned sites*	83.2%	77.7%
Percentage of recycled material in each ton of finished product of cast iron produced, concerned sites*	42.2%	44.0%
Percentage of recycled material in each ton of finished product of gypsum produced, concerned sites*	30.6%	32.6%

** Adjusted for 2015 scope of reporting. An update was provided for 2014 figures, accounting for closures or sales of units.*

Non-recovered waste

In 2015, the Group generated 0.54 million metric tons of non-recovered waste.

At comparable 2014 production (or 2014 iso-production), the quantity of non-recovered waste for the Group concerned sites was in decline (-1.2%).

In 2015, at actual Group production, the increase in metric tons of recovered waste was 15.3% in absolute value over 2014.

The goal for reducing non-recycled waste during 2010-2025 is set at 50%. Between 2010 and 2015, one third of the period, the Group recorded a 15.2% reduction in the quantity of non-recycled waste, i.e., 30% progress toward achieving this goal.

Consumption of materials

Glass

Between 2014 and 2015, the proportion of cullet in glass production remained stable for the sites of the concerned perimeter: in 2015 glass furnaces for the concerned sites consumed 6.49 million metric tons of virgin raw materials (versus 6.46 in 2014), 1.09 million tons of external cullet (versus 0.99 in 2014) and 1.69 million tons of internal cullet (versus 1.64 in 2014).

Cast iron

In 2015, the percentage of ton of finished product from primary melt of cast iron produced was 83.2% at the concerned sites (versus 77.7% in 2014 at a comparable reporting scope). This variation is linked to the distribution of volumes produced at the various Group sites around the world. In 2015, 42.2% of full tons of cast iron originated from recycled materials at the concerned sites (versus 44% in 2014 at comparable perimeter). The variation in this figure year-on-year is related to the availability of raw materials from external recycling.

Gypsum

Many of the recycled materials used by the Gypsum Activity originate from external recycling collections. During 2015, a decline in the availability of these external recycled materials was noted, affecting the share of recycled materials used by the Gypsum Activity. In 2015, 30.6% of full tons of gypsum originated from recycled materials (versus 32.6% in 2014) at the concerned sites of the Gypsum Activity.

c) Energy, atmospheric emissions and climate

Indicator	2015	2014
ENERGY		
Total energy consumption of entire Group at actual scope of reporting**	156,308 TJ	202,840 TJ
Total indirect energy consumption of entire Group at actual scope of reporting**	33,289 TJ	39,826 TJ
Electricity consumption of entire Group at actual scope of reporting**	32,501 TJ	38,767 TJ
Steam and hot water consumption of entire Group at actual scope of reporting**	789 TJ	1,060 TJ
Direct total energy consumption of entire Group at actual scope of reporting**	123,019 TJ	163,014 TJ
Coal and coke consumption of entire Group at actual scope of reporting**	21,485 TJ	27,550 TJ
Natural gas consumption of entire Group at actual scope of reporting**	87,322 TJ	114,783 TJ
Petroleum products consumption of entire Group at actual scope of reporting**	12,037 TJ	20,454 TJ
CO_2 EMISSIONS		
Direct emissions of CO_2 of the concerned sites at 2014 production*	8.9 Mt	9.2Mt
Direct emissions of CO_2 for the entire Group at actual scope of reporting**	9.5 Mt	12.4 Mt
Direct emissions of CO_2 per ton of finished product of glass at the concerned sites*	624 kg CO_2/ full metric tons of glass	618 kg CO_2/ full metric tons of glass
Direct emissions of CO_2 per full ton of finished product of cast iron at the concerned sites*	1,102 kg CO_2/ full metric tons of cast iron	1,248 kg CO_2/ full metric tons of cast iron
Direct emissions of CO_2 per full ton of finished product of plaster at the concerned sites*	120 kg CO_2/ full metric tons of plaster	120 kg CO_2/ full metric tons of plaster
Other relevant indirect emissions (entire Group or scope of reporting concerned) of greenhouse gases, by weight (tons-equivalent of CO_2)***	Not applicable	Not applicable
Indirect emissions of greenhouse gases (purchases of electricity, steam, hot water) for the entire Group at actual scope of reporting**	3.5 Mt CO_2-eq.	4.2 Mt CO_2-eq.
AIR EMISSIONS		
SO_2 emissions per ton of finished product of glass at the concerned sites*	1.53 kg	1.49 kg
SO_2 emissions per ton of finished product of cast iron at the concerned sites*	1.66 kg	2.90 kg
SO_2 emissions from the concerned sites in the Pipe and Glass Activities*	12,974 t	15,224 t
NO_x emissions per ton of finished product of glass at the concerned sites*	2.57 kg	2.57 kg
NO_x emissions per ton of finished product of cast iron at the concerned sites*	0.95 kg	1.84 kg
NO_x emissions from the concerned sites in the Pipe and Glass Activities*	18,309 t	20,004 t
Dust emissions per ton of finished product of glass at the concerned sites*	0.55 kg	0.56 kg
Emissions of dust per ton of finished product of cast iron at the concerned sites*	1.58 kg	2.16 kg
Dust emissions from the concerned sites of the Pipe and Glass Activities*	6,559 metric tons	7,820 metric tons

** Adjusted for 2015 scope of reporting. An update was provided for 2014 figures, accounting for closures or sales of units.*

*** The actual scope of reporting refers to all sites open in the Gaïa reporting tool at December 31 of the reporting year.*

**** Saint-Gobain activities generate no greenhouse gas emissions other than CO_2.*

4

Energy

The energy consumption of the sites of the concerned perimeter, at iso-production, reduced by 0.7% between 2014 and 2015.

In 2015, energy consumption of the Group's sites was 156,308 TJ (2014: 204,840 TJ). The percentage of indirect energy [(1)] remained stable, at around 20% of total energy consumed.

The goal for reducing energy consumption during 2010-2025 was set at 15%. Between 2010 and 2015, one third of the period, the Group recorded a 1.6% reduction in energy consumption, i.e., progress of 11% toward achieving this goal.

Emissions of CO_2

At iso-production, total CO_2 emissions from the sites of the concerned perimeter reduced by 3.3% between 2014 and 2015.

At actual production, CO_2 emissions from the concerned sites of the Group in 2015 were:

- at scope 1 (direct emissions), 8.91 Mt of CO_2, i.e. minus 3.2% in absolute value over 2014;
- at scope 1 and 2 (direct and indirect emissions), 12.2 Mt of CO_2, i.e. minus 3.8% in absolute value over 2014.

At iso-production, CO_2 emissions from the sites of the concerned perimeter in 2015 were:

- at scope 1, 8.95 Mt of CO_2, i.e. minus 2.8% from 2014;
- at scopes 1 and 2 (direct and indirect emissions), 12.3 Mt of CO_2, i.e. minus 3.3% from 2014.

The priority areas for the reliability of the Scope 3 indicators were defined in 2015: energy, raw materials and transportation. They will be the subject of specific programs for imminent rollout.

The goal for reducing CO_2 in 2010-2025 is set at 20%. Between 2010 and 2015, one third of the period, the Group recorded a 5.7% reduction in CO_2 emissions, i.e., progress of 28% toward achieving this goal.

Emissions of NO_x, SO_2 and other significant atmospheric emissions

A decrease in NO_x emissions (-6.3%), in dust emissions (-6.2%), and a significant decrease in SO_2 emissions (-20.4%) at comparable production, between 2014 and 2015, is noted for the sites in the concerned perimeter.

d) Water

Indicator	2015	2014
Water withdrawal from the concerned sites at 2014 production*	64.2m of m³	64.6m of m³
Total water withdrawal for the entire Group at actual scope of reporting**	66.9m of m³	69.7m of m³
Rainwater withdrawal for the entire Group at actual scope of reporting**	0.7m of m³	0.7m of m³
Municipal water withdrawal for the entire Group at actual scope of reporting**	14.3m of m³	15.9m of m³
Surface water withdrawals for the entire Group at actual scope of reporting**	29.6m of m³	28.9m of m³
Ground water withdrawal for the entire Group at actual scope of reporting**	19.8m of m³	22.7m of m³
Total water discharge for the entire Group at actual scope of reporting**	39.1m of m³	42.8m of m³
Water discharges into the surrounding environment for the entire Group at actual scope of reporting**	29.5m of m³	32.1m of m³
Water discharges into the municipal waste water collection system for the entire Group at actual scope of reporting**	8.8m of m³	10.2m of m³

** Adjusted for 2015 scope of reporting. An update was provided for 2014 figures, accounting for closures or sales of units.*

*** The actual scope of reporting refers to all sites open in the Gaïa reporting tool at December 31.*

Water withdrawal

At production comparable to 2014 production output (or 2014 iso-production), the Group's concerned sites [(2)] reduced their water withdrawal by 0.6% in 2015.

At actual production, the Group's concerned sites in 2014 withdrew 68.4 million m³ of water, i.e. a reduction of 0.9% in absolute value.

In 2015, all Group sites consumed 66.9 million m³ of water. The quantity of water consumed since 2014 reduced by 4.0%.

Wastewater discharges

At iso-production, water discharges from the sites of the concerned perimeter reduced by 5.5% between 2014 and 2015.

In 2015, the total volume of the Group's liquid water discharge was 39.1 million m³.

At actual production, the Group's concerned sites discharged in 2015 38.0 million m³ of water, i.e. a 4.7% reduction in absolute value from 2014. This reduction was due to the continuous deployment of the Water policy, which is based on the "Water" standard, and on a grid assessing risk exposure and site sensitivity.

The goal for reducing wastewater in 2010-2025 period is set at 80%. Between 2010 and 2015, one third of the period, the Group posted a 17.6% reduction in wastewater, i.e., progress of 22% toward achieving this goal.

Water recycling

Saint-Gobain encourages water recycling internally, specifically through the installation of closed circuits, which considerably reduces the consumption of natural resources. The number of sites that have implemented closed circuits increased in 2015, particularly in the Innovative Materials Sector. The procedures used in the Group are often complex. Through the application of the "Water" standard, the objective is to advance over time to make this measure more reliable for the entire scope of reporting.

The "Water" standard continues to be deployed on a priority basis at industrial sites identified as having the highest risk levels. Complete rollout of the standard for these sites is scheduled for 2016.

(1) Electricity and heat purchased.

(2) Actual 2014 production.

2.2.2 Human capital

a) Health and safety

Indicator	2015	2014
Lost-time and non lost-time accidents rate (TRAR), Group, actual scope of reporting [(1)]	3.9	4.5
Lost-time accidents rate (LTAR), Group, actual scope of reporting	1.9	2.1
Group accident severity rate at the actual scope of reporting [(1)]	0.12	0.15
Lost-time accidents rate (LTAR), Building Distribution Sector, actual scope of reporting [(1)]	2.8	2.9
Lost-time and non lost-time accidents rate (TRAR), Industrial Sectors, actual scope of reporting*	3.0	3.5
Number of fatal incidents involving Saint-Gobain employees	1	1
Number of sites with over one million hours worked without lost-time accidents, and/or accumulating over five years of work without lost-time accidents	243	210
Number of Health & Safety certified sites at the actual scope of reporting	366	385
Percentage of sites offering regular and periodic medical inspections, comparable scope of reporting	79%	77%
Number of occupational illnesses in France	166	115
Absenteeism rate	5.8%	4.6%
Percentage of employees covered by social security in France, and coverage rate	95% receive 93% coverage rate	95% receive 94% coverage rate
Education, training, advising, prevention and risk control programs to assist employees in the event of severe illness	yes	yes
Extension of the program to families	advice and assistance in case of severe accident	advice and assistance in case of severe accident
Extension of the program to communities	sometimes in collaboration with associations	sometimes in collaboration with associations
Proportion of health and safety agreements entered into with entities representing personnel	5.4%	7.0%

** Adjusted for 2015 scope of reporting. An update was provided for 2014 figures, accounting for closures or sales of units.*

Reduction in occupational accidents

2016 OBJECTIVE
TRAR < 4.8

For several years, through the efforts of all stakeholders, the Group has posted a steady decrease in accidents. As in previous three-year periods, the Group has set goals for reducing the lost-time accident rate with over 24 hours' lost time (LTAR).

For this latest three-year period (2014-2016), to reflect the Group's maturity with regard to safety Saint-Gobain has set a goal for reducing its total recordable accident rate both with and without 24 hours' lost time (TRAR).

The Group has thus set the goal of having TRAR below 4.8 in 2016. It exceeded this goal in 2014, with TRAR for Saint-Gobain permanent and temporary employees of 4.5. In 2015 this improvement continued, bringing the TRAR for employees and temporary staff to 3.9.

The industrial TRAR was 3.0 versus 3.5 in 2014, an improvement of 0.5.

In 2015, the lost-time accident rate with over 24 hours' lost time (LTAR) for Saint-Gobain permanent and temporary employees was 1.9 for the Group, 0.14 points less than in 2014.

The severity rate (SR), i.e. the number of days of lost time per thousand hours worked, is 0.12.

Prevention of severe accidents

In 2015, the Group experienced five fatal occupational accidents: one involving an employee, and four involving subcontractors. This fact demands that each employee commit to making efforts to achieve zero occupational accidents.

These accidents covered the following populations:

- Saint-Gobain employees: 1 (1 in 2014);
- subcontractors: 4 (1 in 2014);
- temporary employees: 0 (0 in 2014);
- third parties present at Group sites: 0 (0 in 2014).

In 2015 the Group also recorded nine non-work related deaths and two fatal traffic accidents (versus eight non-work related deaths and twelve fatal traffic accidents in 2014).

Medical inspections and prevention of occupational illnesses

Although the proportion of sites offering regular periodic medical inspections increased in 2015 (to 79%), the number of sites at which this indicator is monitored rose from 1,173 in 2014 to 1,196 in 2015 for a comparable reporting scope.

Saint-Gobain is also strengthening its system for monitoring occupational illnesses by analyzing their numbers and cause(s) in order to adapt its preventive measures to the local context. In 2015, 166 occupational illnesses were declared in France.

(1) Indicators cover permanent and temporary employees.

Absenteeism

Absenteeism rose from 4.6% in 2014 to 5.8% in 2015. The most frequent causes of absenteeism were illness (55.8%), maternity (11.5%) and occupational accidents (2.6%).

Impact on health and safety during the product or service life cycle

For new products, the Research and Development division incorporates health and safety concerns into its terms and conditions. An Environmental, Health and Safety (EHS) validation procedure forms part of the monitoring process for research projects and the launch of new products. It combines in a single tool all the criteria to be applied relating to raw materials, the manufacturing process, product use and end of life. Training in this approach and practice with this tool are also provided at the Group's research centers. In 2015, five training sessions were held in Europe. This training was rolled out at the North American centers and is in the process of rollout in China. It is regularly included in R&D project manager training in Europe.

For existing products, health and safety impacts are assessed. Specific programs to measure exposure levels are applied for certain products, as in the case of Volatile Organic Compounds (VOCs).

Product safety is also assessed before market launch, in accordance with regulations (for example, the European product safety directive).

Outcome of health and safety agreements

The balance between private and professional life, the quality of work life, and stress prevention are also covered by agreements or action plans with personnel representatives.

b) Employment

Indicator	2015*	2014*
Total headcount (persons)	170,372	172,032*
Breakdown by gender M/F	78.6% / 21.4%	79.0% / 21.0%
Distribution of employees by geographic region	Graphic	Graphic
Rate of blue-collar workers	40.6%	41.2%
Rate of employees, technicians and supervisors	43.5%	43.5%
Rate of managers	15.9%	15.3%
Fixed-term employment contract (1)	4.6%	4.1%
Percentage of fixed-term employment contracts transformed into permanent contract	43.1%	32.7%
Departure rate	14.0%	14.8%
Resignation rate	5.3%	5.5%
Layoff rate	3.8%	4.4%
Hiring rate	16.2%	14.1%
Number of employees hired	27,576 persons	23,786 persons

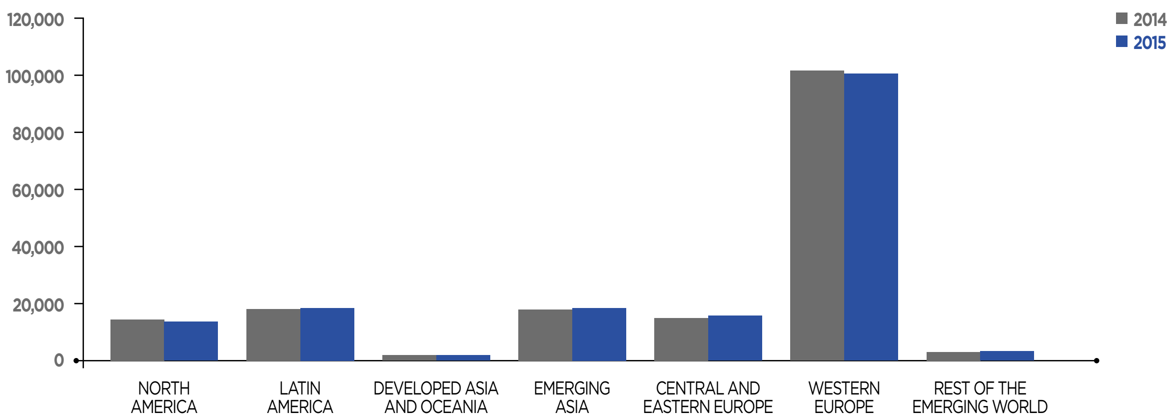
** Adjusted figures for the 2015 scope of reporting. An update was provided for 2014 figures, taking into account closures or sales of units.*

Total employees in the Group

At December 31, 2015, the total of Group employees was 170,372 (181,742 in 2014 and 187,071 in 2013). Compared to 2013, total employees were down 8.9%. This is explained by the sale of businesses in 2015, particularly Verallia. In fact, at comparable structures, the Group's employee total declined only by 1% in 2015.

The number of employees remained stable in all geographic regions, with the exception of North America, which saw a more marked decline in the number of employees due to the disposal of two companies in the Building Distribution Sector. Similarly, the distribution of total employees among the various geographic regions was virtually identical to 2014.

CHANGE IN HEADCOUNT BY REGION



(1) *Basis of calculation: excluding North America, i.e. 91.8% of the scope of reporting.*

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Number of employees by Sector [1]

The Innovative Materials Sector represents 34.5% of total employees, the Construction Products Sector 27.1%, the Building Distribution Sector 36.2%.

The number of employees in the Innovative Materials Sector and the Construction Products Sector remained stable, with a -0.1% and -0.3% variation respectively. The number of employees in the Building Distribution Sector declined by 2.7%, with situations that varied from region to region.

Number of employees by contract type

In 2015, employees working under permanent contracts represented 95.4% of Group employees. The number of temporary employees rose slightly in 2015 to represent 4.6% of total Group employees (4.1% in 2014).

In 2014, the rate of conversion from fixed-term contract employee to permanent employee showed a net increase to 43.1% versus 32.7% in 2014.

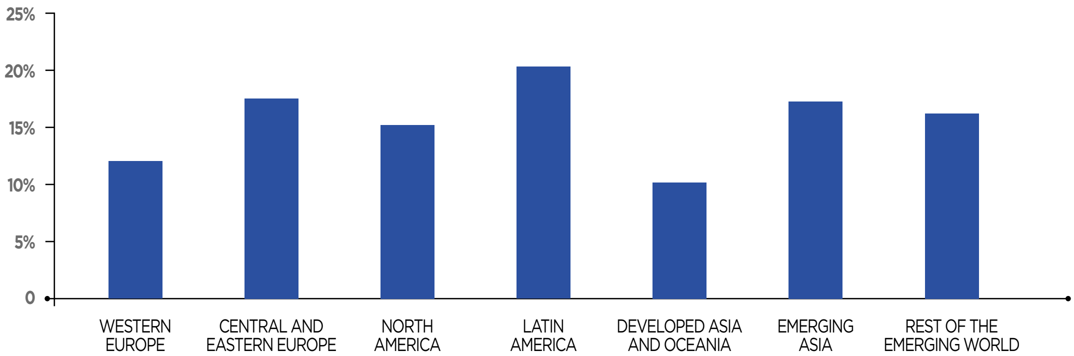
Employee hiring and turnover

Hiring is done locally by the General Delegations and by Group companies, which define the strategy most appropriate for their individual environments.

In 2015, 27,576 persons were hired by Saint-Gobain (23,786 in 2014), up 16% over 2014. The hiring rate represented 16.2% of total employees (14.1% in 2014). To strengthen the Group's innovation capacity, 133 researchers were hired in 2015 (17 more than in 2014). Due to the net increase in hiring (16.2% in 2015 and 14.1% in 2014) and the stabilization of departures and resignations Group employee turnover increased slightly, to 15.1% (versus 14.4% in 2014). The layoff rate decreased in 2015 to 3.8% (4.4% in 2014).

Finally, employee turnover varies considerably from one geographic region to another, due to local economic environments. Emerging economies see higher employee turnover rates than in Western Europe, North America and developed Asia.

EMPLOYEE TURNOVER BY GEOGRAPHIC REGION



Professional mobility

Indicator	2015*	2014*
Number of inter-Activity mobility of managers [2]	537	572
Number of inter-profession mobility of managers [2]	986	878
Number of geographical mobility of managers [2]	209	200

** Adjusted for 2015 scope of reporting. An update was provided for 2014 figures, accounting for closures or sales of units.*

In 2015 mobility between Activities grew while mobility between professions and geographic mobility declined slightly.

Work organization

Indicator	2015	2014
Share of employees working on shifts	31,7%	31,7%
Rate of overtime	3,8%	3,7%
Rate of temporary employees	6,1%	6,5%
Rate of part-time employees	2,6%	3,0%

Given the share taken by the Group's industrial activities, 31.7% of employees work in shifts according to cycles. The work may be organized over two or three jobs (2 x 8 hours, 3 x 8 hours), or by activities on a continuous basis (5 x 8 hours), i.e. 365 days a year, 24 hours a day. Across the entire Group, uninterrupted production is organized in cycles, alternating work time and rest time.

In the Building Distribution Sector, meeting customer demands may sometimes require employees to work on a shift basis.

[1] *Excluding holding company employees and support functions.*
[2] *Source : PeopleGroup.*

G4-10

c) Labor relations

Indicator	2015	2014
Percentage of employees with employee representation	66.9%	67.8%
Percentage of employees covered by a collective bargaining agreement [1] (mandatory in France)	71.5% (100% in France)	72.9% (100% in France)
Number of agreements signed with employee representatives	1,677	1,370
Minimum prior notice period before any organizational change	two weeks to several months, depending on the country	two weeks to several months, depending on the country

Organization of social dialog

Social dialogue is an essential component of the Group's life and a driver of its long-term growth. In 2015, 66.9% of employees were represented by an elected representatives. This rate is slightly lower than in 2014.

Saint-Gobain considers collective agreements to be an indispensable bargaining tool in a company or business line. In 2015, 71.5% of employees were covered by collective agreements. This indicator is constantly rising at Group level, but varies from region to region due to differences in national laws. In France, 100% of employees are covered by collective agreements.

Agreements with social partners

Overall, 1,677 agreements were signed in 2015. These agreements involved salaries (34.8%), working hours (23.4%), jobs (11.4%), occupational health and safety (5.4%), and training (4.7%).

Minimum notification period before any organizational change

The Group does not engage in collective layoffs, restructurings or site closures unless absolutely unavoidable. Saint-Gobain's size, the diversity of its activities and the number of its facilities are all strengths that favor mobility and return to employment.

The notification process prior to organizational changes varies from country to country. In most General Delegations it is a legal obligation or is specified in a company-wide agreement. Depending on the region, notification periods may range from two to fifteen weeks, although unusual situations may arise (such as in Germany, where the period may range from two weeks to seven months).

d) Training

Indicator	2015	2014
Proportion of payroll of training investment	2.0%	1.8%
Employees who have received training during the year	83.7%	72.9%
Average number of training hours per employee per year	26.3 hours	23.3 hours
Share of technical and EHS training [2]	35.4% of technical training 40.3% of EHS training	36.1% of technical training 43.0% of EHS training
Share of Group employees who had an annual review	65.0%	63.9%
Share of non-management employees who had an annual review	60.1%	58.9%
Share of management employees who had an annual review	90.5%	91.0%

Training hours and employees trained

Over 4.4 million hours of training were dispensed within the Group in 2015. The Group's training initiatives represent 2% of the payroll.

The proportion of employees who received training in 2015 was 83.7%. This figure includes 100% of management personnel and 78.2% of non-management personnel. In 2015, employees received an average of 26.3 hours of training per year. For management personnel, average hours of training per year were 33.2 hours, and for non-management, 20.2 hours.

In total, technical training represented 35.4% and EHS training 40.3%. The breakdown of training by topic was as follows: environment (3.4%), health and hygiene (3.5%), safety (22.3%), and general EHS (11.2%).

In 2015, in a process of continuous improvement, training data for France, Italy, Belgium, Spain, Portugal, United Kingdom, Germany, Brazil, Canada and the United States were audited by an independent third-party firm. Within this scope of reporting, the data was as follows:

- total number of training hours: 2.7 million;
- proportion of payroll dedicated to training: 2.3%;
- proportion of employees who received training: 73.1%;
- average number of training hours per employee per year: 25.5.

[1] Basis of calculation: excluding North America, i.e., 91.9% of the scope of reporting.
[2] In 2015, these indicators were calculated based on the number of training sessions.

G4-11

According to the new Group Training Doctrine adopted in 2014, in foreign countries in-person training courses are only counted if their duration exceeds five hours. However, training hours recorded in certain countries include a portion of in-person training of fewer than five hours due to the lack of maturity in application of the new Doctrine.

Annual reviews and career advancement

In 2015, the Group increased the number of annual reviews carried out for all employees. Thus, 65% of Group employees received annual reviews (63.9% in 2014). This rate was 90.5% for management employees and 60.1% for non-management employees. Saint-Gobain has set the goal of holding annual reviews for all management personnel.

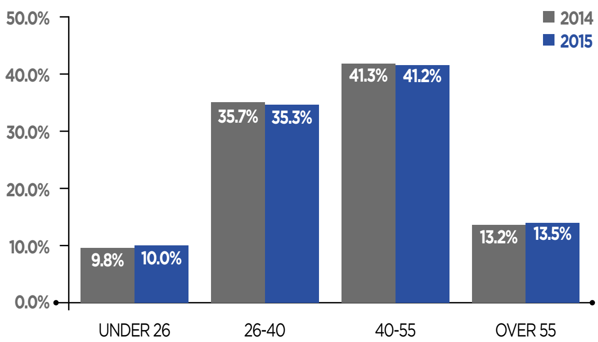
In 2015, over 1,000 annual people reviews were held to promote careers and create opportunities for executive-level employees.

e) Non-discrimination

Indicator	2015	2014
Hiring rate of young people under 26	30.7%	37.0%
Proportion of youth contracts (intership, apprenticeship, etc.) in France	3.7%	3.6%
Hiring rate of employees aged 50 or older	6.0%	7.2%
Proportion of women among total employees	21.4%	21.0%
Proportion of women employees, technicians and supervisory agents among all women employees	65.3%	66.2%
Proportion of women workers among all women employees	19.0%	18.9%
Proportion of women managers among all women employees	15.7%	14.9%
Share of women managers among managers	21.4%	20.9%
Manager hiring rate by gender M/F	71.3% / 28.7%	72.8% / 27.2%
Promotion of female managers among all management promotions	25.7%	24.5%
Percentage of female managers among the senior exeutives	8.7%	10.4%
Ratio of average male to female salaries in France	0.9	09.
Proportion of disabled employees within the Group	1.7%	1.6%
Proportion of disabled employees in France	3.2%	3.7%
Number of workstations fitted out for disabled employees	172	101
Total number of discrimination incidents deemed to be motivated by harassment	64	20

Generation diversity

BREAKDOWN OF EMPLOYEES BY AGE



Saint-Gobain cares about with the balance of its employees' age pyramid, and seeks to keep the proportion of its youngest and oldest employee sectors consistent with each country's context.

Furthermore, 8,470 individuals under 26 were hired at Saint-Gobain in 2015. They represent 30.7% of Group hirings, down from 2014 (37.0%). At December 31, 2015 in France 1,557 young employees were pursuing sandwich training courses as part of professional training or apprenticeship contracts, representing an apprentice rate among the headcount of 3.7%, up 0.1% from 2014, with 31% of these apprentices being hired at the end of their training with Saint-Gobain.

The Group works with *Agence Française pour le Développement International des Entreprises* (French International Business Development Agency) to offer *Volontariat International en Entreprise* (V.I.E.) (International Business Volunteer) job contracts. At January 1, 2016, the Group had 90 V.I.E. contracts.

Finally, employees aged 50 or over represented 6.0% of Group hirings in 2015, a decrease over 2014 (7.2%).

Gender diversity

At end-2015, the proportion of women among all the Group's employees was 21.4% (2014: 21%). The hiring rate of women decreased slightly (from 25.5% in 2014 to 25.1% in 2015).

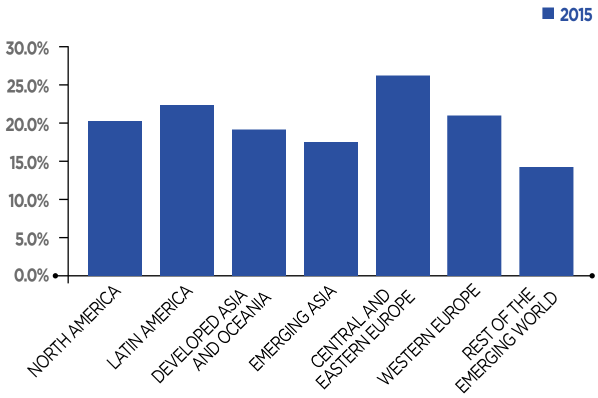
Saint-Gobain's women employees are broken down into 6,934 workers (19% of women employed by the Group), 23,804 employees, technicians, sales personnel and supervisory agents (65.3%), and 5,731 management personnel (15.7%). 2015 saw increased promotion of women to positions of responsibility, with 21.4% of women in management, although the percentage of women in senior management decreased in 2015 (8.7% in 2015 versus 10.4% in 2014).

G4-DMA Social: equal remuneration for women and men

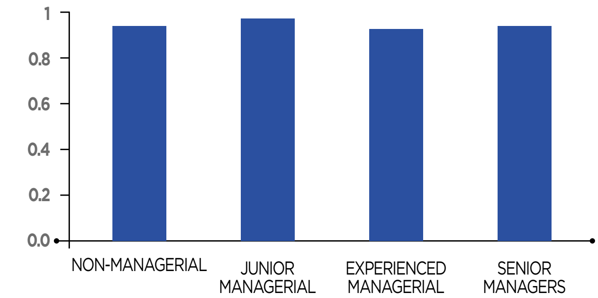
In France, gender equality is measured, among other methods, by the male/female salary ratio for various jobs. In 2015, salary ratios were virtually identical to those of 2014, varying as a reflection of employee age and seniority. When disparities are identified, the Group's Activities take targeted correction measures, at times applying customized compensation packages. Saint-Gobain is committed to enhancing the compensation of women who have taken maternity leave on one or more occasions, as a part of general and individual increases of the same category, and to not prorating bonuses.

The Group takes care to ensure there is a balance between the professional and personal lives of its employees. As part of its parental leave policy, Saint-Gobain encourages employees to return to their jobs under the best possible conditions.

PROPORTION OF FEMALE EMPLOYEES BY GEOGRAPHIC REGION



GENDER WAGE GAP IN FRANCE



Source: PeopleGroup

Parental leave in France in 2015	
Number of women who took maternity leave	413
Number of women who took parental leave	173
Number of men who took paternity leave	1 064
Number of men who took parental leave	15

Disabled

The integration and retention of disabled workers is an important topic for Saint-Gobain. Disabled workers represent 1.7% of the Group's employees and 4.1% of employees subject to Agefiph (a French government agency promoting the employment of disabled people) contributions in France (i.e. 1,325 employees).

In France, 172 jobs were moreover fitted out for disabled in partnership with the occupational physician, and in certain cases with Agefiph.

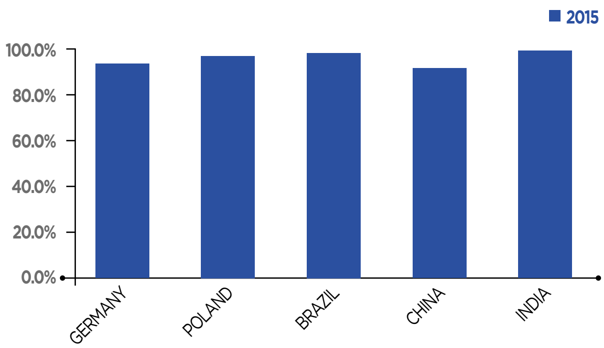
Reported harassment incidents

Group companies report all incidents of harassment, whether or not they have been the subject of a complaint, are in the process of judgment, or have been characterized as such. In 2015, 64 harassment incidents were recorded, 63 of which were subject to the filing of a legal complaint. 61 complaints were still being investigated by the local jurisdictions. Each incident is monitored and addressed by the companies in question. The General Delegations and companies also implement specific measures to raise awareness, specifically by distributing charters, codes of conduct and training in the challenges of diversity.

Local structure

International activities are performed by the creation of local teams, allowing Saint-Gobain to constantly adapt to the specific needs of each country.

LOCAL NATIONALS AMONG STAFF IN 5 COUNTRIES WHERE THE GROUP IS OPERATING



f) Benefits

Indicator	2015	2014
Number of employees (or former employees) participating in the Group Savings Plan	over 90,000	over 90,000
Proportion of shares held by Group employees	7.6%	7.5%
Percentage of voting rights held by Group Savings Plan funds	11.9%	11.8%
Number of countries participating in the Group Savings Plan	43	42
Proportion of employees covered by profit-sharing agreement in France	98.6%	98.8%

Group Savings Plan

The Group Savings Plan (*Plan d'Épargne du Groupe*, "PEG") represents an excellent means of giving employees a stake in the Group's success and profits (see Chapter 7, Section 2.3).

Employee profit-sharing and interests

In France, virtually all shareholders (98.6%) in 2015 were covered a collective profit-sharing agreement (2014: 99.0%). €49 million was paid to employees as profit-sharing, and €28 million as interests, representing 5.3% of the payroll concerned.

2.2.3 Local economic development

Indicator	2015	2014
Number of agreements signed with companies to create external jobs in France	24 agreements	70 agreements
Financial commitments under agreements to assist SMEs in France	€1.1 million	€1.1 million
Number of days of technical support to SMEs in France	206 days	256 days
Number of external jobs created in France through the support of Saint-Gobain Développement	274 jobs	291 jobs

In France in 2015, Saint-Gobain Développement signed 24 agreements with companies, i.e., financial commitments of €1.1 million, contributing to the direct creation of 227 jobs. These loans were granted to provide priority support for projects of companies committed to a sustainable development approach.

The program, which is aimed at providing the expertise of the Group's employees to SMIs and SMEs in the territories, represented 206 days of expert support.

Based on the method of calculation typically applied in resupply agreements in France, this effort represents the equivalent of 47 jobs directly supported by Saint-Gobain.

274 outside jobs were created in France through the support of Saint-Gobain Développement. This is the total number of jobs created under agreements signed with companies (227), plus the number of jobs indirectly supported by Saint-Gobain as part of its technical support (47).

The latter figure is obtained by applying a coefficient of 0.23 to the number of days of technical support. This coefficient is calculated by applying a technical support figure of €1,000 per day, and dividing the result by 3 times the monthly gross SMIC.

2.2.4 Other CSR indicators

a) Information and labeling required for products and services

Group products comply with current regulation such as EC marking or the obligation for chemical products to have Safety File (SF) labels. Saint-Gobain also provides specific non-mandatory information on its products, such as:

- voluntary declaration safety data for non-classified items or substances;
- declaration in an automobile industry database, the IMDS (International Material Data System) of the composition of components and materials supplied;
- specific labels such as the Environmental and Health Data Sheet in France for construction products.

b) Programs to ensure compliance with laws, standards and voluntary codes on marketing communications, including advertising, promotion and sponsorships

Saint-Gobain bases its development on the values contained in the Principles of Conduct and Action. These specifically require compliance with regulation (compliance with the law), professional standards (professional commitment) and internal rules (principle of loyalty). Their application is subject to the Group compliance program (see Chapter 3, Section 1.1).

For its part, the Sustainable Habitat team performs monitoring and issues recommendations to assist marketing teams in the Activities to become more familiar with existing labels for buildings and construction products (see Chapter 3, Section 3.2.2.). The purpose is to promote labels corresponding to the life cycle analysis of selection criteria.

c) Subsidies and substantial public assistance

The Group's Activities are not directly dependent upon subsidies or public assistance. Subsidies and public assistance received are not consolidated at the Group level. This assistance may be received either internationally, as well as domestically or locally.

There is, for example:

- case-by-case assistance for certain industrial facilities;
- assistance in locating of research and development activities, specifically in France;
- insurance measures for foreign investments.

G4-DMA Product responsibility: product and service labelling

5 CORPORATE GOVERNANCE

1. Composition and functioning of the Board of Directors

This Section, prepared with the assistance of the Board's Nomination, Remuneration and Governance Committee pursuant to Article L. 225-37 of the French Commercial Code, reports the composition of the Board, application of the principle of balanced representation between men and women in its composition, and conditions for the preparation and organization of the Board's work (see Chapter 6, Section 2.1 for the entire report by the Chairman of the Board of Directors on internal control procedures, risk management and corporate governance).

Application of the AFEP-MEDEF corporate governance code
Compagnie de Saint-Gobain refers to and complies with the AFEP-MEDEF Corporate Governance Code for publicly listed companies in its updated version of November 2015, which may be found on the MEDEF website at the following address: www.medef.com.

The Company's practices are consistent with the recommendations contained in the AFEP-MEDEF Code (the "AFEP-MEDEF Code"), with the exception of the following recommendation, for the reasons set forth below:

AFEP-MEDEF Code recommendation revoked	Saint-Gobain practice and justification
Representation of men and women on the Board of Directors (Recommendation 6.4) With regard to representation of men and women, the objective is that each Board shall reach and maintain a percentage of at least 20% of women within a period of three years and at least 40% of women within a period of six years from the shareholders' meeting of 2010.	At February 1, 2016, the Board comprised six women out of 15 members (40%), thus satisfying the recommendations of the AFEP-MEDEF code, as well as the provisions of the Law of January 27, 2011 on gender parity within boards of Directors. In the event that the renewals of terms outlined in Section 1.1.4 of this Chapter are carried out as described, the anticipated reduction in the size of the Board of directors will result in the proportion of women on the board falling to below 40% at the date of the General Meeting scheduled for 2016 (see Chapter 5, Sections 1.1.2 and 1.1.4 below).

1.1 COMPOSITION OF THE BOARD OF DIRECTORS

1.1.1 Members of the Board of Directors

The table below gives a general overview of the members of the Board of Directors and committees as at February 1, 2016. The Board of Directors consists of the 17 members named below, appointed for four-year terms. It includes one Director representing employee shareholders and two employee Directors, in accordance with the law.

Name	Age	Independent	Other offices	ARS [4]	NRGC [5]	SCSRC [6]	Years of seniority
Pierre-André de Chalendar	57	No	1			(M) [7]	10
Isabelle Bouillot	66	No	1				18
Alain Destrain	59	No [1]	0				1
Jean-Martin Folz	69	No	1			(C) [8]	15
Bernard Gautier	56	No	1		(M)		8
Anne-Marie Idrac	64	Yes	2		(M)		5
Sylvia Jay	69	Yes [9]	2		(M)		15
Pamela Knapp	58	Yes	2	(M)			3
Pascal Laï	53	No [1]	0				1
Agnès Lemarchand	61	Yes	2	(M)			3
Frédéric Lemoine	50	No	2	(M)		(M)	7
Jacques Pestre	59	No [2]	0				5
Olivia Qiu	49	Yes	0				5
Denis Ranque	64	No	1				13
Gilles Schnepp	57	No	1				7
Jean-Dominique Senard	63	Yes	1	(C)			4
Philippe Varin	63	Yes	2		(C)		3
Number of meetings		Board: 8		ARC: 5	NRGC: 4	SCSRC: 6	
Attendance rate		92%		80%	100%	100%	

[1] *Employee Director, appointed pursuant to the law, not included in the calculation of director independence and gender parity ratios on the Board of Directors, consistent with the recommendations of the AFEP-MEDEF Code.*
[2] *Director representing employee shareholders, appointed pursuant to the law, not included in the calculation of director independence and gender parity ratios on the Board of Directors, consistent with the recommendations of the AFEP-MEDEF Code.*
[3] *Held within listed companies (excluding Compagnie de Saint-Gobain).*
[4] *Audit and Risk Committee.*
[5] *Nomination, Remuneration and Governance Committee.*
[6] *Strategy and Corporate Social Responsibility Committee.*
[7] *Member of a committee.*
[8] *Chairman of a committee.*
[9] *Independent Director up to June 2, 2016, consistent with the recommendations of the AFEP-MEDEF Code.*

G4-34, G4-LA12

Each year, specifically on the occasion of its self-assessment, the Board of Directors considers the desirable balance of its composition and that of the Committees. Regarding the diversity and internationalization of the Saint-Gobain Group's activities, it specifically provides for the presence of directors with international experience, and ensures that the profiles and competencies represented on the Board reflect, to the greatest possible extent, the diversity of challenges the Group may face, to guarantee to shareholders and the market that its tasks are executed with the necessary competency, independence and objectivity. It is envisaged that the Board will continue to reduce its size as director terms expire, to bring its composition down to 16 members, including an additional independent woman member, after the General Shareholders' Meeting to be held in 2016 (see Chapter 5, Sections 1.1.4 and 1.2.4).

The following biographies show the members of the Board of Directors as of February 1, 2016, their experience and their respective competencies, and the principal offices and functions they exercise or have exercised outside the Group over the past five years, to the best of the Company's knowledge.

Pierre-André de Chalendar

Chairman of the Board of Directors
Member of the Strategy and CSR Committee

French — Compagnie de Saint-Gobain « Les Miroirs » 18 avenue d'Alsace 92400 Courbevoie

Age 57

Number of shares held: 115,624
Date of first election: June 2006
Term start date: June 2014
Term end date: General Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2017

Expertise and experience

A graduate of ESSEC, alumnus of École Nationale d'Administration and former Finance Inspector, Mr. Pierre-André de Chalendar joined Compagnie de Saint-Gobain as Corporate Planning Director on October 1, 1989.
Appointed Director of Abrasives Europe (1992-1996), then of the Abrasives Division (1996-2000), the Head Office of which was located in Worcester, United States, before being named Vice President for the United Kingdom and the Republic of Ireland (2000-2002), Mr. Pierre-André de Chalendar was named Senior Vice President of Compagnie de Saint-Gobain in charge of the Building Distribution Sector in 2003.
Appointed Chief Operating Officer of Compagnie de Saint-Gobain in May 2005, elected Director in June 2006, then Chief Executive Officer of Compagnie de Saint-Gobain on June 7, 2007, he has been Chairman and Chief Executive Officer since June 3, 2010.
Within the Saint-Gobain Group, he is a Director of Saint-Gobain Corporation and of GIE SGPM Recherche. He was Chairman of the Board of Directors of Verallia (former Packaging Sector) from March 2011 to March 2014.
His offices and duties held outside the Group over the past five years are described below.
Mr. Pierre-André de Chalendar has been a Director of Compagnie de Saint-Gobain since June 2006.

Principal office held: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

Offices and duties held outside the Group	Other offices held outside the Group and expired over the past five years
• Director of BNP Paribas*	• Director of Veolia Environnement* (up to April 2015)

** listed company*

Isabelle Bouillot

Director

French — 42 rue Henri Barbusse
Age 66 — 75005 Paris

Number of shares held: 1,542
Date of first election: June 1998
Term start date: June 2012
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2015

Expertise and experience

Graduated in public law and from Institut d'Études Politiques de Paris, Ms. Isabelle Bouillot is an alumna of *École Nationale d'Administration*. First serving in the Budget Department, she successively became Chief of Staff to the Minister of Employment (1982) and Deputy Chief of Staff to the Minister of Economics and Finance (1983-1984). After chairing *Union des Banques* à Paris (1985-1986), she was appointed Government Commissioner to the Financial Activities Control Mission (1986-1989), Economic Advisor to the Office of the President of the Republic (1989-1991), then Director of Budget for the Ministry of Economics and Finance (1991-1995). In June 1995 she joined *Caisse des Dépôts et Consignations* as Senior Vice President responsible for banking and financial activities, then Chairman of the Board of CDC Finance-CDC IXIS, from which she resigned in the second half of 2003.
Ms. Isabelle Bouillot was a member of the Financial Markets Council from 1997 to 2003. Since 2007, Ms. Isabelle Bouillot has held corporate offices within Chinese companies.
Her other offices and duties over the past five years are described below.
Ms. Isabelle Bouillot has been a Director of Compagnie de Saint-Gobain since June 1998.

Principal office held: Chairman of China Equity Links

Offices and duties held outside the Group
- Chairman of China Equity Links SAS
- Director of Air France-KLM*
- Managing Partner of IB Finance
- Chairman of CEL Partners Ltd (Hong Kong)
- Member of the Supervisory Board of Gimar Finance
- Director of Yafei Dentistry Limited**
- Director of Crystal Orange Hotel Holdings Limited**
- Director of JD Holding Inc.**

Other offices held outside the Group and expired over the past five years
- Director of Dexia* (Belgium) (up to 2012)
- Director of Umicore* (Belgium) (up to April 2015)

** listed company*
*** company registered outside France in which China Equity Links holds an equity interest*

Alain Destrain

Employee Director

French — Saint-Gobain Interservices
« Les Miroirs »
Age 59 — 18 avenue d'Alsace
92400 Courbevoie

Number of shares held: 474
Date of first election: Dec. 2014
Term start date: Dec. 2014
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2017

Expertise and experience

Mr. Alain Destrain has served the majority of his professional career in the Vauxrot plant at Saint-Gobain Packaging (SGE, former Packaging Sector). Very early on he took a union career path at the Vauxrot plant, then in the local and national union organizations as Secretary responsible for union affairs at the Départemental Union of Aisne for three years, then as member of the Federal Glass and Ceramics Office since 1999. In 2002 he was in charge of collective bargaining in the Mechanical Glass Division through the FNTVC. At Saint-Gobain Packaging and the Saint-Gobain Group, he has been union representative (affiliated with the *Confédération Générale du Travail* - CGT), then titular member of the Central Enterprise Committee of SGE, Central Union Delegate of Verallia, Secretary of the Saint-Gobain Group Committee, member of the European Convention for Social Dialog and member of the Select Committee.
In 2013, in recognition of his union career, he pursued certification training at Sciences Po Paris.
Mr. Alain Destrain has served as Safety Auditor within Saint-Gobain Interservices since January 1, 2015.
Mr. Alain Destrain has been a Director of Compagnie de Saint-Gobain since December 2014.

Principal office held: Safety Auditor, Saint-Gobain Interservices

Offices and duties held outside the Group
None

Other offices held outside the Group and expired over the past five years
None

5

Jean-Martin Folz

Director
Chairman of the Strategy and CSR Committee

French
Age 69

Compagnie de Saint-Gobain
« Les Miroirs »
18 avenue d'Alsace
92400 Courbevoie

Number of shares held: 1,717
Date of first election: March 2001
Term start date: June 2013
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016

Expertise and experience

Mr. Jean-Martin Folz is an alumnus of *École Polytechnique* and a State Mining Engineer (*Ingénieur des Mines*). After one year in Tokyo at the *Maison Franco-Japonaise*, he began his professional life in 1972 at a regional office of the Ministry of Industry; between 1975 and 1978 he held various positions in ministerial cabinet, culminating as Chief of Staff to the Secretary of State for Industry. In 1978 he joined the Rhône-Poulenc Group, where he was first plant Director at Saint-Fons then Senior Vice President of Rhône-Poulenc Specialty Chemicals. He was Senior Vice President then Chairman - Chief Executive Officer of Jeumont-Schneider, a subsidiary of the Schneider Group, from 1984 to 1987. He was a Director of Compagnie de Saint-Gobain from 1986 to 1987. In July 1987 he became Chief Executive Officer of Pechiney, then Chairman of Carbone Lorraine. In 1991 he was appointed Chief Executive Officer of Eridania Béghin-Say and Chairman of Béghin-Say. He joined the PSA Peugeot Citroën Group in July 1995 and became Director of the Group's Automobile Division in April 1996. He was named Chairman of the PSA Peugeot Citroën Group as of October 1, 1997. On that date he also became Chairman of Automobiles Peugeot and Automobiles Citroën, positions he held until 2007. From June 2007 to March 2010, Mr. Jean-Martin Folz served as Chairman of the French Association of Private Enterprises (AFEP).
His other offices and duties held over the past five years are described below.
Mr. Jean-Martin Folz has been a Director of Compagnie de Saint-Gobain since March 2001.

Principal office held: Director of companies

Offices and duties held outside the Group
- Director of Axa*

Other offices held outside the Group and expired over the past five years
- Director of Alstom* (up to June 2015)
- Director of Société Générale* (up to May 2015)
- Director of Solvay* (Belgium) (up to 2014)
- Chairman of the Board of Directors of Eutelsat-Communications* (up to 2013)
- Member of the Supervisory Board of ONF-Participations (up to 2012)
- Director of Carrefour* (up to 2011)

** listed company*

Bernard Gautier

Director
Member of the Nomination, Remuneration and Governance Committee

French
Age 56

Wendel
89 rue Taitbout
75009 Paris

Number of shares held: 1,151
Date of first election: June 2008
Term start date: June 2012
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2015

Expertise and experience

Mr. Bernard Gautier received an engineer training (SUPELEC). He started his career by creating a company in the media sector, AG Euromedia, then pursued his career from 1983 to 1989 as consultant and then as Director of Studies at Arthur Andersen in the media-press and services sector.
After 12 years at Bain & Company, where he became Senior Partner and member of the International Board of Directors in 1999, he joined Atlas Venture in early 2001 as General Partner responsible for the Paris office from 2000 to 2003.
He has operational and investment experience and considerable experience in information technology, telecommunications and related services, as well as in LBO funds and Private Equity.
Mr. Bernard Gautier joined the Wendel Group in 2003 and became a Board member in 2005. He served as Chairman of the Board of Directors of Lineis (2003-2005), Director of Wheelabrator Allevard (2004-2005) and TFM (Wheelabrator Allevard Group) (2004-2005) and Vice Chairman of the Supervisory Board of Editis (2004-2008).
His other offices and duties held over the past five years are described below.
Mr. Bernard Gautier has been a Director of Compagnie de Saint-Gobain since June 2008.

Principal office held: Member of the Management Board of Wendel

Offices and duties held outside the Group
- Member of the Management Board of Wendel*
- Chairman of Expansion 17 SA SICAR**, Global Performance 17 SA SICAR**, Winvest International SA SICAR**, Oranje-Nassau Développement SA SICAR**, Winvest Conseil SA**, CSP Technologies Parent SA**
- Vice-Chairman of Constantia Flexibles GmbH**
- Chairman of Materis Luxembourg S.àr.l.**
- Director of Constantia Lux Parent SA**, IHS Holding Ltd.**, Materis SAS**, Sofisamc**, Stahl Holdings BV**, Stahl Group SA**, Stahl Lux2 SA**, Stichting Administratickantor II Stahl Groep II**, Trief Corporation SA**, Wendel Japan KK**, Winvest Part BV**

Other offices held outside the Group and expired over the past five years
- Director of Communication Media Partner (up to 2013)
- Vice-Chairman of the Board of Directors of Deutsch Group SAS** (up to 2012)
- Manager of Materis Parent S.àr.l.** (up to 2015)
- Vice-Chairman of Vigilant GP LLC, Vigilant Holdings LLP, Vigilant Merger Sub LLC** (up to 2015)
- Manager of CSP Technologies S.àr.l** (up to 2015)

** listed company*
*** company registered outside of France in which Wendel has an equity interest*

Anne-Marie Idrac

Independent Director
Member of the Nomination, Remuneration and Governance Committee

French — Compagnie de Saint-Gobain « Les Miroirs » 18 avenue d'Alsace 92400 Courbevoie

Age 64

Number of shares held: 827
Date of first election: June 2011
Term start date: June 2015
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2018

Expertise and experience

Ms. Anne-Marie Idrac is a graduate of *Institut d'Études Politiques* of Paris and an alumna of *École Nationale d'Administration*.
As a civil administrator, she held various positions from 1974 to 1995 in the Ministry of Equipment in the areas of environment, housing, urban development and transportation, specifically as Chief Executive Officer of the *Établissement Public d'Aménagement de Cergy-Pontoise* (1990-1993), then Director of Land Transport (1993-1995).
In 1995 she was appointed Secretary of State for Transport, a position she held until June 1997.
She was elected Member of Parliament for Yvelines in 1997 and 2002, and Regional Council Member for Île-de-France from 1998 to 2002.
From 2002 to 2006 Ms. Idrac was Chairman and Chief Executive Officer of RATP, then Chairman of SNCF from 2006 to 2008.
In March 2008 she was appointed Secretary of State for Foreign Trade, a position she held until November 2010.
Ms. Anne-Marie Idrac was also Chairman of the European-France Movement from 1999 to 2005 and member of the Economic and Social Council from 2004 to 2008. She is also Vice-Chairman of the Robert Schuman Foundation and a member of the HEC Advisory Board.
Her other offices and duties over the past five years are described below.
Ms. Anne-Marie Idrac has been a Director of Compagnie de Saint-Gobain since June 2011.

Principal office held: Chairman of the Supervisory Board of Aéroport Toulouse-Blagnac

Offices and duties held outside the Group
- Chairman of the Supervisory Board of Aéroport Toulouse-Blagnac
- Director of Bouygues*
- Director of Total*

Other offices held outside the Group and expired over the past five years
- Member of the Supervisory Board of Vallourec* (up to May 2015)
- Director of Médiobanca* (Italy) (up to 2014)

** listed company*

Sylvia Jay

Independent Director
Member of the Nomination, Remuneration and Governance Committee

British — 38 Markham Street Londres SW3 3NR (Grande-Bretagne)

Age 69

Number of shares held: 1,030
Date of first election: June 2001
Term start date: June 2012
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2015

Expertise and experience

Lady Jay previously held various offices as a senior British public official in the Overseas Development Administration (ODA), and was also on secondment to the French Ministry of Cooperation, the French Treasury and the European Bank for Reconstruction and Development (EBRD).
Her other offices and duties held over the past five years are described below.
Lady Jay has been a Director of Compagnie de Saint-Gobain since June 2001.

Principal office held: Director of companies

Offices and duties held outside the Group
- Director of Lazard Limited** (United States)
- Director of Groupe Casino*

Other offices held outside the Group and expired over the past five years
- Director of Alcatel-Lucent* (up to 2014)
- Chairman of the Pilgrim Trust (up to end-2014) (United Kingdom)
- Trustee of The Body Shop Foundation (up to 2011), of the Entente Cordiale Scholarship Scheme and of Prison Reform Trust (up to 2014) (United Kingdom)
- Vice Chairman then Chairman of L'Oréal UK & Ireland (up to 2013)

** listed company*
*** listed company registered outside of France*

Pamela Knapp

Independent Director
Member of the Audit and Risk Committee

German

Age 58

Compagnie de Saint-Gobain
« Les Miroirs »
18 avenue d'Alsace
92400 Courbevoie

Number of shares held: 818
Date of first election: June 2013
Term start date: June 2013
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016

Expertise and experience

A graduate of Berlin University and Harvard University, Ms. Pamela Knapp started her career in 1987 as a Mergers and Acquisitions Consultant at Deutsche Bank Morgan Grenfell GmbH and at Fuchs Consult GmbH.
In 1992 she was named Director of Strategic Projects, then of the Maintenance & Services Branch in the Transportation Systems Division of the Siemens Group, where she served until 1997. From 1998 to 2000 she was a board member and Chief Financial Officer (CFO) of Siemens SA, Belgium and Luxembourg.
In 2000 she became Director of the Siemens Group's central Corporate Development Executives Department then, starting in 2004, board member and Chief Financial Officer of the Power Transmission and Distribution Division of the Siemens Group, until 2009. From 2009 until October 2014 she was a member of the management board of GfK SE.
Her other offices and duties held over the past five years are described below.
Ms. Pamela Knapp has been a Director of Compagnie de Saint-Gobain since June 2013.

Principal office held: Director of companies

Offices and duties held outside the Group
- Member of the Supervisory Board, the Nomination, Remuneration and Governance Committee and the Finance and Audit Committee of Peugeot SA*
- Director of HKP Group AG (Switzerland)
- Director and member of the Audit Committee of Panalpina World Transport (Holding) Ltd.* (Switzerland)

Other offices held outside the Group and expired over the past five years
- Member of the Management Board of GfK SE, (Germany) (2009 - 2014)
- Member of the Supervisory Board of Monier Holdings SCA (Luxembourg) (2009 - 2013)

** listed company*

Pascal Laï

Employee Director

French

Age 53

Saint-Gobain Sekurit France
249 boulevard Drion
59580 Aniche

Number of shares held: 1,307
Date of first election: Dec. 2014
Term start date: Dec. 2014
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2017

Expertise and experience

Mr. Pascal Laï joined the Group in 1986 at the Aniche plant (Saint-Gobain Sekurit, Innovative Materials Sector) where he worked for 20 years in production in the furnace environment, then as a toolmaker. In 2000 he started a union career path (affiliated with the *Confédération Française Démocratique du Travail* - CFDT), where he has successively held positions in the Aniche Facility Committee, as Personnel Representative and as full member of the CHSCT. He is also a full member of the Saint-Gobain Sekurit France Central Enterprise Committee. He has also held member positions on the Saint-Gobain Group Committee, as Group coordinator since 2011 and as full member of the Convention for European Social Dialog. Mr. Laï has held the position of Environment, Health and Safety Officer at Saint-Gobain Sekurit France since December 1, 2014.
Mr. Pascal Laï has been a Director of Compagnie de Saint-Gobain since December 1, 2014.

Principal office held: Environment, Health and Safety promoter of Saint-Gobain Sekurit France

Offices and duties held outside the Group
None

Other offices held outside the Group and expired over the past five years
None

Agnès Lemarchand

Independent Director
Member of the Audit and Risk Committee

French — Age 61

Compagnie de Saint-Gobain
« Les Miroirs »
18 avenue d'Alsace
92400 Courbevoie

Number of shares held: 2,252
Date of first election: June 2013
Term start date: June 2013
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016

Expertise and experience

Graduate of *École Nationale Supérieure de Chimie* de Paris (ENSCP) and MIT (USA), and holder of an MBA from INSEAD, Ms. Agnès Lemarchand began her professional career with various operational responsibilities within the Rhône-Poulenc Group from 1980 to 1985.
Appointed in 1986 as Chief Executive Officer of *Industrie Biologique Français* (IBF), she created IBF Biotechnics, a subsidiary of the Rhône-Poulenc Group and the Institut Mérieux, in the United States in 1987, of which she was appointed Chairman and Chief Executive Officer.
In 1991, she joined the Ciments Français Group as Chief Executive Officer of Prodical, an industrial minerals subsidiary which she led from 1991 to 1996. She joined the Lafarge Group in 1997, held the position of Director of Strategy for the Specialty Materials branch, then in 1999 was appointed Chairman and Chief Executive Officer of Lafarge Chaux.
In 2004, she took over, together with its senior executives, the Lafarge Chaux subsidiary in the United Kingdom and founded Steetley Dolomite Limited, where she served as executive chairman for 10 years before selling the company to the industrial group Lhoist. Ms. Agnès Lemarchand was a member of the Economic, Social and Environmental Council (Economic Activities Section), from March 2012 to April 2014.
Her other offices and duties held over the past five years are described below.
Ms. Agnès Lemarchand has been a Director of Compagnie de Saint-Gobain since June 2013.

Principal office held: Director of companies

Offices and duties held outside the Group
- Director of CGG*
- Director of BioMérieux*
- Chairman of Orchad SAS

Other offices held outside the Group and expired over the past five years
- Member of the Supervisory Board of Vivescia Industries, representing BPI France Participations (up to December 2015)
- Member of the Supervisory Board of Areva* (up to January 2015)
- Executive Chairman of Steetley Dolomite Limited (United Kingdom) (up to 2014)
- Member of the Supervisory Board of Mersen* (up to 2013)

** listed company*

Frédéric Lemoine

Director
Member of the Audit and Risk Committee
Member of the Strategy and CSR Committee

French — Age 50

Wendel
89 rue Taitbout
75009 Paris

Number of shares held: 835
Date of first election: April 2009
Term start date: June 2012
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2015

Expertise and experience

Graduate of *École des Hautes Études Commerciales* (HEC) and *Institut d'Études Politiques* de Paris, holding a degree in law, an alumnus of *École Nationale d'Administration*, Mr. Frédéric Lemoine is a Finance Inspector.
In 1992-1993, he led the Heart Institute of Ho Chi Minh City, Vietnam, for one year, and became from 2004 to 2013 General Secretary of the Alain Carpentier Foundation which supported that hospital.
From 1995 to 1997, he was Deputy Chief of Staff to the Ministry of Labor and Social Affairs, in charge of coordinating social security reform and hospital reform, and was simultaneously a Technical Advisor for the Secretary of State for Health and Social Security.
From 1998 to 2002, he reported to Mr. Serge Kampf and the Management Board of Capgemini as Vice-Executive Director then Chief Financial Officer, before being appointed Senior Vice President in charge of Capgemini Ernst & Young finances.
From 2002 to 2004, he was Deputy Secretary-General to the office of the French President Jacques Chirac, specifically in charge of economic and financial affairs.
From October 2004 to 2008, he was Senior Advisor at McKinsey. From March 2005 to April 2009 he was Chairman of the Supervisory Board of Areva, and member and then non-voting member of the Supervisory Board of Générale de Santé from 2006 to 2009.
He became a member of the Wendel Supervisory Board in June 2008, a position he resigned from upon his appointment as Chairman of the Management Board of Wendel in April 2009.
His other offices and duties held over the past five years are described below.
Mr. Frédéric Lemoine has been a Director of Compagnie de Saint-Gobain since April 2009.

Principal office held: Chairman of the Management Board of Wendel

Offices and duties held outside the Group
- Chairman of the Management Board of Wendel*
- Chairman of the Board of Directors of Bureau Veritas*
- Chairman of the Supervisory Council of Constantia Flexibles** (Austria)
- Chairman of the Supervisory Board of Oranje-Nassau Groep BV** (Netherlands)
- Chairman of the Board of Directors of Trief Corporation** (Luxembourg)

Other offices held outside the Group and expired over the past five years
- Vice-Chairman of the Board of Directors of Bureau Veritas* (up to 2013)
- Director of Legrand* (2009-2013)
- Director of Groupama* (2005-2012) and Chairman of the Audit and Accounts Committee (2005-2011)
- Director of Flamel Technologies (up to 2011)
- Chairman of Winbond SAS (up to 2011)

** listed company*
*** company registered outside France in which Wendel holds an equity interest*

Jacques Pestre

Director representing employee shareholders

French

Age 59

SGDB France
Immeuble le Mozart
13/15 rue Germaine Tailleferre
75940 Paris cedex 19

Number of shares held: 3,447
Date of first election: June 2011
Term start date: June 2015
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2018

Expertise and experience

Mr. Jacques Pestre is a graduate of *École Supérieure de Commerce de Toulouse*. Joining the Saint-Gobain Group more than 30 years ago, he began his career in 1980 within the Insulation Division as a field sales representative, then as Director of Sales (1982-1984), before being appointed Southwest Regional Director of Isover.
In 1987, Mr. Jacques Pestre was appointed Regional Director of Saint-Gobain Flat Glass, a position he held until 1988, before being appointed as Agency Head of Miroiteries de l'Ouest. From 1989 to 1995 Jacques Pestre was Chief Executive Officer of Somir SA. From 1995 to the end of August 2011, Mr. Jacques Pestre successively served as Operational Sales Director for POINT.P BMSO (until 2000), Regional President for the POINT.P Group (until 2007) then Area President for the POINT.P Group (2010), Senior Vice-President in charge of Specialist Brands of SGDB France.
Since September 2011, Mr. Jacques Pestre has been the Deputy CEO of SGDB France responsible for the POINT.P brand.
Mr. Jacques Pestre also serves as Chairman, Chairman of the Board of Directors, Chairman and Chief Executive Officer or Director in the following companies of the Saint-Gobain Group Building Distribution Sector: DOCKS DE L'OISE, SONEN (since 2012), BMSO, BMCE, COMASUD, BMRA, Méridionale des Bois et Matériaux MBM, CIBOMAT, THUON (since 2011), DECOCERAM (since 2009), BOCH FRERES (2008).
Mr. Pestre has been a Director of Compagnie de Saint-Gobain since June 2011 and Chairman of the Supervisory Board of FCPE "Saint-Gobain PEG France".

Principal office held: Senior Vice President of SGDB France, in charge of Point. P Matériaux de Construction

Offices and duties held outside the Group	Other offices held outside the Group and expired over the past five years
None	None

Olivia Qiu

Independent Director

French Chinese
Age 49

Philips Lighting
Building HBT-11
Amstelplein 2
1096 BC Amsterdam
(Pays-Bas)

Number of shares held: 800
Date of first election: June 2011
Term start date: June 2015
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2018

Expertise and experience

Ms. Olivia Qiu is an engineer from the University of Nankai with a degree in electronics from China Electronic Science and Technology University (UESTC) and a doctorate in management science from *Grenoble École Supérieure des Affaires*.
Starting in 1987, Ms. Olivia Qiu was an engineer responsible for the design of military radars, then for research and development at China Chengdu Design Institute n° 784. In 1997 she joined Alcatel as Project Director for the negotiation of three joint ventures for Alcatel China Cable Sector. In 1998 she was appointed Alcatel's Director of Sales for the Eastern China Region, then in 2000 Director of Commercial Operations. In 2002 she became Director of Marketing and 3G Operations for Alcatel Shanghai Bell, and from 2004 to 2005 Director of Development for Alcatel's Asia-Pacific region.
Starting in 2005 she directed the commercial, marketing, technical solutions and implementation activities for Alcatel China. In 2008 she was appointed Regional Director for East Asia, President of Alcatel-Lucent Shanghai Bell.
Ms. Olivia Qiu was General Director responsible for development of the "Strategic Industries" branch of activities for Alcatel-Lucent until 2013. Her other offices and duties held over the past five years are described below.
Ms. Olivia Qiu has been a Director of Compagnie de Saint-Gobain since June 2011.

Principal offices held: Director of innovation for Philips Lighting
Executive Vice Chairman of Philips

Offices and duties held outside the Group
None

Other offices held outside the Group and expired over the past five years
- Executive Director of Alcatel-Lucent Shanghai Bel** (up to 2013)
- Director of Alcatel-Lucent Shanghai Bell**
- Vice Chairman of the Board of Directors of Alcatel-Lucent Qingdao Telecommunications**
- Chairman of the Board of Directors of Alcatel-Lucent Shanghai Bell Enterprise Communications Co. Ltd**, Alcatel-Lucent Sichuan Bell Communication System Co. Ltd**, Lucent Technologies Qingdao Telecommunications Enterprise Co. Ltd**, Lucent Technologies Information** and Communications of Shanghai Ltd**

*** company registered outside of France*

Denis Ranque

Director

French
Age 64

Airbus Group
12 rue Pasteur – BP 76
92152 Suresnes Cedex

Number of shares held: 888
Date of first election: June 2003
Term start date: June 2015
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2018

Expertise and experience

Mr. Denis Ranque is an alumnus of *École Polytechnique* and of *École des Mines*.
He began his career at the Ministry of Industry, where he held several positions in the energy sector, before joining the Thomson Group in 1983 as Planning Director.
The following year he was transferred to the Electronic Tubes Division, first as Director of the "Space" activity then, starting 1986, as Director of the Hyperfrequency Tubes Department. Two years later, this division became a subsidiary of Thomson Tubes Electroniques, for which he was appointed Chief Executive Office in 1989.
In April 1992 he was appointed Chairman and Chief Executive Officer of Thomson Sintra "Submarine Activities". Four years later he became Chief Executive Officer of Thomson Marconi Sonar, the sonar systems joint venture of THOMSON-CSF and GEC-MARCONI.
In January 1988 Mr. Denis Ranque was appointed Chairman and Chief Executive Officer of the THOMSON-CSF Group, which in 2000 took the name THALES. He left in 2009 due to a change in shareholder control. He is currently Chairman of the Board of Directors of the Airbus Group. He has served as Chairman of the Board of Mines Paris Tech, of the *Cercle de l'Industrie* and *Association Nationale Recherche et Technologie*. Mr. Denis Ranque is currently Chairman of the *Haut Comité de Gouvernement d'Entreprise* (High Committee on Corporate Governance), co-Chairman of *La Fabrique de l'Industrie*, and Chairman of the Board of Directors of the *Fondation Ecole Polytechnique*.
His other offices and duties held over the past five years are described below.
Mr. Denis Ranque has been a Director of Compagnie de Saint-Gobain since June 2003.

Principal office held: Chairman of the Board of Directors of Airbus Group

Offices and duties held outside the Group	Other offices held outside the Group and expired over the past five years
• Chairman of the Board of Directors of Airbus Group* • Director of CMA-CGM • Director of Scilab Enterprises	• Chairman of the Board of Directors of Technicolor* (up to 2012) • Director of *Fonds Stratégique d'Investissement* (FSI) and of CGG* (up to 2012)

** listed company*

Gilles Schnepp

Director

French
Age 57

Legrand
128 avenue du Maréchal de Lattre de Tassigny
87045 Limoges Cedex

Number of shares held: 800
Date of first election: June 2009
Term start date: June 2013
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016

Expertise and experience

Mr. Gilles Schnepp is a graduate of *École des Hautes Études Commerciales* (HEC). He began his career at Merrill Lynch as Director of the Bonds and Derivatives Departments.
In 1989 he joined the Legrand Group where he held several positions before being appointed Senior Vice President (2000), member of the Management Committee and Director (2001), Vice Chairman and Chief Executive Officer (2004) then Chairman and Chief Executive Officer of Legrand since 2006. He has also been Chairman of FIEEC (Federation of Electrical, Electronic and Communications Industries) since July 2013.
His other offices and duties held over the past five years are described below.
Mr. Gilles Schnepp has been a Director of Compagnie de Saint-Gobain since June 2009.

Principal office held: Chairman and Chief Executive Officer of Legrand

Offices and duties held outside the Group	Other offices held outside the Group and expired over the past five years
• Chairman and Chief Executive Officer of Legrand* • Various positions and functions within subsidiaries of the Legrand Group	• Various positions and functions within subsidiaries of the Legrand Group

** listed company*

Jean-Dominique Senard

Independent Director
Chairman of the Audit and Risk Committee

French
Age 63

Michelin
23 place des Carmes-Déchaux
63040 Clermont-Ferrand Cedex 9

Number of shares held: 1,830
Date of first election: June 2012
Term start date: June 2012
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2015

Expertise and experience

Graduate of *École des Hautes Études Commerciales* (HEC) and holder of a master's degree in law, Mr. Jean-Dominique Senard began his career with various financial and operational responsibilities within the Total Group from September 1979 to September 1987, then at Saint-Gobain from 1987 to 1996.
From September 1996 to March 2001 he was Finance Director of the Péchiney Group and member of the Group's Executive Committee. He then managed the Primary Aluminum Division of the Péchiney Group until 2004. Then, as member of the Alcan Group Executive Committee, he was in charge of Péchiney's integration and Chairman of Pechiney SA.
Mr. Senard joined Michelin in March 2005 as Chief Financial Officer and member of the Executive Council of the Michelin Group. In May 2007 he became Non-Limited Partner of the Michelin Group before being appointed Limited Managing Partner in May 2011 alongside Mr. Michel Rollier, and then Chairman in May 2012.
His other offices and duties held over the past five years are described below.
Mr. Jean-Dominique Senard has been a Director of Compagnie de Saint-Gobain since June 2012.

Principal office held: Chief Executive Officer of Michelin

Offices and duties held outside the Group
- Chief Executive Officer of Michelin*

Other offices held outside the Group and expired over the past five years
- Director of SEB* (up to 2013)

** listed company*

Philippe Varin

Independent Director
Chairman of the Nomination, Remuneration and Governance Committee

French
Age 63

Areva
1, place Jean Millier
92400 Courbevoie

Number of shares held: 1,026
Date of first election: June 2013
Term start date: June 2013
Term end date: Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016

Expertise and experience

An alumnus of *École Polytechnique* and of *École des Mines de Paris*, Mr. Philippe Varin joined the Pechiney Group in 1978 as a researcher. He subsequently held various management positions within this Group (management control, strategy, project management), before being appointed as head of the Rhenalu Division in 1995 and then General Director of the Aluminum Division and member of the Group's Executive Committee in 1999.
In 2003 he joined the Anglo-Dutch Steelmaking Group Corus as Chief Executive Officer.
In June 2009 he was appointed as Chairman of the Board of PSA Peugeot Citroën, and left the Group in June 2014.
He is currently Chairman of the Board of Directors of Areva. He is also special representative of the Minister of Foreign Affairs and International Development for the ASEAN countries and Chairman of the Cercle de l'Industrie (since 2012).
His other offices and duties held over the past five years are described below.
Mr. Philippe Varin has been a Director of Compagnie de Saint-Gobain since June 2013.

Principal office held: Chairman of the Board of Directors of Areva

Offices and duties held outside the Group
- Chairman of the Board of Directors of Areva*
- Director of EDF* (up to May 12, 2016)

Other offices held outside the Group and expired over the past five years
- Chairman of the Board of Directors of PSA Peugeot Citroën* (2009-2014)
- Director of PCMA Holding BV (2009-2014)
- Director of Faurecia SA* (2009-2014)
- Director of Banque PSA Finance SA (2009-2014)
- Director of BG Group Plc (from 2006 to 2013)
- Director of GEFCO SA (2009-2012)

** listed company*

1.1.2 Independence of the members of the Board of Directors, gender parity, employee shareholder representation and employee representation

Independence

The Board has reviewed each Director's situation with regard to all the independence criteria set out in the AFEP-MEDEF Code, with which the Company complies, at the proposal of the Nomination, Remuneration and Governance Committee.

In particular the Board scrutinized, with the same attention as it reviewed the other criteria, the business relationships that existed between the Saint-Gobain Group and the other companies or groups of companies where each independent Director (with respect to the other independence criteria) held office. This review concluded that, with the exception of Mr. Senard, none of the independent Directors, the companies or the groups of companies on the Board of which they sat, and within which they held office as senior executives, had any business relationship with the Company, its group or its management.

The Board then carried out a quantitative and qualitative review of the particular case of Mr. Jean-Dominique Senard, Chief Executive Officer of Michelin, and the business relationship between the Michelin and Saint-Gobain groups.

The business transactions between these two groups of companies, including business activities at an international level, which represent less than 0.1% of their respective consolidated net sales, fall substantially below the 1% materiality threshold set by the Board. Furthermore, the Board of Directors highlighted that, because of the structure of the Saint-Gobain Group, its size and the diversity of its business activities, the Board's role was not designed to intervene in the business relations of the Group's various business activities: the Sectors and their branches (Activities, Business lines and their divisions) are in effect managed in a decentralized manner by their respective heads. Mr. Senard, therefore, in his capacity as Director of the Saint-Gobain group, has no direct or indirect decision-making powers within the organization or the carrying out of these business transactions. If, however, for any extraordinary reason, such an issue should be discussed by the Board, the Board's internal rules regarding conflict of interest are such that the Director concerned would be required to inform the Chairman of his situation, and to abstain from participating in such debates or deliberations on the matter in question (see Chapter 9, Section 1.1).

On the basis of the above, the Board has deemed that Mr. Senard does not maintain, either directly or indirectly, any significant business relationship with the Group which may affect his freedom of judgement or his independence.

Chapter 5, Section 1.1.3 deals with conflicts of interest of members of the Board of Directors, and the absence of services contract between Directors and the Company or any company within the Group.

The Board of Directors concluded from its review of Directors' independence against the criteria set down by the AFEP-MEDEF code that, as of February 1, 2016, seven Directors out of 14 (i.e. 50%) completely satisfied the independence criteria, and were therefore considered to be independent Directors: Anne-Marie Idrac, Sylvia Jay, Pamela Knapp, Agnès Lemarchand, Olivia Qiu, Jean-Dominique Senard and Philippe Varin. In compliance with the recommendations of the AFEP-MEDEF Code, Jacques Pestre, representing employee shareholders, and Alain Destrain and Pascal Laï, representing employees, were not included in calculating that proportion.

Gender parity and diversity

At February 1, 2016, the Board included six women among fifteen members (40%), and thus met the recommendations of the aforementioned AFEP-MEDEF Code as well as the recommendations of the Law of January 27, 2011 on gender parity on boards of directors. Pursuant to the recommendations of the AFEP-MEDEF Code, Jacques Pestre, representative of employee shareholders, is counted in calculating this proportion, unlike Alain Destrain and Pascal Laï, representing employees, who are not.

As of February 1, 2016, among the members of the Board of Directors elected by the general shareholders' meeting, three out of fifteen (i.e., 20%) are of foreign nationality. Further, the majority of directors have, or have had, very strong international exposure, managing groups with a significant proportion of their activities abroad or exercising significant duties abroad (see Chapter 5, Section 1.1.1).

Representation of employee shareholders and employees

Pursuant to the bylaws of the Company and to the laws, Alain Destrain and Pascal Laï were appointed employee Directors by the Company's Group Committee. These two Directors, as well as Mr. Pestre, the Director representing employee shareholders appointed pursuant to the law as well, are sitting on the Board of Directors and are entitled to vote in the same way as the other Directors. Subject to the laws applying specifically to them, these Directors are subject to all legal and statutory provisions, have the same rights and are subject to the same duties, as fixed, in particular, by the Board's internal rules, as those applicable to the other Directors.

By law, one member of the Works Council (Ms. Daveau, elected by the members of the Works Council and representing employees) holds a seat on the Board of Directors in a consultative capacity.

The Board's bylaws and internal rules provide that each Director must hold a minimum of 800 registered shares, with the law exempting employee directors, whether shareholders or not, from this type of obligation.

1.1.3 Conflicts of interest and statements regarding members of the Board of Directors

To the best knowledge of Compagnie de Saint-Gobain, as of February 1, 2016 there are no family relationships between the Company's Directors and, within the past five years, no Director has been found guilty of fraud, been associated with a bankruptcy, sequestration or liquidation, received an official public penalty or sanction issued by a statutory or regulatory authority, and/or been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer of securities, or from taking part in managing or conducting an issuer's business.

To the best of the Company's knowledge, there are no conflicts of interest between Compagnie de Saint-Gobain and the personal and professional activities of the members of its Board of Directors, and there are no service contracts between any members of the Board and either Compagnie de Saint-Gobain or any of its subsidiaries that provide for the conferral of benefits during such contracts.

The Board's internal rules address conflicts of interest in the event such a situation arises: the Director in question has the duty to inform the Chairman and Chief Executive Officer thereof and to refrain from participating in the discussions and deliberations on the subject in question (see Chapter 9, Section 1.1.2).

1.1.4 Re-election of the Board of Directors and changes in its composition

The members of the Board of Directors may be re-elected in a staggered and balanced fashion as follows:

Date of expiration of the term of office	Director and date of first election
Upon completion of the General Shareholders' Meeting approving the financial statements for the fiscal year ended December 31, 2015	Isabelle Bouillot (June 1998) Bernard Gautier (June 2008) Sylvia Jay (June 2001) Frédéric Lemoine (April 2009) Jean-Dominique Senard (June 2012)
Upon completion of the General Shareholders' Meeting approving the financial statements for the fiscal year ended December 31, 2016	Jean-Martin Folz (March 2001) Pamela Knapp (June 2013) Agnès Lemarchand (June 2013) Gilles Schnepp (June 2009) Philippe Varin (June 2013)
Upon completion of the General Shareholders' Meeting approving the financial statements for the fiscal year ended December 31, 2017	Pierre-André de Chalendar (June 2006) Alain Destrain (December 2014) Pascal Laï (December 2014)
Upon completion of the General Shareholders' Meeting approving the financial statements for the fiscal year ended December 31, 2018	Anne-Marie Idrac (June 2011) Jacques Pestre (June 2011) Olivia Qiu (June 2011) Denis Ranque (June 2003)

It will be proposed to the General Shareholders' Meeting scheduled for June 2, 2016 that the terms of office of Messrs. Gautier, Lemoine and Senard, be renewed. These directors have diligently proven themselves through their attendance. In fiscal year 2015, Bernard Gautier attended seven of the Board's eight meetings and all meetings of the Nomination, Remuneration and Governance Committee. Frédéric Lemoine attended all Board meetings and all Strategy and Corporate Social Responsibility Committee meetings, and four out of five meetings of the Audit and Risk Committee. Jean-Dominique Senard attended all Board meetings and all meetings of the Audit and Risk Committee.

Ms. Bouillot and Ms. Jay did not seek renewal of their terms. During the years of their terms, their experience and judgment contributed immensely to the Board's discussions and decisions.

In the event of the renewal of the terms of office of Messrs. Gautier, Lemoine and Senard, and the nomination of Ms. Iêda Gomes Yell, foreign independent Director, by the General Shareholders' Meeting to be held June 2, 2016, upon completion of this Meeting, the number of women with seats on the Board of Directors will be five out of fourteen (i.e., a proportion of 35.7%), and the number of independent directors on the Board, calculated in accordance with the rules set by the AFEP-MEDEF Code, will be seven out of thirteen (i.e., a proportion of 53.9%).

As a result of the planned reduction in the size of the Board of Directors, which comprised eighteen members at December 31, 2014, between the General Shareholders' Meeting of June 2, 2016 and that of June 8, 2017, the Company will be in breach of Recommendation 6.4 of the AFEP-MEDEF corporate governance Code for French listed companies relating to the balanced representation of men and women on the Board and providing for a proportion of 40% women directors elected by the Meeting from the date of General Shareholders' Meeting of June 2, 2016 onwards. The Company has always complied with the recommendations concerning the balanced representation of men and women on the Board, and even ahead of schedule: although the recommendation provided for a proportion of 20% women on the Board, it achieved a rate of 37% as of June 2014 and 40% in June 2015. In any case, the Company has always complied with and is in compliance with the law, and will very clearly meet the threshold of 40% representation of women on the Board by the end of the General Shareholders' Meeting to be held in 2017, that will become required by law at that time.

Summary of changes in the composition of the Board of Directors

The following table shows the changes in the composition of the Board of Directors in fiscal year 2015 and the changes proposed to the General Meeting of June 2, 2016:

	General Meeting of June 4, 2015	General Meeting of June 2, 2016
Cessation of duties	Gérard Mestrallet	Isabelle Bouillot Sylvia Jay [2]
Renewal	Anne-Marie Idrac [1] Jacques Pestre [3] Olivia Qiu [1] Denis Ranque	Bernard Gautier [4] Frédéric Lemoine [4] Jean-Dominique Senard [1]
Proposed nomination	N/A	Iêda Gomes Yell [1]

[1] independent Director
[2] independent Director up to June 2, 2016
[3] Director representing employee shareholders
[4] in accordance with existing agreements between the Company and Wendel (see Chapter 7, Section 2.4)

The following table shows the changes in the composition of the Board with regard to independence, representation of women, and representation of foreign members during fiscal year 2015, and as envisaged by the end of the General Shareholders' Meeting to be held in 2016:

	As from General Shareholders' Meeting of June 5, 2014	As from General Shareholders' Meeting of June 4, 2015	As from General Shareholders' Meeting of June 2, 2016 (contemplated)
Percentage of independents	53%	50%	54%
Percentage of women	37%	40%	36%
Percentage of foreign nationals	19%	20%	21%

Summary of the composition of the Board of Directors committees

The following tables show the changes in the composition of the three Board of Directors committees in fiscal year 2015, and as planned upon completion of the General Shareholders' Meeting scheduled for June 2, 2016:

Audit and Risk Committee	As from the Shareholders' Meeting of June 5, 2014	As from the Shareholders' Meeting of June 4, 2015	As from the Shareholders' Meeting of June 2, 2016
Chairman	Jean-Dominique Senard [1]	Jean-Dominique Senard [1]	Jean-Dominique Senard [1]
Members	Agnès Lemarchand [1] Frédéric Lemoine Denis Ranque [2]	Pamela Knapp [1] Agnès Lemarchand [1] Frédéric Lemoine	Pamela Knapp [1] Agnès Lemarchand [1] Frédéric Lemoine

[1] independent Director
[2] independent Director up to June 4, 2015

Nomination, Remuneration and Governance Committee	As from the Shareholders' Meeting of June 5, 2014	As from the Shareholders' Meeting of June 4, 2015	As from the Shareholders' Meeting of June 2, 2016
Chairman	Philippe Varin [1]	Philippe Varin [1]	Philippe Varin [1]
Members	Bernard Gautier Anne-Marie Idrac [1] Sylvia Jay [1]	Bernard Gautier Anne-Marie Idrac [1] Sylvia Jay [1]	Bernard Gautier Anne-Marie Idrac [1] Pascal Laï [2] Olivia Qiu [1]

[1] independent Director
[2] Employee Director, not included in the ratio of independent directors, in accordance with the recommendations of the AFEP-MEDEF Code

Strategy and Corporate Social Responsibility Committee	As from the Shareholders' Meeting of June 5, 2014	As from the Shareholders' Meeting of June 4, 2015	As from the Shareholders' Meeting of June 2, 2016
Chairman	Jean-Martin Folz	Jean-Martin Folz	Jean-Martin Folz
Members	Pierre-André de Chalendar Frédéric Lemoine	Pierre-André de Chalendar Frédéric Lemoine	Pierre-André de Chalendar Frédéric Lemoine

1.2 FUNCTIONING OF THE BOARD OF DIRECTORS

1.2.1 Governance structure: combining of management roles

At its meeting of June 3, 2010, the Board of Directors of Compagnie de Saint-Gobain resolved to recombine the functions of Chairman of the Board of Directors and Chief Executive Officer by appointing Mr. Pierre-André de Chalendar as Chairman and Chief Executive Officer.

The roles of Chairman of the Board of Directors and Chief Executive Officer were separated in June 2007 to ensure a smooth handover of powers from Mr. Jean-Louis Beffa – then reaching the age limit for the position of Chief Executive Officer, and who subsequently became honorary Chairman of Compagnie de Saint-Gobain – to Mr. Pierre-André de Chalendar.

Having discussed the matter most recently in their meeting of November 26, 2015, the Board of Directors concluded that, within Compagnie de Saint-Gobain, combining the two roles helps to ensure more responsive and efficient corporate governance and strategy implementation. It is particularly advantageous in a period of challenging economic conditions.

Moreover, the decision to combine the two roles once again was in line with the Group's longstanding management tradition. The assessment of the Board's work executed in 2013, on the occasion of the renewal of the term of Director of Mr. Pierre-André de Chalendar, and repeated in 2014 and 2015, found that all the directors were satisfied with the combining of the roles, and wished for this to continue.

The Chairman and Chief Executive Officer is vested with the broadest authority to act under all circumstances on behalf of the Company within the scope of its corporate purpose and subject to the limits set by law, the bylaws and/or internal rules of the Board of Directors (see Chapter 5, Section 1.2.2 and Chapter 9, Section 1.1).

Within the context of its self-assessment, the Board did not express a wish to appoint a senior independent Director. Ultimately, the key factor in good governance is that the other members serve as a counterweight on the Board. This is especially the case for all Board Directors (especially, but not only, independent directors, who represent 50% of the Board of Directors, 75% of members of the Audit and Risk Committee and 75% of the members of the Nomination, Remuneration and Governance Committee), and the Committee Chairmen (independent in the case of the Audit and Risk Committee and the Nomination, Remuneration and Governance Committee) all of whom are extremely competent and experienced, as well as for the permanent representatives of the main shareholders (Wendel and the PEG corporate mutual fund) and those representing employees, appointed by the Saint-Gobain Group Works Council, in accordance with the bylaws of the Company and prevailing legislation. To this should be added the role of the Nomination, Remuneration and Governance Committee, which is specifically responsible for preparing the Board's examination of questions relating to governance and for conducting an assessment each year of the Board of Directors, in addition to the ability of the Directors to meet in the absence of the executive Directors during or after a Board meeting (see Chapter 5, Section 1.2.2 and Chapter 9, Section 1.1.2).

1.2.2 Operating rules of the Board of Directors - internal rules

In line with the recommendations of the AFEP-MEDEF corporate governance code for French listed companies, the Board of Directors adopted a set of internal rules in 2003, as a supplement to the applicable laws and regulations and the Company's bylaws, aimed at defining the conditions for the functioning of the Board and its Committees (Nomination, Remuneration and Governance Committee, Audit and Risk Committee, Strategy and Corporate Social Responsibility Committee).

The version of the Board's internal rules in force at February 1, 2016, which incorporates successive revisions of the AFEP-MEDEF Code, is reproduced in its entirety in Chapter 9, Section 1.1.2, with the exception of the provisions regarding the Board Committees which are described below.

Board activities

The internal rules provide for Board activities to include the following:

- examination and approval of the Saint-Gobain Group annual report and consolidated and corporate financial statements, both annual and interim;
- examination and approval each year of the Saint-Gobain Group budget;
- examination and approval at least once per year of the Saint-Gobain Group's strategic guidelines;
- approval prior to execution of investment transactions, restructurings, disposals, acquisitions, taking or selling of equity interests in individual amounts greater than €150 million, and any significant transaction not falling within the strategy announced by the Saint-Gobain Group.

Authority to debate without the presence of the executive Directors

The Board's current internal regulation affords directors the authority to meet without the presence of the corporate representatives during or after a session, in order to assess the performance of the corporate representatives and to reflect on the future of the Saint-Gobain Group's senior management. Thus, each year, the Chairman and Chief Executive Officer shall leave the sessions of the Board and the Nomination, Remuneration and Governance Committee during such discussions (deliberations and votes) on issues involving the assessment of his performance and the setting of his variable compensation (February sessions), as well as during the Board's self-assessment, the discussion on the combining of the duties of the Chairman of the Board of Directors and CEO, and his allocation of stock options, performance shares or performance units (November sessions). The Board intends to continue meeting in 2016 without the presence of the Chairman and Chief Executive Officer, to more generally discuss matters of governance, beyond the issues of compensation of the Chairman and Chief Executive Officer and assessment of the Board.

Prior and permanent information for Directors

At each meeting, the Board is provided with an analysis of the Saint-Gobain Group's operating income and net debt situation, prepared as of the end of the month preceding the meeting, as well as an update on the Saint-Gobain stock price compared to the CAC 40 index and an industry index.

Between meetings, Directors receive copies of all press releases issued by the Company, along with relevant information, if required, about events or transactions that are material for the Group. Directors are entitled to request any other documents they consider necessary to make an informed contribution to the Board's discussions; requests are put to the Chairman and Chief Executive Officer, who may submit the request to the Board for a decision.

Directors' duties

The internal rules also stipulate the duties of Directors, specifically with regard to stock trading ethics (prevention of insider trading, negative windows, reporting of trades involving Saint-Gobain stock and the obligation to hold their Saint-Gobain shares in registered form), with regard to confidentiality and the management of potential conflicts of interest.

Other provisions in the internal rules

Finally, the internal rules provide for the distribution of attendance fees and the right of Directors to additional training on the specific activities of the Saint-Gobain Group, its businesses and its business lines.

1.2.3 Principal activities of the Board and Committees in 2015

a) Principal activities of the Board in 2015

The Board of Directors held eight meetings in 2015. The rate of attendance of those Directors in office at February 1, 2016 at all these meetings was 92%. Nine of the seventeen Directors attended every meeting of the Board. Six Directors missed a single meeting, one Director missed two meetings and one Director missed three meetings.

The principal topics discussed during these meetings are listed below.

Monitoring of the strategic guidelines of the Group and its Activities

At each meeting, consistent with its internal rules, the Board assessed changes in the Group's situation. During each meeting, including a half-day seminar dedicated to a presentation on the Group's strategy, the Board reviewed and approved the Group's strategic guidelines or a specific aspect of the strategy (specifically, disposals and acquisitions in progress, benchmarks with the main competitors, status of a Sector or Activity within a country, etc.) where appropriate after hearing members of the Senior Management of the Activities in question.

Specifically, during the year it reviewed and discussed the development of the plan to take over Sika, the world leader in construction chemicals and number two in the world in adhesives and seals for industrial applications, listed in Switzerland (see Chapter 2, Section 4.3.3).

The Board also monitored the process of the sale of the Packaging Sector (Verallia). During its meeting of June 6, 2015, it specifically authorized the start of exclusive negotiations with funds managed by subsidiaries of Apollo Global Management LLC, in association with Banque Publique d'Investissement, with a view to the sale of the Packaging Sector (see Chapter 2, Section 4.3.1).

Financial management

Pursuant to its legal competency, the Board approved annual and interim financial statements, both corporate and consolidated, as well as the various reports relating to them, after hearing the opinion of the Chairman of the Audit and Risk Committee and the Statutory Auditors. It also approved the draft resolutions to be submitted to the General Shareholders' Meeting of June 4, 2015, specifically the proposed dividend distribution, as well as reports be provided to shareholders, and convened the General Shareholders' and holders of Titres Participatifs's Meetings.

It approved the budget of the Saint-Gobain Group, various provisional management reports and documents, and renewed the annual authorizations granted to the Chairman and Chief Executive Officer to issue bonds, sureties and guarantees, and awarded specific authorizations. It also examined related-party agreements and commitments entered into and authorized in previous years, the execution of which continued during fiscal year 2014.

It resolved to implement the Company's stock buyback program on June 4, 2015 and to reduce its share capital at October 5 and November 30, 2015 (see Chapter 7, Section 1.3).

Internal control and risk management

The Board of Directors undertook a review of the Group's current internal control and risk management processes following analysis of the principal risk mapping established in 2015 by the Audit and Internal Control Office, and after having received the report of the Chairman of the Audit and Risk Committee on these subjects.

On several occasions it reviewed the position of the Company and Group with regard to certain risks, procedures, litigation (specifically asbestos and competition) and the evolving regulatory environment. It acknowledged the implementation and changes in the Group's Compliance program (see Chapter 3, Section 1.1).

Corporate Social Responsibility

Over four sessions, one point on the agenda was dedicated to subjects concerning corporate social responsibility, specifically the following topics: CO_2 (reduction policy and targets, price and carbon reduction), water policy, paper and cardboard packaging recycling policy, compliance program, male/female diversity policy, human resources policy, security policy and corporate social responsibility policy within the Group.

Governance

Pursuant to the AFEP-MEDEF code of corporate governance for French listed companies, the Board formally performed the annual assessment of its operations and discussed the results of this assessment (see Chapter 5, Section 1.2.4).

It reviewed the situation of Director independence. At the proposal of the Nomination, Remuneration and Governance Committee, it also discussed the combining of the roles of Chairman of the Board and Chief Executive Officer, the size and changes in the composition of the Board due to expiration of the terms of office of certain Directors following the General Shareholders' Meeting of June 2, 2016 and prepared proposals for the renewal of terms of office at the General Meeting of June 4, 2015 (see Chapter 5, Section 1.1.4). It ruled on the resources allocated to employee Directors following publication of the decree on preparation time for Board sessions, and the training of employee Directors.

Finally, it confirmed the existence or application of succession plans for the Chairman and Chief Executive Officer in the event of an unanticipated vacancy as well in the long-term.

Compensation of the Chairman and Chief Executive Officer and long-term employee profit sharing
The Board reviewed and prepared the various components of Mr. Pierre-André de Chalendar's compensation (fixed and variable compensations and allocations of stock options and performance units) and their respective balance (see Chapter 5, Section 2.2).

The Board further approved the implementation of and adopted the principal features of the stock options and performance share plans, approved the principle of a performance units plan, and set the performance criteria for these plans, from which certain categories of employees may benefit (see Chapter 5, Section 2.4).

As part of the ongoing development of employee shareholders, the Board resolved to again offer its employees and former employees the opportunity to purchase, under certain conditions, under a capital increase reserved for them in 2016, up to a maximum of 5.3 million shares, i.e. slightly less than 1% of share capital at a maximum (see Chapter 7, Section 2.3).

Finally, it discussed the Company's policy regarding professional and salary equality.

b) Principal activities of the Committees in 2015

Board Committees
The Board has established three Committees aimed at improving the Board's operations and effectively contributing to the preparation of its deliberations: the Audit and Risk Committee (previously the Financial Statements Committee until May 28, 2015), the Nomination, Remuneration and Governance Committee, and the Strategy and Corporate Social Responsibility Committee. These committees do not have their own decision-making authority, and report to the Board regarding their activities, conclusions and proposals.

The Board's internal rules incorporate the rules governing the composition, prerogatives and responsibilities of each Committee, as described below.

The activities of these three Committees in 2015 were regularly presented to the Board in the form of activity reports and proposals.

Composition of committees
The Board's practice is to allow some time for all new directors to adapt before proposing a position on a Committee, since active participation on a Committee requires familiarity with the functioning of a board of directors and its committees, and the ability to understand the major challenges with which the Company is faced and which, without the necessary experience, is only acquired after a certain period of time.

At the recommendation of the Nomination, Remuneration and Governance Committee, the Board of Directors thus considers, on a case-by-case basis, the opportunity to propose to directors their participation in one of the three committees, depending upon the most appropriate schedule. Further, in its examination of the composition of the committees and appointment of new directors to these committees, the Board ensures compliance with the recommendations of the AFEP-MEDEF Code with regard to the proportion of independent directors on these committees.

The Board of Directors has resolved to appoint Employee Director Mr. Pascal Laï as member of the Nomination, Remuneration and Governance Committee in the General Meeting of June 2, 2016, in line with the AFEP-MEDEF Code.

Audit and Risk Committee

➤ *Composition*

Chairman: Mr. Jean-Dominique Senard (since June 6, 2013)
Members: Ms. Pamela Knapp, successor to Mr. Denis Ranque (June 4, 2015)
Ms. Agnès Lemarchand
Mr. Frédéric Lemoine

At February 1, 2016, three of the four members of the Audit and Risk Committee (75%), including its Chairman, were independent Directors. No executive Directors sit on the Committee.

By virtue of their current or past positions as finance directors and / or chief executive officer, each Committee member has considerable experience and high-level expertise in financial and accounting matters (see biographies in Chapter 5, Section 1.1.1). It should be noted that each newly appointed member consults with the Group's Chief Financial Officer on specific accounting, financial and operational aspects of the Saint-Gobain Group.

➤ *Responsibilities (extracts from the Board's internal rules)*

In line with the Board of Directors' internal rules, the Audit and Risk Committee has the following responsibilities:

- Without encroaching on the role of the Board of Directors, the Audit and Risk Committee is primarily responsible for overseeing the following matters:
  - processes used to prepare financial information;
  - efficiency of the internal control and risk management systems;
  - work performed by the Statutory Auditors on the financial statements of the Company and the Group;
  - Statutory Auditor's independence.
- It ensures that any questions relating to the preparation and control of accounting and financial information are followed up, that the accounting policies used to prepare the financial statements are both appropriate and applied consistently from one period to the next, and that the internal procedures used to collect and control accounting and financial information provide the necessary assurance in this regard.
- It reviews the interim and annual financial statements of the Company and the Group, as presented by senior management, prior to their examination by the Board of Directors.
- It reviews the scope of consolidation and, if applicable, the reasons why any companies have been excluded.
- It reviews significant risks and off-balance sheet commitments, based on an explanatory report prepared by the Chief Financial Officer.
- It receives updates from senior management on organization and operation of the risk management system.
- It reviews the Group's internal control action plan and receives updates at least once a year on the plan's results.
- It makes recommendations concerning the organization of the internal audit function and receives a copy of the internal audit program as well as executive summaries of the internal audit reports.
- It reviews the external Statutory Auditors' work plan and conclusions of their checks, as well as the post-audit report prepared by the Statutory Auditors concerning their main observations and the accounting options selected for preparation of the financial statements.
- It conducts the Statutory Auditor selection process, expresses an opinion on the amount of proposed statutory audit fees requested for performing tasks connected with a statutory audit, submits the results of the selection process to the Board and puts forward candidate Statutory Auditors for appointment by the General Shareholders' Meeting.

G4-34

- It reviews the advisory and other services that the Statutory Auditors and members of their network are authorized to provide, directly linked to the performance of their duties as Statutory Auditors, to Compagnie de Saint-Gobain and other Group entities under current rules.
- Each year it asks the Statutory Auditors to provide it with a statement of their independence, the amount and breakdown of the fees paid to them and to the members of their network by the Group over the past year, by category of service, and reports to the Board its opinion concerning the Statutory Auditors' independence.

➤ Activities in 2015

The Audit and Risk Committee met five times in 2015, in February, April, June, July and September, with an attendance rate at these meetings of 80%.

The following were the major topics of discussion:

- Detailed advance review of the corporate and consolidated annual financial statements (February) and interim statements (July) and discussions with Senior Management, the Finance Department and the Statutory Auditors prior to the meetings scheduled with the Board of Directors. On these occasions, the Committee discussed with the Statutory Auditors the main audit issues raised with the Finance Department during the accounts closing process, particularly the key risk exposures and material off-balance sheet commitments described in the Chief Financial Officer's explanatory report to the Committee. The main points of the results of the statutory audit, as well as the accounting options applied, were also discussed.
- Review of activities relating to the mapping of primary risks carried out in 2015 by the Audit and Internal Control Department and discussion with Senior Management, the Finance Department and Audit and Internal Control.
- The status of asbestos litigation in the United States and France. The Committee regularly discusses in detail with the Statutory Auditors the financial and accounting consequences of this litigation for the US subsidiaries involved and for the Group, in order to present a report on this issue to the Board.
- Fees received by each Statutory Auditor of the Group's companies during 2015 for their auditing assignments, as well as for their other services (see Chapter 9, Section 1.4.2). To this end, since 2003 the Group has applied a procedural memorandum closely defining the services that could be assigned to the Statutory Auditors of the Saint-Gobain Group companies and their network, and those that are prohibited, and which is in accordance with legal and the applicable regulatory provisions.
- Regular monitoring and examination of the tender process with a view to choosing the Statutory Auditors, the term of which shall be proposed to the General Shareholders' Meeting. After this tender process, the Committee recommended to the Board that it propose to the General Meeting to be held on June 2, 2016 that it renew, for the last time given the turnover rules, PricewaterhouseCoopers Audit's term as Statutory Auditor, and KPMG Audit's term after the General Meeting to be held in 2018. This proposal was accepted by the Board.

Among its other activities, the Committee specifically reviewed the draft report of the Chairman on internal control and risk management, and the reference framework for internal control standards prepared by the Group. It examined a summary report prepared by the Statutory Auditors on cash management transactions, and the Internal Audit and Internal Control Department's activity report for 2015, its 2016 audit program and its report on major fraud incidents (in February 2015).

The Committee held one-on-one discussions with the Statutory Auditors, the Vice President – Financial Management, the Vice President – Treasury and Financing, Risks & Insurance, the Senior Vice President in charge of Internal Audit and Internal Control, and the Chief Financial Officer, in accordance with the recommendations of the AFEP-MEDEF Code. It did not call on outside experts to assist in the fulfillment of its tasks.

The Committee reported to the Board of Directors on its activities during the Board meetings of February 25, May 28, July 29 and September 24, 2015.

Nomination, Remuneration and Governance Committee

➤ Composition

Chairman: Mr. Philippe Varin (since June 6, 2013)
Members: Mr. Bernard Gautier
Ms. Anne-Marie Idrac
Lady Sylvia Jay

The Nomination, Remuneration and Governance Committee includes three independent directors out of four (75%), including its Chairman, as of February 1, 2016. No executive Directors sat on this committee.

➤ Responsibilities (extracts from the Board's internal rules)

The committee fulfills the duties of both a nominations committee and a remuneration committee, provided for in the AFEP-MEDEF Code.

The Committee's remit, as defined in the Board of Directors' internal rules in force at February 1, 2016, is as follows:

- the Nomination, Remuneration and Governance Committee is responsible for making proposals to the Board in all cases where one or more seats on the Board fall vacant or the terms of one or more Directors are due to expire. The Committee organizes the procedure to select candidates for election as independent Directors, based on the independence criteria set out in the AFEP-MEDEF Code;
- it reviews annually each Director's situation in relation to the independence criteria set out in the AFEP-MEDEF code, and reports its conclusions to the Board;
- through its Chairman, it obtains assurance from the Chairman and Chief Executive Officer that a candidate has been identified for succession to his position in the event that it falls vacant for an unforeseen reason, and that enough potential successors are available to step in when they might be needed;
- it recommends candidates to the Board in the event that the position of Chairman and Chief Executive Officer falls vacant for any reason;
- it reviews any proposals by the Chairman and Chief Executive Officer for the appointment of a Chief Executive Officer and/or one or more Chief Operating Officers, and reports its conclusions to the Board;
- it makes recommendations to the Board concerning the Chairman and Chief Executive Officer's compensation package, and the criteria to be applied to determine his bonus, as well as the other aspects of his position;
- it discusses the Group's overall stock option and performance share policy and whether options should be exercisable for new or existing shares, and reviews senior management's proposals concerning stock option and performance share plans for Group employees;
- it reviews the Chairman and Chief Executive Officer's recommendations concerning his implementation of long-term incentive plans;
- it makes recommendations concerning the granting of stock options, performance shares and long-term incentives to the Chairman and Chief Executive Officer and other members of senior management;
- it makes presentations to support the Board's consideration of corporate governance issues and leads periodic assessments of the Board's organization and practices.

Activities in 2015

The Nomination, Remuneration and Governance Committee met four times in 2015, in February, September and twice in November, with an attendance rate of 100%.

The following were the major topics of discussion:

- The Committee made recommendations to the Board on Mr. Pierre-André de Chalendar's 2014 bonus, the amount of the fixed and variable part and the criteria to use to determine the variable part of his compensation for 2015 and his allocation of stock options and performance units that are subject to performance criteria (see Chapter 5, Section 2.2).
- The Committee examined the directors' independence status with regard to all independence criteria set forth in the AFEP-MEDEF Code (see Chapter 5, Section 1.1.2).
- It confirmed the existence or implementation of succession plans for the Chairman and Chief Executive Officer in the event of an unanticipated vacancy or on the long-term.
- After discussion, it resolved to propose that the Board, Ms. Isabelle Bouillot and Ms. Sylvia Jay having expressed their desire not to renew their terms of office, continue to reduce its size, which stood at 18 members in December 2014. It conducted, with the help of a specialized firm, the process of recruiting a new independent woman director of foreign nationality, and with solid international experience, which led it to recommend to the Board to propose the nomination of Ms. Iêda Gomes Yell at the Annual General Meeting of June 2, 2016. It examined the consequences of these proposals with regard to the proportion of independent directors, the composition of the committees and the representation of women and men on the Board.
- The Committee also discussed the performance unit plan to be set up by the Chairman and Chief Executive Officer and the performance stock option and performance share plans to be renewed by the Board – all consisting of long-term incentive, deferred, variable, and incentive-based compensation payable to certain employees, all subject to performance criteria being met – and specifically set the service and performance criteria that it considered should be applied to these plans.
- It was informed of certain aspects of the compensation policy of the Group's principal non-executive Directors and of the new management organization, effective January 1, 2016, as a result of retirements, the reorganization or creation of certain General Delegation, and the appointment of a Chief Operating Officer.
- It ruled on the resources allocated to employee Directors following publication of the rules on preparation time for Board meetings, and the training of employee Directors.
- The Committee undertook the process of the Board's self-assessment and presented its result to the Board.
- Finally, it reviewed the "Corporate Governance" section of the 2014 Registration Document.

The Committee reported to the Board on its activities and offered its recommendations during the Board meetings of February 25, September 24 and November 26, 2015.

Strategy and Corporate Social Responsibility Committee

Composition

Chairman: Mr. Jean-Martin Folz (since June 6, 2013)
Members : Mr. Pierre-André de Chalendar
Mr. Frédéric Lemoine

Responsibilities (extracts from the Board's internal rules)

In accordance with the Board of Directors' internal rules in force at February 1, 2016, the Strategy and Corporate Social Responsibility (CSR) Committee is responsible for examining and identifying potential improvements to the Group's business plan, reviewing any strategic issues proposed by its members and ensuring that CSR issues are taken into account in defining the Group's strategy.

Activities in 2015

The Strategy and CSR Committee met six times in 2015, in February, March, May, July, September and November, with an attendance rate of 100%.

During these meetings, the Committee discussed the 2015 budget, the outlook and development of the Group's business, the potential impact on the Group of various economic scenarios, the plan to take over Sika (see Chapter 2, Section 4.3.3), the competitive process to sell the Packaging Sector (Verallia) (see Chapter 2, Section 4.3.1), and all strategic issues presented to the Board. More specifically, the Committee examined certain aspects of the Group's strategy (specifically the status of a Sector or Activity within a country) after hearing members of the General Management of the Activity in question. It also proposed to the Board subjects to address during the course of the strategic seminar.

Its work also applied to subjects of corporate social responsibility, specifically the following topics: CO_2 (reduction policy and targets, price and carbon reduction), water policy, paper and cardboard packaging recycling policy, compliance program, male/female diversity policy, human resources policy, security policy and corporate social responsibility policy within the group.

The Committee reported to the Board on its activities during the Board meetings of February 25, March 26, May 28, July 29, September 24 and November 26, 2015.

1.2.4 Board assessments

Procedure

Formal assessments of the Board's performance are carried out each year, in accordance with its internal rules. These assessments are conducted at the initiative of the Nomination, Remuneration and Governance Committee, with the assistance of outside consultants every three years and, in intermediate years, based on a questionnaire sent to each Director by the Committee Chairman, and an individual interview with Directors who so request.

The organization of the 2015 assessment was decided by the Board at its meeting of September 24, 2015. The 17 Directors in office as of that date were consulted and participated in the Board's assessment process. The Nomination, Remuneration and Governance Committee dedicated a portion of its sessions of November 6, 2015 and November 20, 2015 to this assessment and reported on it at the Board of Directors meeting of November 26, 2015.

The Chairman of the Nomination, Remuneration and Governance Committee and the Chairman and Chief Executive Officer have in particular reviewed the effective contributions of each Director to the Board's work, with regard to their competencies and their respective participation in the discussions. To this end, each year, each director answers a detailed questionnaire that specifically addresses the Board's functioning, allowing them, if they so wish, to freely express their assessment of the other directors' individual contributions. The directors also have an opportunity to speak individually on this topic with the Chairman of the Nomination, Remuneration and Governance Committee. The directors' individual contributions are in particular closely examined by the Nomination, Remuneration and Governance Committee, and then by the Board, on the occasion of the renewal of the terms of directors and recomposition of the committees, as needed. This assessment procedure is deemed satisfactory by the Board of Directors.

General observations

Directors expressed their satisfaction at this time, as to the significant progress made, and as to the implementation of previous years' recommendations. This positive perception is therefore confirmed in the long term.

The Directors considered that the Board functioned well, was independent and competent, addressed all the topics within its remit and had access to the information it needed to fulfill its role.

They noted the constructiveness of the dialog within the Board, the free discussions and the transparent actions of the Board, and the accessibility of senior management. Directors also appreciated the strategic seminar and noted the usefulness of on-site visits and the director training program. Finally, they praised the quality of the work of the Board Committees.

Composition of the Board of Directors

The Board's size has recently changed, from 16 members after the 2014 General Meeting to 18 in December 2014 due to the incorporation of two employee directors whose appointment was required by law, then to 17 members after the 2015 General Meeting (see Chapter 5, Section 1.1.4). Directors noted their desire to continue to reduce the number of directors as their terms expire, while aiming to achieve diversity in the Board's composition with regard to female members, age, nationality, profile and skills. This is evidenced by the proposed nomination of Ms. Iêda Gomes Yell whose international career, knowledge of emerging markets and management experience within an international group caught the attention of the Nomination, Remuneration and Governance Committee and of the Board. Employee Directors who began serving in December 2014 are considered to be well integrated.

Board members did not express a desire to appoint a senior independent Director at this stage, for the reasons described in Chapter 5, Section 1.2.1.

Results of implementing the 2015 recommendations and paths to improvement in 2016

Directors believe that the recommendations formulated upon completion of the 2014 assessment, concerning the strengthening of corporate social responsibility and the Board's concentration on analyzing strategic issues were appropriately taken into account in 2015.

In order to move forward, the Board selected the following proposals resulting from the assessment of November 2015:

- continuing to reflect on changes in the Board's composition (size, diversity) in connection with the Group's strategic and geographic guidelines;
- continuing to consolidate the year of work carried out in relation to corporate social responsibility matters;
- continuing to improve the Board's monitoring of the implementation of decisions;
- continuing to explore in depth (while continuing the improvement begun in 2015), strategic matters, value creation, innovation, digital transformation and geographic development.

1.2.5 Directors' induction process

The Board of Directors meets once a year at one of the Group's plants or research centers.

In May 2015, the Board of Directors visited the Saint-Gobain Performance Plastics Pampus de Willich in Germany, which specializes in the Performance Plastics Activity within the Innovative Materials Sector.

Each new Director may ask for training on the topic of his or her choice and visit the Group's plants, distribution facilities or research centers. As part of this process, new Directors are also able to tour various manufacturing or Building Distribution units and, upon their request, to meet the Sector Presidents or members of senior management.

Further, employee Directors received initial dedicated training, organized in the first half of 2015 by Sciences Po Paris, and benefit from the law on supplementary training, the content of which is set at the start of each term by the Board of Directors, after consultation of such employee Directors.

2. Management and Directors' compensation

2.1 COMPENSATION PAID TO DIRECTORS – ATTENDANCE FEES

Directors receive attendance fees which amount was increased from €800,000 (the level at which it had been set since 2006) to €1.1 million by the Annual General Shareholders' Meeting of June 5, 2014. The Board of Directors had resolved that the increase would not take effect until January 1, 2015.

2.1.1 2015 rules for distribution

The new rules for distribution of attendance fees, applicable to fiscal year 2015, and agreed by the Board of Directors on September 25, 2014, are the following:

- the Chairman and Chief Executive Officer receives no attendance fees;
- the other Directors each receive a fixed amount of €24,750 per year plus €3,300 for each Board meeting attended during the year;
- the Chairmen and members of the Audit and Risk Committee, the Nomination, Remuneration and Governance Committee, the Strategy and Corporate Social Responsibility Committee (excluding Mr. Pierre-André de Chalendar) each receive a fixed amount of €5,500 and €2,750 per year, respectively, plus a variable portion of €2,200 for each Committee meeting attended during the year;
- the amounts granted in respect of the fixed base amount are pro-rated when terms of office begin or end during the course of a fiscal year;
- the fees are paid in two half-yearly installments in arrears, with any balance available from the annual amount distributed at the beginning of the next year based on each Director's or Committee member's attendance rate at the prior year's Board or Committee meetings.

The variable fee represents the bulk of their compensation if Directors consistently attend both Board and Committee meetings.

The total fixed and variable Director's fees paid to each individual Director in respect of 2014 and 2015 are shown in Table 3 below.

TABLE 3 – SUMMARY OF EACH DIRECTOR'S COMPENSATION (AMF NOMENCLATURE)

Non-executive Directors	Gross amounts received (in euros)	
	during 2015	during 2014
Isabelle Bouillot	47,224	48,325
Alain Destrain (1)	60,708	1,911
Jean-Martin Folz	84,188	65,326
Bernard Gautier	70,950	56,826
Anne-Marie Idrac	75,445	52,825
Sylvia Jay	75,445	56,826
Pamela Knapp	63,789	40,947
Pascal Laï (1)	56,214	1,911
Agnès Lemarchand	67,953	56,826
Frédéric Lemoine	96,174	73,326
Gérard Mestrallet (2)	10,510	33,568
Jacques Pestre	60,708	48,325
Olivia Qiu	51,719	44,636
Denis Ranque	63,374	53,136
Gilles Schnepp	60,708	48,325
Jean-Dominique Senard	81,191	61,325
Philippe Varin	73,700	55,636
TOTAL	**1,100,000**	**800,000**

(1) *Director from December 1, 2014. It should be noted that, at the time they took up their positions and for the entire duration of their terms as Directors representing the employees, Messrs. Destrain and Laï each decided to give the trade unions with which they are each affiliated, i.e.* Confédération Générale du Travail *and* Confédération Française Démocratique du Travail, *respectively, all the attendance fees (net of social charges) paid by the Company for their terms as Directors. The net amount of these Directors' fees shall consequently be paid directly by Compagnie de Saint-Gobain to those trade unions.*

(2) *Director up to June 4, 2015.*

With the exception of Alain Destrain, Safety Auditor for Saint-Gobain Interservices, Pascal Laï, Saint-Gobain Sekurit France Environment, Health and Safety Promoter, and Jacques Pestre, Senior Vice President of SGDB France, in charge of POINT.P Matériaux de Construction, who received compensation in respect of their salaried positions, none of the non-executive Directors received any other compensation from Compagnie de Saint-Gobain or any Saint-Gobain subsidiary for 2014 or 2015.

2.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER COMPENSATION POLICY

2.2.1 General principles of the Chairman and CEO compensation policy

The policy governing the Chairman and Chief Executive Officer's compensation is decided by the Board based on the recommendations of the Nomination, Remuneration and Governance Committee.

The Board of Directors and the Nomination, Remuneration and Governance Committee are committed to ensuring that Mr. Pierre-André de Chalendar's compensation complies at all times with the recommendations of the AFEP-MEDEF corporate governance code for French listed companies.

The Chairman and Chief Executive Officer's compensation package is determined by taking into account all pay components (fixed compensation, short-term variable compensation, multiyear variable compensation, compensation for loss of office and pension benefits) with a view to achieving a balanced mix of these components.

When setting the various components of Mr. Pierre-André de Chalendar's compensation, the Board of Directors also takes into consideration benchmarks of CAC 40 companies comparable to Saint-Gobain in terms of sales, workforce and international scope of operations.

The Board also seeks to ensure that the allocation of stock options, performance shares and performance units to the Chairman and Chief Executive Officer in a given year does not represent a disproportionate share of his total maximum compensation for that year.

2.2.2 Summary of compensation and benefits allocated to the Chairman and Chief Executive Officer

The following table presents a summary of the total compensation, stock options and performance units allocated to Mr. Pierre-André de Chalendar for the fiscal years ended December 31, 2014 and 2015.

TABLE 1 – SUMMARY OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE UNITS ALLOCATED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (AMF NOMENCLATURE)

(in euros before social charges and income tax)	fiscal year 2015	fiscal year 2014
Pierre-André de Chalendar, Chairman and Chief Executive Officer		
Compensation for the year *(see Table 2 for details)*	2,386,719	2,280,752
Value in multi-year variable compensation allocated during the year	0	0
Value of stock options granted during the year (see Table 4 for details)	245,000	129,000
Value of performance shares granted during the year *(see Table 6 for details)*	0	0
Value of performance units granted during the year *(see Table 6 bis for details)*	1,232,400	1,114,800
TOTAL	**3,864,119**	**3,524,552**

2.2.3 Compensation and benefits allocated to the Chairman and Chief Executive Officer

The table below presents a breakdown of the fixed and variable compensation and other benefits allocated to Mr. Pierre-André de Chalendar for the fiscal years ended December 31, 2014 and 2015.

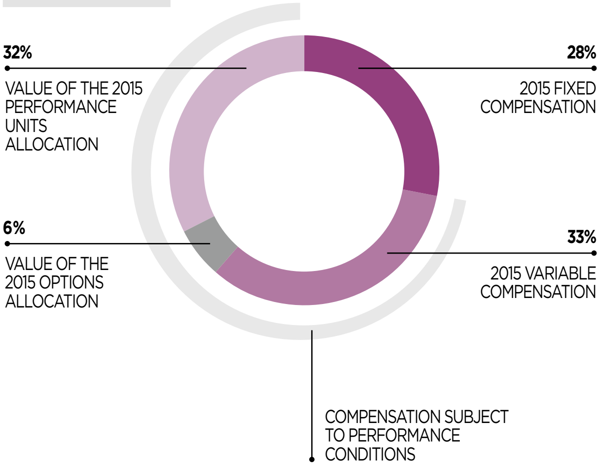
TABLE 2 – SUMMARY OF THE COMPENSATION OF THE EXECUTIVE DIRECTOR (AMF NOMENCLATURE)

(in euros before social charges and income tax)	2015		2014	
	Amount due [(2)]	Amount paid [(3)]	Amount due [(2)]	Amount paid [(3)]
Pierre-André de Chalendar, Chairman and Chief Executive Officer				
Fixed compensation [(1)]	1,100,000	1,100,000	1,100,000	1,100,000
Annual variable compensation [(1)]	1,284,067	1,178,100	1,178,100	914,760
Multi-year variable compensation	0	0	0	0
Exceptional compensation [(1)]	0	0	0	0
Directors' attendance fees [(4)]	0	0	0	0
Benefits in kind: company car	2,652	2,652	2,652	2,652
TOTAL	**2,386,719**	**2,280,752**	**2,280,752**	**2,017,412**

(1) *On a gross basis before taxes.*
(2) *Compensation allocated during the year, regardless of payment date.*
(3) *Compensation paid during the year.*
(4) *Attendance fees allocated to the Compagnie de Saint-Gobain Chairman and Chief Executive Officer for his Director's duties in non-Group companies in which the Group holds stakes are repaid to Compagnie de Saint-Gobain in their entirety.*

The following chart presents the distribution of the various components of the compensation of Mr. Pierre-André de Chalendar, the Chairman and Chief Executive Officer, due or granted in respect of fiscal year 2015.

COMPENSATIONS



The various components of the compensation due or granted to Mr. Pierre André de Chalendar in respect of fiscal year 2015 were decided by the Board of Directors at its meetings of February 25, 2015, November 26, 2015 and February 25, 2016, as follows:

a) Fixed compensation

The fixed compensation component is commensurate with the Chairman and Chief Executive Officer's experience and responsibilities, and shall be compared with fixed compensations offered by similar large companies.

Mr. Pierre-André de Chalendar's 2015 fixed compensation was set by the Board at €1,100,000, an amount that has not changed since 2010.

b) Short-term variable compensation

The short-term variable compensation, expressed as a percentage of his annual fixed compensation, is allocated to the Chairman and Chief Executive Officer in recognition of his contribution to the Group's results for the year.

At its meeting on February 25, 2015, based on the recommendation of the Nomination, Remuneration and Governance Committee, the Board decided to fix the cap on Mr. Pierre-André de Chalendar's variable compensation for 2015 at 170% of his annual fixed compensation (same as for 2014).

At its meeting on February 25, 2015, based on the recommendation of the Nomination, Remuneration and Governance Committee, the Board also decided on the components and objectives of Mr. Pierre-André de Chalendar's 2015 variable compensation, as follows (structure unchanged compared to 2014):

- concerning the quantitative portion of the variable compensation, which represents two-thirds, the four following objectives adapted to the strategy of the Group, each counting for 25%, were defined:
  - ROCE (*Return on Capital Employed*);
  - the Group's operating income;
  - the Group's recurring net income per share; and
  - OFCF (*Operating Free Cash Flow*);
- a qualitative portion consisting of 1/3, based on the four following objectives:
  - sale of Verallia (Packaging Sector);
  - Sika transaction;
  - deployment of the corporate social responsibility policy (particularly completion of the Group roadmap, security, human resources policy, CO_2 reduction methodology); and
  - implementation of the Group's digital transformation.

Variable compensation owed for fiscal year 2015 to the Chairman and Chief Executive Officer was set by the Board of Directors at its meeting of February 25, 2016, at the proposal of the Nomination, Remuneration and Governance Committee, as follows:

		Weighting of objectives	Assessment scale for each objective	Percentage completion	Completion by amount (€)
Quantitative objectives* (2/3), of which:	ROCE	25%	0 to 100%	66%	205,700
	Operating income	25%	0 to 100%	50%	155,833
	Group current net income per share	25%	0 to 100%	61%	190,117
	OFCF	25%	0 to 100%	75%	233,750
	Total quantitative	2/3	-	63%	785,400
Qualitative objectives (1/3)	**Qualitative (global)**	1/3	0 to 100%	80%	498,667
TOTAL VARIABLE SHARE		**100%**	**-**	**69%**	**1,284,067**

* *For each quantitative objective, the corresponding portion of variable compensation becomes payable if from 90% to 94% of the budget is achieved, depending on the objective concerned, and it reaches its maximum if the objective reaches 106% to 111% of the budget, depending on the objective concerned (with base 100 corresponding to the budget). If actual performance is less than the abovementioned thresholds from 90% to 94%, the portion of variable compensation corresponding to the objective in question is equal to 0. When the budget is met, the variable compensation determined according to all quantitative criteria is 68% of the fixed part of his compensation. Within the Group, the budget is based on ambitious objectives that are not always met and the variable compensation's objectives are therefore challenging.*

In all, Mr. Pierre-André de Chalendar's total compensation (fixed and variable) for fiscal year 2015 represented €2,384,067, an increase of 4.65% over that of 2014.

c) Long-term incentive policy

Cap on the Chairman and Chief Executive Officer's total compensation

In addition to the restrictions set out below, the Board of Directors resolved, in accordance with the AFEP-MEDEF Code, that at the time they are granted to the Chairman and Chief Executive Officer the 2015 allocations of stock options, performance shares and performance units could not represent a value (according to IFRS standards) greater than100% of his total gross maximum compensation for the same year (fixed compensation plus maximum variable compensation for the same year).

In 2015, these allocations represented a total value (according to IFRS standards), at the time of their grant, of €1,477,400 corresponding to 50% of his 2015 total maximum gross compensation.

Hedging rules

The Chairman and Chief Executive Officer formally undertook not to hedge his risk on either stock options or on shares allocated upon the exercise of stock options, on performance shares or on performance units he has been or will be granted, until the cessation of his duties. To the best of the Company's knowledge, the Chairman and Chief Executive Officer has not hedged his risk.

Negative windows

Under the Board's internal regulations (see Chapter 9, Section 1.1.2), Mr. Pierre-André de Chalendar, as a Director, is required to abstain from trading in Saint-Gobain shares for 30 days prior to Board meetings at which the annual and semi-annual consolidated financial statements are examined, for 15 days preceding publication of quarterly consolidated net sales, as well as on the day following each of these meetings.

Stock options

The following tables show the allocation of stock options to the Chairman and Chief Executive Officer in 2015 and the options he exercised.

TABLE 4 – STOCK OPTIONS GRANTED IN 2015 TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (AMF NOMENCLATURE)

Name	Plan date	Options exercisable for new or existing shares	Value (based on method used to prepare the consolidated financial statements) (in euros)	Number of options granted during the year	Exercise price (€)	Exercise period
Pierre-André de Chalendar	11/26/2015	Not yet defined	€245,000	50,000	€39.47	from 11/26/2019 to 11/25/2025

TABLE 5 – STOCK OPTIONS EXERCISED IN 2015 BY THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (AMF NOMENCLATURE)

Name	Plan date	Options exercisable for new or existing shares	Number of options exercised during the year	Exercise price (in euros)
Pierre-André de Chalendar	11/20/2008	new shares	8,500	€25.88
Pierre-André de Chalendar	11/17/2005	new shares	30,000	€41.34
Pierre-André de Chalendar	11/17/2005	new shares	20,000	€41.34

At its meeting of November 26, 2015, the Board granted 50,000 stock options to Mr. Pierre-André de Chalendar, as in 2014, representing approximately 0.009% of the share capital, and less than the sub-cap set by the General Meeting on June 5, 2014.

The features of the stock options, specifically the service and performance conditions to which the allocation is subject and which apply to the Chairman and Chief Executive Officer, are explained in Chapter 5, Section 2.4.

Rules for holding shares

The Chairman and Chief Executive Officer is required to retain a number of Saint-Gobain shares equal to at least 50% of the net capital gain on the underlying shares (after deducting social charges and taxes) at the time he exercises the 2015 options, until the cessation of his duties. However, this obligation will cease to apply if and when the total number of Saint-Gobain shares he personally holds in registered form represents the equivalent of five years' gross fixed compensation (based on the opening price quoted for Saint-Gobain shares on the option exercise date and the amount of his gross compensation applicable at that time).

Performance shares

The Chairman and Chief Executive Officer was not granted any performance shares during 2015, nor were any delivered to him.

TABLE 6 – PERFORMANCE SHARES GRANTED IN 2015 TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (AMF NOMENCLATURE)

Name	Plan date	Number of shares granted during year	Value (based on method used to prepare the consolidated financial statements) (in euros)	Vesting date	Availability date	Performance conditions
Pierre-André de Chalendar	11/26/2015	0	€0	-	-	-

TABLE 7 – PERFORMANCE SHARES DELIVERED IN 2015 TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (AMF NOMENCLATURE)

Name	Plan date	Number of shares delivered during year	Availability date
Pierre-André de Chalendar	-	-	-

Performance units

By analogy with the rules applicable to performance shares, the tables below present performance units granted to the Chairman and Chief Executive Officer during 2015, and the number of performance units that became exercisable during the year.

TABLE 6 BIS – PERFORMANCE UNITS GRANTED IN 2015 TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Name	Plan date	Number of performance units granted during year	Value of units (based on method used to prepare the consolidated financial statements) (in euros)	Exercise period	Performance conditions
Pierre-André de Chalendar	11/26/2015 to 11/25/2025	60,000	€1,232,400	11/26/2019 to 11/25/2025	See Chapter 5, Section 2.4.3

TABLE 7 BIS – PERFORMANCE UNITS THAT THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER WAS ABLE TO EXERCISE DURING 2015

Name	Plan date	Number of performance units that became exercisable in 2015
Pierre-André de Chalendar	-	0

At its meeting on November 26, 2015, the Board granted 60,000 performance units to Mr. Pierre-André de Chalendar, as in 2014, which is less than 10% of the overall grant of performance shares and performance units to all 2015 beneficiaries, in accordance with the cap set by the Board.

The features of the performance units, specifically the service and performance conditions to which the allocation is subject and which apply to the Chairman and Chief Executive Officer, are explained in Chapter 5, Section 2.4.

Obligation to reinvest in Saint-Gobain shares

The Chairman and Chief Executive Officer is required to acquire and hold a number of Saint-Gobain shares corresponding to 50% of the net sums (after deducting social charges and taxes) he receives at the time he exercises his 2015 performance units until the cessation of his duties. However, this obligation to reinvest and hold shares will cease to apply if and when the total number of Saint-Gobain shares he personally holds in registered form represents the equivalent of five years' gross fixed compensation (based on the opening price quoted for Saint-Gobain shares on the performance unit exercise date and the amount of his gross fixed compensation applicable at that time).

2.2.4 Employment contract, retirement benefits and termination benefits allocated in case of termination of office of the Chairman and Chief Executive Officer

TABLE 11 – EMPLOYMENT CONTRACT, RETIREMENT BENEFITS AND TERMINATION BENEFITS ALLOCATED IN CASE OF TERMINATION OF OFFICE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (AMF NOMENCLATURE)

Name	Employment contract		Supplementary pension plan		Benefits due or falling due owing to termination or a change of functions		Non-compete indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre-André de Chalendar Chairman and Chief Executive Officer		X [1]	X		X		X	

[1] *Termination of his employment contract as of June 3, 2010.*

At its meeting of March 20, 2014 and at the recommendation of the Nomination, Remuneration and Governance Committee, the Board authorized renewal of the following commitments in favor of Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, corresponding to components of compensation, indemnities or benefits due or to be due for termination of his duties as Chairman and Chief Executive Officer of Compagnie de Saint-Gobain, within the scope of application of Article L. 225-42-1 of the French Commercial Code. These commitments were approved by the General Meeting of June 5, 2014 (Resolutions 6, 7 and 8).
The terms of these commitments were amended on the occasion of their renewal to incorporate the new recommendations introduced by the revised version of the AFEP-MEDEF code, published in June 2013.

a) Compensation for loss of office of the Chairman and Chief Executive Officer

The conditions applying to Mr. Pierre-André de Chalendar's compensation for termination of office as Chairman and Chief Executive Officer of Compagnie de Saint-Gobain are the following:

Forced departure

The indemnity for termination of office may only be paid in the event that Mr. Pierre-André de Chalendar's loss of office as Chairman and Chief Executive Officer was due to forced departure, regardless of the form such departure might take, and related to a change of control or strategy under the following circumstances:

- he is removed before the end of his term of office or his mandate as Chairman and Chief Executive Officer is not renewed on expiry, unless this is at his own initiative, or in the event of gross or willful misconduct or serious misconduct not related to his duties as Chairman and Chief Executive Officer; or
- he is forced to resign within the twelve months following:
  - the date of approval by the shareholders of a merger or demerger affecting Compagnie de Saint-Gobain; or
  - the effective date on which an investor or group of investors acting in concert acquire control of the Company (as defined by Article L. 233-3 of the French Commercial Code); or
  - the announcement by Compagnie de Saint-Gobain's governance bodies of a significant change in the Group's strategy leading to a major refocusing of its business.

In any case, no compensation for termination of office would be due if Mr. Pierre-André de Chalendar were to leave the Company at his own initiative under circumstances other than those described above, or if, upon leaving the Company at his own initiative under one of the circumstances described above, he were eligible to retire during the twelve months following the date on which he ceases his functions, and to receive a pension under the so-called "SGPM" defined-benefit plan for engineers and supervisory employees.

Cap on indemnity for termination of office

Mr. Pierre-André de Chalendar will be able to receive compensation for termination of office not to exceed a maximum of the equivalent of double his gross total annual compensation, defined as the sum of his final year's fixed compensation as Chairman and Chief Executive Officer paid as of the date on which his functions cease, and of the average of the variable part of the annual compensation received or receivable as Chairman and Chief Executive Officer for his last three full years in office. This gross total annual compensation is henceforth defined as the "Reference Compensation".
Under no circumstances may the cumulative amount of such indemnity for termination of office and the non-compete indemnity (see paragraph (b) below) exceed double the amount of Mr. Pierre-André de Chalendar's Reference Compensation.

Performance condition

Payment of the compensation for termination of office will be subject to fulfillment of a performance condition defined as an allocation by the Board of Directors of a variable part of compensation at least equal to one-half of the average maximum amount fixed for this variable part for the last three full years during which he has been Chairman and Chief Executive Officer and ending prior to the date on which he ceases his functions. This performance condition is challenging, as demonstrated by the overall completion rate of the objectives corresponding to the variable share of his compensation for the past two fiscal years, which in 2015 totaled 69%, and in 2014 63%.

Payment of an indemnity for termination of office will be subject to the Board's prior determination, in accordance with applicable laws, of fulfillment of this performance condition, on his date of termination of office.

Stock options, performance shares and performance units in the event of termination of office of the Chairman and Chief Executive Officer

In the event of termination of his office as Chairman and Chief Executive Officer under circumstances qualifying him for compensation for termination of office (see the cases listed in the paragraph "Forced departure" above), and subject to fulfillment of the performance condition described in the previous paragraph, the Board reserves the right, on the proposal of the Nomination, Remuneration and Governance Committee, to decide whether or not to maintain all or some of Mr. Pierre-André de Chalendar's rights to Saint-Gobain stock

5

options, performance shares and performance units granted to him as of the date of termination and which have not been delivered as of this date, or for which the exercise period has not expired, as the case may be, provided at all times, the performance condition(s) set out in the plans concerned have been fulfilled.

b) Non-compete indemnity

Mr. Pierre-André de Chalendar has signed a firm and irrevocable non-compete agreement with Compagnie de Saint-Gobain for a period of one year from the date his functions as Chairman and Chief Executive Officer are terminated in circumstances qualifying him for compensation for termination of office.

In consideration for this commitment, Mr. Pierre-André de Chalendar would receive a non-compete indemnity equal to the Reference Compensation (see Paragraph (a) above), it being specified that the amount of the compensation for termination of office due to Mr. Pierre-André de Chalendar will, if necessary, be reduced so that the sum of the compensation under the non-compete agreement and the compensation for termination of office amount to no more than two times the Reference Compensation.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors is entitled to unilaterally waive application of the non-compete agreement, no later than the date of termination of Mr. Pierre-André de Chalendar's duties as Chairman and Chief Executive Officer, in which case he shall be free of any commitment and no sum shall be due to him on this account.

c) Supplementary pension arrangements

Pension commitments to Mr. Pierre-André de Chalendar in his capacity as non-employee executive Director

Mr. Pierre-André de Chalendar continues to benefit from all provisions governing the so-called "SGPM" defined benefits pension plan for engineers and executive staff, on the same basis as for all other beneficiaries of the plan.

Mr. Pierre-André de Chalendar does benefit from the SGPM pension plan covering all employees who, as he did, joined Compagnie de Saint-Gobain before January 1, 1994, the date the plan was closed to new entrants. It is a so-called differential type system, according to Article 39 of the General Tax Code. As of December 31, 2015, 178 retired former employees of Compagnie de Saint-Gobain were receiving benefits under the plan and a further 34 active employees will be entitled to benefits on retirement.

Commitments made to Mr. Pierre-André de Chalendar and all beneficiaries of the retirement system (current and retired employees) are partly financed, in the amount of approximately 60% of the total, through outsourcing to two insurance companies, without transfer of the lifetime income risk.

To benefit from the plan, Mr. Pierre-André de Chalendar will have to retire at 60 or over on a full pension under the compulsory government-sponsored schemes after contributing to the SGPM plan for at least 15 years. If he leaves Compagnie de Saint-Gobain before fulfilling these conditions, he will not be able to claim this benefit, unless forced to terminate his activity for health reasons.

Benefits under the plan are determined so that retirees receive a guaranteed total income in retirement. The guaranteed amount depends on the retiree's years of service (up to 35 years) and is determined on a declining scale for each tranche of gross annual compensation excluding exceptional or temporary payments. Benefits received by the retiree under other basic and compulsory pension plans during the period are deducted from the guaranteed amount for the purpose of calculating the plan's total guaranteed benefits.

Mr. Pierre-André de Chalendar's pension will be based on his final year's fixed compensation and his years of service with the Group, calculated as from October 1, 1989, the date on which he joined the Saint-Gobain Group. If he were to leave after completing the maximum number of pensionable years of service under the SGPM plan, Mr. Chalendar would be entitled to total guaranteed pension benefits (including pension benefits paid under the basic and compulsory pension schemes) representing a guaranteed replacement rate of approximately 47% of his final year's fixed compensation. The seniority-based supplementary pension benefits under the SGPM plan that would be paid by Compagnie de Saint-Gobain therefore corresponds to the difference between these guaranteed total benefits and benefits paid under the basic and compulsory pension schemes and would be approximately 35% of his latest fixed compensation set in the event of retirement at maximum seniority.

Mr. Pierre-André de Chalendar's maximum supplementary retirement payout is significantly lower than the AFEP-MEDEF code's recommended ceiling, which is 45% of the sum of the fixed and variable compensations. The annual increase in Mr. Pierre-André de Chalendar's potential rights is 1.5% of his fixed compensation per year of seniority, and thus represents only 30% of the 5% limit set by the AFEP-MEDEF Code in force until November 2015 (which, furthermore, does not apply to plans closed before the establishment of this rule in June 2013), and 50% of the 3% cap of the annual compensation set by law, that will be applicable from 2018 should Mr. Pierre-André de Chalendar's term of office be renewed.

Finally, with regard to expenses associated with the payment of the seniority-based supplementary pension benefits refered to above, the Company would be required, on the one hand, to pay a contribution on the premiums paid to the two insurance companies mentioned above, the rate of which is set at 24% by the Social Security Code, and on the other hand, to pay an additional contribution, for which the fee applied by the Company is 30% of senior-based supplementary benefits paid. Namely, Paragraph II bis of Article L. 137-11 of the Social Security Code, which provided for an increase of the additional contribution from 30% to 45%, was considered to be contrary to the Constitution by the Constitutional Supreme Court in its Decision No. 2015-498 of November 20, 2015, which deemed the resulting threshold effects of the as excessive.

The lifetime benefits granted consist of the retirement income described above, as well as life insurance, to which Mr. Pierre-André de Chalendar will have an opportunity to subscribe like other retirees upon retiring, the annual premium of which is estimated as at December 31, 2015 to be less than €9,000. This premium is assumed in its entirety by Compagnie de Saint-Gobain in the first year of retirement, after which only 50% continues to be assumed by the Company.

Benefits under the Group health and personal risk insurance policies applicable to Compagnie de Saint-Gobain employees to be maintained for Pierre-André de Chalendar in his capacity as non-salaried executive Director

Mr. Pierre-André de Chalendar will continue to benefit in full from the Group's health and personal risk insurance policies entered into with GAN and Mutuelle Malakoff Médéric, respectively.

2.2.5 Compensation components due or granted to the Chairman and Chief Executive Officer in 2015 subject to advisory vote by shareholders at the Annual Shareholders' Meeting of June 2, 2016 ("Say on Pay")

The following table shows the compensation components due or granted to the Chairman and Chief Executive Officer in 2015 that are subject to advisory vote by shareholders at the Annual Shareholders' Meeting of June 2, 2016.

Pursuant to Recommendation 24.3 of the AFEP-MEDEF corporate governance code for French listed companies: Compensation components due or granted to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in respect of 2015

Compensation component due or granted at year-end	Amount or book value submitted to the advisory vote (in euros)	Description
Fixed compensation	**Amount due: €1,100,000**	Fixed compensation unchanged since 2010.
Annual variable compensation	**Amount due: €1,284,067 (Board of Directors' meeting of February 25, 2016)**	At its February 25, 2015 meeting, the Board of Directors decided that Mr. Pierre-André de Chalendar's variable compensation could not exceed 170% of his fixed compensation, (as for 2014), and fixed the quantitative and qualitative objectives detailed below, determining, up to a limit of 2/3 and 1/3 respectively, the variable portion of his compensation (structure unchanged compared to 2014). Based on the recommendations of the Nomination, Remuneration and Governance Committee, the Board of Directors, at its February 25, 2016 meeting determined Mr. Pierre-André de Chalendar's annual variable compensation as follows, taking into account the extent to which the objectives outlined below had been achieved: • the portion of the variable compensation based on the fulfillment of the four quantitative objectives (ROCE, Group operating income, Group recurring earnings per share and operating free cash flow) amounted to €785,400, corresponding to an achievement rate of 63% (the completion rate of the various quantitative objectives is presented in Chapter 5, Section 2.2.3); • the amount of the variable portion of the four qualitative objectives (sale of Verallia (Packaging Sector), Sika transaction, deployment of the corporate social responsibility policy and implementation of the Group's digital transformation) amounted to €498,667, corresponding to a percentage of overall completion of the qualitative objectives of 80%. On this basis, his 2015 annual variable compensation totaled €1,284,067, corresponding to an overall achievement rate of 69%. Overall, Mr. Pierre-André de Chalendar's total compensation (fixed and variable) amounted to €2,384,067 for 2015, an increase of 4.65% over 2014.
Deferred variable compensation	**N/A**	Mr. Pierre-André de Chalendar has not been granted any deferred variable compensation.
Multi-year variable compensation	**N/A**	Mr. Pierre-André de Chalendar has not been granted any multi-year variable compensation.
Exceptional compensation	**N/A**	Mr. Pierre-André de Chalendar has not been granted any exceptional compensation.

Pursuant to Recommendation 24.3 of the AFEP-MEDEF corporate governance code for French listed companies: Compensation components due or granted to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in respect of 2015

Compensation component due or granted at year-end	Amount or book value submitted to the advisory vote (in euros)	Description
Stock options	**Amount granted: €245,000 (valuation based on method used to prepare the consolidated financial statements)**	At its November 26, 2015 meeting the Board of Directors granted Mr. Pierre-André de Chalendar 50,000 stock options (unchanged from 2014), i.e. less than the sub-cap set by the Annual Shareholders' Meeting of June 5, 2014. The Board of Directors decided that grants of stock options, performance shares and performance units to the Chairman and Chief Executive Officer in 2015 could not, at the time of their allocation, represent a value (according to IFRS standards) greater than 100% of his total maximum gross compensation for the same year (fixed compensation plus maximum variable compensation for the same year). In 2015, these allocations represented a total value (according to IFRS standards) at the time of their grant of €1,477,400, corresponding to 50% of his total maximum gross compensation for 2015. For the service and performance conditions applying to the exercise of the options, refer to Chapter 5, Section 2.4.2. The performance conditions for stock options are demanding, as evidenced by the achievement rates of the performance conditions for the three latest stock option plans for which the performance conditions have been determined (0% for the 2011 plan, 0% for the 2010 plan and 66.66% for the 2009 plan). Percentage of share capital represented by options granted to the Chairman and Chief Executive Officer: approximately 0.009%. Date of authorization by the Annual Shareholders' Meeting: June 5, 2014 (Resolution 13). Date of the Board's grant decision: November 26, 2015.
Performance shares	**N/A**	Mr. Pierre-André de Chalendar has not been granted any performance shares.
Performance units	**Amount granted: €1,232,400 (valuation based on method used to prepare the consolidated financial statements)**	On November 26, 2015 the Board of Directors decided to grant Mr. Pierre-André de Chalendar 60,000 performance units (unchanged from 2014), i.e. less than 10% of the overall grants of performance shares and performance units in 2015, in accordance with the cap set by the Board of Directors. Refer to the "Stock Options" item above for the cap on grants to the Chairman and Chief Executive Officer as a percentage of his total compensation. Refer to Chapter 5, Section 2.4.4 for a description of the applicable service and performance conditions. Date these were granted by the Board of Directors: November 26, 2015.
Directors' attendance fees	**N/A**	Mr. Pierre-André de Chalendar is not paid any Directors' fees.
Benefits of any kind	**Amount due: €2,652 (book value)**	Mr. Pierre-André de Chalendar has use of a company car.

Pursuant to Recommendation 24.3 of the AFEP-MEDEF corporate governance code for French listed companies
Compensation components due or granted to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in respect of 2015

Compensation components voted on at the Annual Shareholders' Meeting of June 5, 2014 in respect of procedures for related-party agreements and commitments	Amounts due or granted in 2015 (in euros)	Description
Compensation for loss of office	**None**	In the event of forced termination of office, irrespective of the form of termination, linked to a change in control or strategy under the following circumstances: a) he is removed from office or his mandate as Chairman and Chief Executive Officer is not renewed on expiry, other than at his own initiative or as a result of gross or willful misconduct or serious misconduct not related to his duties as Chief Executive Officer, or b) he is forced to resign within the 12 months following: - the date of approval by the shareholders of a merger or demerger affecting Compagnie de Saint-Gobain, or - the effective date on which a third party or group of third parties acting in concert acquires control of Compagnie de Saint-Gobain (in accordance with Article L. 233-3 of the French Commercial Code), or - the announcement by the Company's governance bodies of a significant change in the Group's strategy leading to a major refocusing of its business. Mr. Pierre-André de Chalendar will be able to receive compensation not to exceed the double of the sum of the fixed portion of his annual compensation received as of the date of termination of his duties, and the average annual variable compensation received or receivable in respect of his last three full years in office. In any case, no compensation for loss of office would be due if Mr. Pierre-André de Chalendar were to leave Compagnie de Saint-Gobain at his own initiative under circumstances other than those described above, or if, upon leaving the Company under one of the circumstances described above, he were eligible to retire during the twelve months following termination of his duties as Chairman and Chief Executive Officer and to receive a pension under the so-called "SGPM" defined benefit plan. In no case may the sum of the indemnity for termination of office and the non-compete indemnity described below exceed twice Mr. Pierre-André de Chalendar's gross annual total compensation. The indemnity for loss of office shall be subject to fulfillment of a performance condition: see Chapter 5, Section 2.2.4. Date of renewal of the authorization by the Board of Directors: March 20, 2014. Date of approval by the Annual Shareholders' Meeting: June 5, 2014 (6th resolution)

Pursuant to Recommendation 24.3 of the AFEP-MEDEF corporate governance code for French listed companies Compensation components due or granted to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in respect of 2015		
Compensation components voted on at the Annual Shareholders' Meeting of June 5, 2014 in respect of procedures for related-party agreements and commitments	Amounts due or granted in 2015 (in euros)	Description
Non-compete indemnity	**None**	If Mr. Pierre-André de Chalendar were to leave the Group in circumstances entitling him to compensation for loss of office as described above (see Chapter 5, Section 2.2.4), he would receive a non-compete indemnity equal to one year's total gross compensation. Gross annual compensation is considered as comprising the same fixed and variable amounts used to calculate his compensation for loss of office referred to above. Under no circumstances will the sum of the indemnity under the non-compete agreement and the compensation for loss of office exceed double Mr. Pierre-André de Chalendar's total gross annual compensation. The Board of Directors reserves the right to unilaterally waive application of the non-compete agreement no later than on the date of termination of the Chairman and Chief Executive Officer's duties, in which case he will be released from any commitment and no amount will be due to him on this account. Date of renewal of the authorization by the Board of Directors: March 20, 2014. Date of approval by the Annual Shareholders' Meeting: June 5, 2014 (6th resolution).
Supplementary pension plan	**None**	Mr. Pierre-André de Chalendar participates in the defined benefit pension plan applicable to all employees and managers of Compagnie de Saint Gobain who, as he did, joined the Company prior to January 1, 1994, and which was closed to new entrants as from that date. For information about the triggering events for benefits payments and potential benefits rights, see Chapter 5, Section 2.2.4. Date of renewal of the authorization by the Board of Directors: March 20, 2014. Date of approval by the Annual Shareholders' Meeting: June 5, 2014 (7th resolution).

2.3 COMPENSATION OF MEMBERS OF GROUP MANAGEMENT

Compensation paid to members of the Group's senior management (see Chapter 1, Section 1.4) is set at a level consistent with compensation packages offered by comparable companies. It is determined and reviewed, among other things, based on the results of specific surveys from specialized consultants commissioned by senior management.

In addition to a fixed portion, it consists of a variable compensation set at a reasonable proportion of total compensation, the purpose of which is to reflect the manager's personal contribution to the Group's growth and results.

This principle has now been extended to all managerial staff. The performance objectives used are based on financial indicators such as return on investment (ROI) and return on capital employed (ROCE), as well as personal objectives such as developing a certain type of business or entering a new geographic market. Most often, a safety indicator is also applied.

In this way, management compensation is clearly linked to performance and to the achievement of objectives that promotes a high level of personal commitment. Each manager's compensation can fluctuate significantly from one year to the next, based on the results achieved.

Gross compensation received by the members of Group senior management in 2015 from Group companies within and outside France, totaled €15.7 million in 2015 (2014: €14.7 million), including variable compensations of €4.5 million (2014: €4.2 million) and termination benefits of €1.5 million (unchanged form 2014).

Pensions and other post-employment benefits (defined benefit obligations in respect of retirement bonuses and pensions) accruing to the Group's senior management totaled €55.8 million at December 31, 2015 (December 31, 2014: €60.6 million).

Attendance fees allocated to Directors representing the Group (particularly members of Group management) in Group companies other than Compagnie de Saint-Gobain are either reverted to their employer company, or paid directly to that company.

2.4 LONG-TERM COMPENSATION PLANS (STOCK OPTIONS, PERFORMANCE SHARES AND PERFORMANCE UNITS)

2.4.1 Distribution policy

The objective of the Group's long-term compensation policy is to retain and motivate the Group's senior management, officers and employees, and to associate them with the Group's performance, in particular through conditional allocations of stock options, performance shares or performance units to reflect their fulfillment of the Group's long-term strategy.

At the recommendation of the Nomination, Remuneration and Governance Committee, the Board of Directors authorizes the features of the stock option and performance share plans, as well as the identity of the beneficiaries, and approves the principle of long-term compensation plans in the form of performance units to be implemented by the Chairman and Chief Executive Officer. These plans are subject to a service condition and to the strict internal and/or external performance criteria set by the Board (see below for details of each allocation).

In 2015, these plans covered 1,801 Group officers and employees, in France and outside France, including high-potential managers and managers who have performed exceptionally well (186 grantees), key corporate and line executives in the Sectors and Delegations (1,578 grantees), members of the Group Liaison Committee excluding the senior management team (28 grantees) and senior management (9 grantees), with grants to the Chairman and Chief Executive Officer being described in Chapter 5, Section 2.2.3(c).

Members of the Group's Liaison Committee received a combination of stock options and performance units (committee members in France) or stock options and performance shares (committee members outside France). Other grantees received only performance shares or performance units, depending on their country of residence.

On November 26, 2015 the Board of Directors resolved that the origin of the shares of the 2015 stock options plan, new or existing shares, would be determined at its discretion no later than by the end of the vesting period. This plan represents 0.04% of the share capital and therefore has no material impact in terms of dilution. The performance share plan entitles beneficiaries to existing shares and the performance unit plan entitles them exclusively to cash payments; these two plans therefore have no impact in terms of dilution.

Beneficiaries of these plans belong to 56 different nationalities and work in 52 countries.

The other instruments designed to associate employees to business results are presented in Chapter 7, Section 2.3 and Chapter 3, Section 6.2.3.

2.4.2 Stock option plans

Stock option plans have been set up by the Board of Directors every year since 1987.

Under the authorization granted by the 13th resolution of the Annual General Meeting of June 5, 2014, at its meeting of November 26, 2015 the Board of Directors resolved to implement a stock option plan, following analysis and the recommendation of the Nomination, Remuneration and Governance Committee.

This plan covers 37 employees and officers of the Group, in France and outside France, who were granted a total of 224,950 options (including allocations to the Chairman and Chief Executive Officer), with the type of options, whether for new or existing shares, to be determined by the Board no later than by the end of the vesting period (noting that any options that may be exercised before their type is determined will be options to subscribe to new shares). Grants to the Chairman and Chief Executive Officer are less than the grant sub-cap defined by the Annual General Meeting on June 5, 2014.

The lifetime of the options is 10 years. The option price was set at €39.47 based on the average opening price of listed Saint-Gobain shares in the 20 trading days preceding the date of the grant by the Board of Directors, without rebate or discount.

The performance criteria applicable to the stock option plan implemented on November 26, 2015 changed versus those applicable to plans implemented between 2010 and 2014 inclusive. They now comprise, in addition to a performance condition external to the Saint-Gobain Group, an internal performance condition, that are identical but weighted differently, for all long-term compensation plans (stock options, performance shares and performance units).

Exercise of the stock options is subject to fulfillment of the following cumulative conditions:

- service condition: to be an employee or officer of a Saint-Gobain Group company throughout the period up to the exercise date of the stock options, without interruption, except in a number of defined specific cases such as death, disability (as defined in paragraphs (2) and (3) of Article L. 341-4 of the French Social Security Code), no-fault termination, negotiated departure, retirement, transfer to another position within the Group, or change of control of the grantee's host company to outside the Group;
- performance condition linked to the two following criteria:
  - 70% of the options initially allocated are subject to a criteria linked to performance of the Saint-Gobain stock price versus the CAC 40 stock market index; and
  - 30% of the options initially allocated are subject to the criteria of Return on Capital Employed, including goodwill, of the Saint-Gobain Group ("ROCE").

Stock market performance will be calculated by comparing the average opening prices quoted for Saint-Gobain shares for the six months to November 26 2015 with average prices for the six months to November 26, 2019. The two performances will then be compared, and the options will be exercisable as follows:

Performance of the Saint-Gobain stock price compared to the CAC 40	Exercisable percentage of initially granted options, contingent upon stock market performance (i.e. 70% of allocation), exercisable
At least 10% higher	All
Between -20% and +10%	[(Saint-Gobain's stock price performance/CAC 40 index) [(1)] - 80%]/[110% - 80%]
Over 20% lower	None

(1) *Saint-Gobain stock price performance/CAC 40 index performance (performance of the Saint-Gobain stock price versus performance of the CAC 40 index) is equal to: 100% + the difference between the performance of the Saint-Gobain stock price and that of the CAC 40 index, in both cases expressed as a percentage.*

ROCE performance is calculated as follows:

Arithmetic average of the ROCE for the years 2016, 2017 and 2018	Percentage of options initially granted, contingent upon the ROCE (i.e., 30% of the allocation), exercisable
Greater than 11%	All
Between 8.5% and 11%	[Arithmetic average of the ROCE for the years 2016, 2017 and 2018 - 8.5%] / [11% - 8.5%]
Less than or equal to 8.5%	None

The performance conditions for stock options granted by the Group are demanding, as evidenced by the achievement rates for the performance conditions for the three latest stock option plans for which the performance conditions have been determined (0% for the 2011 plan, 0% for the 2010 plan, and 66.66% for the 2009 plan).

The following table shows stock options granted to the ten highest-paid non-executive employees, and options exercised by them in 2015 (global information).

TABLE 9 – OPTIONS GRANTED TO THE TEN EMPLOYEES (EXCLUDING EXECUTIVE OFFICERS) WHO WERE GRANTED THE HIGHEST NUMBER OF OPTIONS AND OPTIONS EXERCISED BY THEM (AMF NOMENCLATURE)

	Total options granted or subscribed or purchased shares	Weighted average price (in euros)	Plans
Options granted during the year by the issuer and any company included within the scope of the options allocation, to the ten employees of the issuer or of any company within this scope with the highest number of options granted (global information)	95,000	€39.47	2015
Options on the issuer and the companies referenced above, exercised during the year by the ten employees of the issuer or of these companies with the highest number of options thus purchased or subscribed (global information)	90,050	€34.61	2005 and 2008

The following table shows the history of the stock option allocation plans in place in December 31, 2015. There are no other stock option plans in place or other option instruments involving the shares, whether listed or non-listed, of Group companies within or outside France.

TABLE 8 – HISTORICAL INFORMATION ABOUT STOCK OPTION PLANS (AMF NOMENCLATURE)

Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Date of General Meeting	06/05/2014	06/05/2014	06/07/2012	06/07/2012	06/04/2009	06/04/2009	06/04/2009	06/07/2007	06/07/2007	06/09/2005
Date of Board of Directors' meeting	11/26/2015	11/20/2014	11/21/2013	11/22/2012	11/24/2011	11/18/2010	11/19/2009	11/20/2008	11/22/2007	02/27/2006 11/16/2006
Type *	Purchase or subscription	Purchase or subscription	Purchase or subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription
Total number of exercisable options at the start of the plan	224,950	234,550	247,250	253,000	482,150	1,144,730	1,479,460	3,551,900	3,673,000	4,025,800
Adjustment to number of shares under option**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	375,614	383,133	420,314
Cumulative number of cancelled or forfeited options	0	0	0	0	459,650 [4]	1,117,390 [4]	493,154 [3]	773 932 [2]	652,962 [1]	138,460
Total number of exercisable options after adjustments and forfeitures:	224,950 [7]	234,550 [6]	247,250 [6]	253,000 [6]	22,500	27,340	986,306	3,153,582	3,403,171	4,307,654 [5]
Of which: options granted to executive Directors:										
Mr. Jean-Louis Beffa	N/A	N/A	N/A	N/A	N/A	N/A	N/A	46,856 [9]	55,288 [8]	309,610 [5]
Mr. Pierre-André de Chalendar	50,000	50,000	50,000	50,000	0 [10]	0 [10]	133,333 [9]	109,331 [9]	110,575 [8]	176,920 [5]
Starting date of exercise period	11/26/2019	11/20/2018	11/21/2017	11/22/2016	11/25/2015	11/19/2014	11/20/2013	11/21/2012	11/23/2011	11/17/2009 or 11/17/2010
Expiry date of exercise period	11/25/2025	11/19/2024	11/20/2023	11/21/2022	11/23/2021	11/17/2020	11/18/2019	11/19/2018	11/21/2017	11/15/2016
Exercise price** (in euros)	€39.47	€34.13	€38.80	€27.71	€31.22	€35.19	€36.34	€25.88	€64.72	€52.52
Number of options exercised at 12/31/2015**	0	0	10,000	10,000	22,500	27,340	108,366	1,079,040	0	1,200
Exercisable options outstanding at 12/31/2015**	224,950	234,550	237,250	243,000	0	0	877,940	2,074,542	3,403,171	4,306,454

** Of the plans in place at December 31, 2015, 2006-2012 plans are for the subscription of new shares. For the 2013 to 2015 plans, the Board of Directors resolved that the type of options, whether for the purchase of existing shares or the subscription of new shares, would be determined at its discretion no later than by the beginning of the exercise period, and that any options that might be exercised before their type had been determined would be to subscribe new shares.*

***Following the March 23, 2009 capital increase in cash carried out by issuing and allocating stock warrants, the rights of stock option plan holders were maintained in accordance with the applicable regulations (Article R. 228-91 of the French Commercial Code). The new exercise price was determined by taking into account the number of shares issued per existing share (2 new shares for 7 existing shares), the issue price of the new shares (€14) and the cumulative rights share price (€24.58, corresponding to the weighted average price for the three trading days preceding the rights issue, i.e. March 18, 19 and 20, 2009). On this basis, the original exercise price was multiplied by 0.904363 to calculate the new price and the number of options was multiplied by 1.10575 so that the total value of option holders' rights (number of options multiplied by the exercise price) was the same before and after the adjustment.*

(1) Including 514,502 non-exercisable options because the performance condition was not met (performance condition attached to half of the options granted in November 2007 to 38 members of senior management).

(2) Including 718,644 non-exercisable options because the performance condition was only partly met (performance condition attached to all the options granted in November 2008 to corporate Directors, and half of the options granted in November 2008 to 176 members of the Group's senior management).

(3) Including 493,154 non-exercisable options because the performance condition was only partly met (performance condition attached to all the options granted in November 2009).

(4) Because the performance condition for the 2010 and 2011 plans was not met, options not exercised before determining the result of the performance conditions as part of the early-exercise conditions were forfeited.

(5) Half the shares granted to corporate Directors, other members of senior management and other members of the Liaison Committee are exercisable only if the Saint-Gobain share price exceeds the indicated strike price by at least 20% on the exercise date.

(6) Before application of the performance condition as a reflection of relative Saint-Gobain share price performance.

(7) Before application of the performance condition as a reflection of relative Saint-Gobain share price performance and of the ROCE of the Saint-Gobain Group.

(8) After deducting half of the options granted that are not exercisable because the related performance condition was not met.

(9) After deducting the options granted that are not exercisable because the related performance condition was only partly met.

(10) After deducting all the options granted that are not exercisable because the related performance condition was not met.

2.4.3 Performance share plans

Performance share plans have been set up by the Board of Directors every year since 2009.

Under the authorization granted by the eighteenth resolution of the Annual General Meeting of June 4, 2015, at its meeting of November 26, 2015 the Board of Directors resolved to implement a performance share plan, following analysis and the recommendation of the Nomination, Remuneration and Governance Committee.

This plan covers 1,131 employees and officers of the Group outside France, who were granted a total of 500,910 performance shares.

The duration of the vesting period was set at four years, with delivery of the shares to occur on the day after the close of this period.

The performance criteria applicable to the performance share plan implemented on November 26, 2015 changed as compared to those applicable to plans implemented between 2010 and 2014 inclusive. They now comprise, in addition to a performance condition internal to the Saint-Gobain Group, an external performance condition, that are identical but weighted differently, for all long-term compensation plans (stock options, performance shares and performance units).

Vesting of performance shares is subject to fulfillment of the following cumulative conditions:

- service condition: applies for the entire duration of the acquisition period in a manner similar to that stipulated for stock options above (see Section 2.4.2 above);
- performance condition linked to the two following criteria:
  - 70% of the shares initially allocated are subject to criteria linked to Return on Capital Employed, including goodwill, of the Saint-Gobain Group ("ROCE"); and
  - 30% of the shares initially allocated are subject to the criteria of Saint-Gobain stock price performance compared to the CAC 40 stock market index.

ROCE performance and stock market performance will be calculated in the same way, *mutatis mutandis*, as for stock options (see Section 2.4.2 above).

However, the first 100 shares allocated to each grantee other than to Liaison Committee members will be exempt from the performance conditions.

The performance conditions for performance shares allocated by the Group are demanding, as evidenced by the achievement rates for the performance share plans for which the performance condition has been determined (32% for the 2011 plan and 50% for the 2010 plan).

The ten Group employees and non-executive officers outside France who were granted the highest number of shares in 2015 were allocated 50,500 performance shares (global information), valued at €40.64 per share based on closing stock price before the Board of Directors meeting of November 26, 2015 which approved the grants.

The following table shows the history of the performance share grants outstanding at December 31, 2015.

TABLE 10 – HISTORICAL INFORMATION ABOUT PERFORMANCE SHARE PLANS (AMF NOMENCLATURE)

Year	2015	2014	2013	2012	2011
Date of General Meeting	06/04/2015	06/05/2014	06/07/2012	06/07/2012	06/04/2009
Date of Board of Directors' meeting	11/26/2015	11/20/2014	11/21/2013	11/22/2012	11/24/2011
Type of shares	existing	existing	existing	existing	new shares
Total number of performance share rights initially granted	500,910	530,240	541,655	542,370	942,920
Of which 2+2 plan	0	0	0	0	415,560
Of which 4+0 plan	500,910	530,240	541,655	542,370	527,360
Of which, rights granted to executive Director, P-A. de Chalendar	0	0	0	0	30,000
Cumulative number of shares delivered under the 2+2 plan	0	0	0	0	175,495
Cumulative number of shares delivered under the 4+0 plan	0	200	250	720	1,050
Number of rights forfeited under the 2+2 plan	0	0	0	0	240,065 (1)
Of which, rights granted to executive Director, P-A. de Chalendar	0	0	0	0	20,499
Number of rights forfeited under the 4+0 plan	0	0	0	0	288,434 (1)
Outstanding rights under the 2+2 plan	0	0	0	0	0
Outstanding rights under the 4+0 plan	500,910	530,040	541,405	541,650	237,876
Total outstanding performance share rights	500,910 (2)	530,040 (2)	541,405 (2)	541,650 (2)	237,876

(1) *Of which rights forfeited because performance conditions were not met: 238,313 under the 2+2 plan and 279,634, under the 4+0 plan.*

(2) *Before taking performance conditions into account.*

2.4.4 Performance unit plans

The Board has approved the principle of implementing performance unit plans annually since 2012, most recently at its meeting of November 26, 2015, to be implemented by the Chairman and Chief Executive Officer (with the performance units granted to the latter being approved by the Board of Directors - see Chapter 5, Section 2.2.3).

Subject to fulfillment of the service and performance conditions, performance unit plans offer grantees the opportunity to receive, over the long term (an exercise period of between four years from the grant date to 10 years from that date), cash compensation for each unit equal to the Saint-Gobain share price on the reference date plus any dividend paid or distribution made from the start of the exercise period up to the reference date. Performance units constitute an operating expense adjustable each year but creating no shareholder dilution since they do not result in the creation of new shares.

The 2015 plan covers 671 Group employee and officer grantees in France who were allocated a total of 556,340 performance units (including grants to the Chairman and Chief Executive Officer).

The performance criteria applicable to the performance units plan implemented on November 26, 2015 are strictly identical to those applicable to the performance share plan and have thus changed with respect to those applicable to the plans implemented from their launch in 2012 to 2014 inclusive. They now comprise, in addition to a performance condition internal to the Saint-Gobain Group, an external performance condition, that are identical but weighted differently, for all long-term compensation plans (stock options, performance shares and performance units).

Performance units under the 2015 plan may be exercised from November 26, 2019 to November 25, 2025, subject to cumulative fulfillment of the following service and performance conditions:

- service condition: applied for the entire duration of the exercise period in a manner similar to that stipulated for stock options (see Section 2.4.2 above);
- performance condition linked to the two following criteria:
  - 70% of the units initially allocated are subject to criteria linked to Return on Capital Employed, including goodwill, of the Saint-Gobain Group ("ROCE"); and
  - 30% of the units initially allocated are subject to the criteria of Saint-Gobain stock price performance compared to the CAC 40 stock market index.

ROCE performance and stock market performance will be calculated in the same way, *mutatis mutandis*, as for stock options (see Section 2.4.2 above).

Units not exercisable due to failure to fulfill the performance conditions will be automatically and permanently canceled, without right to indemnification to grantees.

The following table shows the history of performance unit plans in place at December 31, 2015.

TABLE 10 BIS – HISTORICAL INFORMATION ABOUT PERFORMANCE UNIT PLANS

Year	2015	2014	2013	2012
Date of Board of Directors' meeting	11/26/2015	11/20/2014	11/21/2013	11/22/2012
Total number of units initially granted	556,340	598,400	588,535	536,400
Of which, units granted to executive Director, P-A. de Chalendar	60,000	60,000	60,000	60,000
Starting date of exercise period	11/26/2019 (1)	11/20/2018 (1)	11/21/2017 (1)	11/22/2016 (1)
Expiry date of performance unit exercise period	11/25/2025	11/19/2024	11/20/2023	11/21/2022
Total number of units that have become exercisable	0	950	17,450	14,550
Total number of units forfeited	0	0	0	0
Of which, number of performance units granted to executive Director, P-A. de Chalendar, forfeited	0	0	0	0
Performance units outstanding	556,340	597,450	571,085	521,850

(1) *Subject to cumulative fulfillment of the service and performance conditions.*

3. **Company stock** traded by Directors

Transactions by Directors involving Compagnie de Saint-Gobain shares exceeding an aggregate amount of €5,000 reported to the French Autorité des marchés financiers in 2015 pursuant to Article L.621-18-2 of the French Financial and Monetary Code were the following:

	Securities	Type of transaction	Transaction date	Unit price (in euros)	Total amount (in euros)
Pierre-André de Chalendar	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Sale	March 10, 2015	€39.844	€230,130.13
	Exercise of stock options	Subscription	March 13, 2015	€25.88	€219,980
	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Subscription	May 18, 2015	€32.44	€208,611
	Exercise of stock options	Subscription	August 5, 2015	€41.34	€1,240,200
	Shares	Sale	August 5, 2015	€43.50	€1,305,000
	Exercise of stock options	Subscription	August 6, 2015	€41.34	€826,800
	Shares	Sale	August 6, 2015	€44.50	€890,000

Mr. Pierre-André de Chalendar also donated 45,000 shares to his children on December 30, 2015.

6 RISKS AND CONTROL

1. **Risks** factors

The Saint-Gobain Group conducts its affairs in a constantly evolving environment. It is therefore exposed to risks, the occurrence of which could have a material adverse effect on its businesses, financial position, earnings and growth prospects. This chapter presents the significant risks to which the Group believes it is exposed, as of the date of this Registration Document.

However, there are other risks which may exist or arise, of which the Group is not aware at the date of this Registration Document, or the occurrence of which has not been considered at that date as being likely to have a material adverse effect on the Group, its businesses, financial position, earnings and growth prospects.

1.1 RISKS ASSOCIATED WITH THE GROUP AND ITS OPERATIONS

1.1.1 Risks associated with economic cycles

Most of the Group's markets are cyclical in nature. A significant portion of revenues depends on the level of investment in the construction market, which generally closely follows the cyclicity of economic trends. Consequently, the Group's earnings are sensitive to the economic conditions of the geographic zones, both at regional and local levels, where the Group is active.

The recent global economic slowdown has negatively affected the construction industry and the Group's operations, particularly in Europe.

Further deterioration in the global economic environment and in financial markets conditions could have a material adverse effect on the Group's sales, earnings, cash flow and prospects.

1.1.2 Risks associated with the Group's international operations

The Group is active worldwide, including outside Western Europe and North America. Specifically, it is active in Eastern Europe, Asia and emerging countries, particularly Brazil. In certain countries located in these regions, there is greater economic and political instability, as well as greater exposure to social disruption and infrastructure malfunctions than in the more mature markets. Thus the direct and indirect consequences of political instability, or of an unstable economic or regulatory environment in which the Group operates, in a country in which the Group is active or markets its products, could have a material adverse impact on investment levels in that country's construction sector, and consequently on the Group's businesses, financial position, earnings or prospects.

Moreover, legal or regulatory changes (involving, among other things, taxation, restrictions on capital transfers, customs duties, intellectual property and import and export licenses, the employment system or health, safety or the environment) could significantly increase the Group's costs in the various countries in which it is active, or limit its ability to freely transfer its capital, and consequently have a material adverse impact on its businesses, financial position, earnings and prospects.

1.1.3 Risks associated with innovation

The Group has made research and innovation the focus of its strategy and sustainable development policy, in order to remain competitive and maintain a high level of performance and operational excellence. The emergence of new technologies and new markets is driving rapid change in some of the Group's markets. The Group has to keep pace with these changes and integrate these new technologies into its product offerings, in order to respond effectively to customers' needs.

This innovation policy requires significant spending on research and development, with no guaranteed impacts.

The Group's sales, operating margins and earnings could be affected if it fails to invest in appropriate technologies or to rapidly bring new products to market, or if competing products are introduced or the Group's new products do not adequately address customer needs.

1.1.4 Intellectual property risk

Development of the Group's business relies on protecting manufacturing secrets, patents, trademarks and models and other intellectual property rights. If the Group was unable to obtain, protect and preserve its intellectual property rights, this could result in the loss of its exclusive right to use technologies and processes, with a material adverse effect on earnings.

Since the Group's activities are, in part, in countries where the protection of intellectual property rights is not as developed as in Western Europe or North America, the Group cannot guarantee the level of protection that will be accorded to its portfolio of patents and brands, and must address risks of counterfeiting of its products, and the appropriation or illicit use of its intellectual property rights.

The Group may be forced to take legal action against third parties suspected of breaching its rights. Any such proceedings may give rise to significant costs and hamper growth in sales of the products manufactured using the rights concerned, or force the Group to incur additional expenses to develop other technologies that do not use the disputed technology.

1.1.5 Risks associated with the cost and supply of raw materials

The Group's businesses, some of which are heavy consumers of energy, may be affected by a significant increase in prices and difficulties in obtaining a supply of raw materials and/or energy (such as natural gas). Its ability to pass on these cost increases to its customers depends to a large extent on market conditions and practices. If the Group's ability to immediately and/or fully pass on increases in raw materials and/or energy costs were limited, this could have a material adverse effect on its businesses, financial position or earnings.

1.1.6 Industrial and environmental risks

The Group could incur significant expenses and be exposed to environmental liabilities as a result of its operation of past, present or future industrial sites.

The Group's main industrial and environmental risks result from the storage of hazardous substances at certain sites. Thus, at December 31, 2015, four of its plants were classified under the EU Seveso II Directive. They are subject to specific legislation and close supervision by the relevant authorities and the Group's Environment, Health and Safety Division, with their storage facilities presenting "major technological risks" as defined by EU Directive No. 2010/75 on industrial emissions, known as the IED Directive.

Two of these plants are classified as "lower-tier" under the IED Directive: Conflans Sainte-Honorine (Abrasives) in France, which stores phenolic resin, and Balsta (Gypsum) in Sweden, which stores liquid natural gas. The other two are classified as "upper-tier": Bagneaux-sur-Loing (Flat Glass) in France, which stores arsenic (AS2O3) and Carrascal del Río (Flat Glass) in Spain, which stores, among other things, hydrofluoric acid (HF).

In France, under the Law of July 30, 2003 on the prevention of technological and natural risks and the remediation of contaminated sites, specific risk prevention and safety policies have been implemented at all of the French sites listed above (including at the "upper-tier" Seveso sites). After identifying accident risks and their potential impact on the environment, preventive measures were implemented at these plants, covering the design and construction of storage areas, as well as the manner in which they are used and maintained. Internal contingency plans have been developed to respond to incidents. Civil liability for personal injury and damage to property arising from plant operations is covered by the current Group civil liability insurance program, except for the Bagneaux-sur-Loing plant, which is insured under a specific policy subscribed by the joint venture operating the facility. In the event of a technological accident, compensation payments to victims would be organized jointly by the joint venture, the insurance broker and the insurer.

The Saint-Gobain Group also has to deal with risks relating to chronic pollution, and could therefore be required to incur expenses to restore industrial sites or clean up the environment. 70 Group sites are classified as "IED" installations, as defined by the aforementioned Directive, and are subject to integrated pollution prevention and control regulations.

Breach of these regulations could result in fines or other civil, administrative or criminal penalties, specifically the withdrawal of permits and licenses needed to continue the activities in question. Changes in these laws and regulations and their interpretation could cause the Group to incur significant expenses and/or investments.

1.1.7 Risks associated with external growth

The Group's strategy is based, in part, on external growth, in particular by acquiring businesses or assets, taking equity interests or establishing joint ventures in the Group's business lines and in geographic regions where the Group seeks to establish or strengthen itself. The Group may, however, not be able to identify attractive targets or enter into transactions at the optimal time and/or under satisfactory conditions. The expected benefits of these external growth operations depends, in part, on the realization of expected synergies and integration of the activities of the acquired companies, and on relationships with other participants in the joint ventures. The Group gives no guarantees as to these objectives, which, if not fulfilled within the expected timeframes and at the expected levels, could affect the Group's financial position, results and prospects.

1.1.8 Risks associated with information systems

Daily management of the Group's activities, specifically the conduct of its commercial, industrial and accounting processes, particularly in its Distribution activities, requires the proper functioning of all technical infrastructure and computer applications. The risk of system malfunction or shutdown, which may be external or internal in origin (computer viruses or hacking, service providers' defaults, blackouts or network shutdowns, natural disasters, human error, etc.) cannot be underestimated.

To minimize the impact of this type of malfunction, the Information Systems Department has set strict rules for information systems governance and security, relating to infrastructure and applications, data backups and business continuity plans, rolled out at the Group level and controlled by the Internal Audit and Control Department.

These malfunctions may adversely affect the Group's operations, the protection of its know-how and its financial results.

1.1.9 Customer credit risk

The Group's exposure to customer credit risk is limited due to its wide range of businesses, worldwide presence and very large customer base. Past-due receivables are regularly analyzed and provisions are booked whenever necessary (see Note 3 to the Consolidated Financial Statements, Chapter 8, Section 1). Nevertheless, changes in the economic situation could lead to an increase in customer credit risk.

1.2 GROUP STRUCTURAL RISKS

1.2.1 Cost reduction and restructuring risks

The Group has undertaken a variety of cost-cutting and restructuring initiatives. While further savings are planned, there is no guarantee that the forecast reductions will be achieved or that the related restructuring costs will not be higher than originally budgeted. In particular, certain restructuring operations and other initiatives may cost more than expected, or the cost savings may be less than expected or take longer than expected to achieve. An increase in restructuring costs and/or the Group's inability to achieve the expected savings could have a material adverse effect on the Group's earnings and prospects.

1.2.2 Risks associated with the Group's pension commitments and similar commitments

The Group makes significant accounting accruals to cover pension and other post-employment benefit plans, mainly in Western Europe (particularly France, Germany, the Netherlands and the United Kingdom) and in North America (United States and Canada). Most of these plans are closed to new entrants. At December 31, 2015, total commitments under pension and other post-employment benefit plans were €11.8 billion.

The provision for pension plans recognized in the consolidated balance sheet (€3.7 billion at December 31, 2015) may be affected by adverse changes in the actuarial assumptions used to calculate the projected benefit obligation, by a reduction in the discount rates used to measure future commitments, a change in life expectancy or higher inflation, or a fall in the market values of plan assets, consisting mainly of equities and bonds.

1.2.3 Risks associated with goodwill and impairment of property, plant and equipment and intangible assets

Brands and goodwill make up a significant proportion of the Group's intangible assets, representing €2.3 billion and €10.7 billion, respectively, at December 31, 2015. In line with Group accounting policies, goodwill and certain other intangible assets with indefinite use lives are tested for impairment periodically and whenever there is an indication that their carrying amount may not be fully recoverable. Goodwill and other identified intangible assets may become impaired as a result of worse-than-expected Group performance, unfavorable market conditions, unfavorable legal or regulatory changes or many other factors. The recognition of impairment losses on goodwill could have an adverse effect on consolidated net income.

Property, plant and equipment (€11.6 billion at December 31, 2015) represent roughly one-third of total assets and may become impaired in the event of unfavorable development of the business.

Property Plant and equipment totaled €11,587 million at December 31, 2015 (€12,657 million December 2014), representing 26% of total assets (28% in 2014), which were €44, 856 million at December 31, 2015 (€44,804 million at December 31, 2014).

1.3 FINANCIAL RISKS

1.3.1 Liquidity risk

a) Liquidity risk on financing

In a context of crisis, the Group might be unable to raise the financing or refinancing needed to cover its investment plans on the credit or capital markets, or to obtain such financing or refinancing on acceptable terms.

The Group's overall exposure to liquidity risk on its net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain, the Group's parent company. The subsidiaries conclude their short- or long-term financing arrangements, except where there are local obstacles to doing so, with Compagnie de Saint-Gobain or with the treasury pool of the regional Delegation.

The Group policy aims to ensure the timely renewal of its financings at an optimal cost. Long-term debt therefore systematically represents a high percentage of overall debt. Similarly, the long-term debt maturity schedule is set so that the financing raised through the markets when the debt is renewed is spread over several years.

The Group main source of long-term financing is constituted by bond issues which generally are issued under the Medium Term Notes program. In addition, it has recourse to perpetual bonds, participating securities, a long-term securitization program, bank borrowings and lease financing.

Short-term debt is composed of borrowings under a French Commercial Paper *(Billets de Trésorerie)* program and on occasion under Euro Commercial Paper or US Commercial Paper program, but also under a receivables securitization program and bank financing. Short-term financial assets comprise marketable securities and cash or cash equivalents.

To secure the financing liquidity, Compagnie de Saint-Gobain has credit facilities in the form of syndicated loans.

A breakdown of long- and short-term debt is provided by type and maturity in Note 8.3 to the Consolidated Financial Statements. The main characteristics of the Group's financing programs and confirmed credit lines are also set out in this note.

The BBB rating of Saint-Gobain's long-term debt was confirmed by Standard & Poor's on December 9, 2014, with a stable outlook.

The Baa2 rating of Saint-Gobain's long-term debt was also confirmed by Moody's on December 9, 2014, with a stable outlook.

There is no guarantee that the Company will be in a position to maintain its credit risk ratings at current levels. Any deterioration in the Group's credit risk rating could limit its capacity to raise funds and could lead to higher rates of interest on future borrowings.

b) Liquidity risk on investments

When the Group uses financial investments (whether in the form of short-term bank deposits, mutual funds or similar purchases), it systematically favors monetary instruments and / or bonds to reduce the liquidity and volatility risks on these investments.

1.3.2 Market risks

a) Interest rate risks

The Group's overall exposure to interest rate risk on net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain. The subsidiaries which use derivatives to hedge interest rate risks generally have Compagnie de Saint-Gobain, the Group's parent company, as their counterparty.

The Group policy on foreign exchange consists of hedging, among others, commercial transactions entered into by Group entities in currencies other than the functional currency of the particular entity. Compagnie de Saint-Gobain and its subsidiaries may use options and foreign exchange contracts to hedge exposures arising from recorded or forecasted commercial transactions.

The table below gives an analysis, as of December 31, 2015, of the sensitivity of the pre-tax income and pre-tax equity to the impact of interest rate fluctuations on the Group's net debt after hedging operations:

(in EUR million)	Impact on pre-tax income	Impact on pre-tax equity
Interest rate increase of 50 basis points	16	5
Interest rate decrease of 50 basis points	(16)	(5)

Please refer to note 8.4 to the Consolidated Financial Statements (see Chapter 8, Section 1) for more details on interest rate risk hedging instruments and on the distribution of gross debt by interest rate type (fixed or variable) after hedging.

b) Foreign exchange risk

The currency hedging policies described below could be insufficient to protect the Group against unexpected or sharper than expected fluctuations in exchange rates resulting from economic and financial market conditions.

Foreign exchange risks are managed by hedging commercial transactions entered into by Group entities in currencies other than the functional currency of the particular entity. Compagnie de Saint-Gobain and its subsidiaries use options and foreign exchange contracts to hedge exposures arising from current and future commercial transactions.

The subsidiaries generally contract with the Group's parent company, Compagnie de Saint-Gobain, which then carries out corresponding exchange rate hedging operations; otherwise the subsidiary would deal either with the cash pool of its relevant regional Delegation, or failing this with one of the subsidiary's banks.

Most forward contracts have short maturities, of around 3 months. However, forward contracts taken out with respect to certain commercial orders may have longer terms.

The Group monitors its exposure to foreign exchange risk using a monthly reporting system that captures the foreign exchange exposure of his subsidiaries. At December 31, 2015, 98% of the Group's foreign exchange exposure eligible for hedging was hedged.

The residual net foreign exchange exposure of subsidiaries for the currencies presented below was as follows at December 31, 2015:

(in million euro equivalents)	Long	Short
EUR	0	5
USD	4	8
Other currencies	0	5
TOTAL	**4**	**18**

The table below gives an analysis, as of December 31, 2015, of the sensitivity of the Group's pre-tax income to a 10% increase in the exchange rates of the following currencies given the subsidiaries' residual net foreign exchange exposure:

Currency of exposure *(in EUR million)*	Impact on pre-tax income
EUR	(0.5)
USD	(0.5)
Other currencies	(0.5)
TOTAL	**(1.5)**

At December 31, 2015, a 10% decreases in the exchange rates for these currencies would have the same impact in the opposite impact, as mentioned above, assuming that all other variables remain constant.

Please refer to note 8.4 to the Consolidated Financial Statements (see Chapter 8, Section 1) for more details on foreign exchange risk hedging instruments.

c) Energy and commodity risk

The Group is exposed to changes in the price of the energy it consumes and the raw materials required for the conduct of its activities. The energy and raw materials hedging programs may be insufficient to protect the Group against significant or unforeseen price swings that could result from the prevailing financial and economic environment.

The Group may on occasion limit its exposure to energy price fluctuations by using swaps and options to hedge part of its fuel oil, natural gas and electricity purchases. The swaps and options are mainly contracted in the functional currency of the entities concerned. Hedges of fuel oil, gas and electricity purchases are managed by a steering committee comprising members of the Group Finance Department, the Group Purchasing Department and the relevant Delegations.

Hedges of energy purchases (excluding fixed-price purchases negotiated directly with suppliers by the Group Purchasing Department) are generally arranged by the Group Treasury and Financing Department (or with the Delegations' treasury departments) in accordance with instructions received from the Group Purchasing Department.

The Group may, from time to time, enter into contracts to hedge purchases of other commodities, in accordance with the same principles as those outlined above for energy purchases.

Please refer to note 8.4 to the Consolidated Financial Statements (see Chapter 8, Section 1) for more details on energy and commodity risk hedging instruments.

1.3.3 Share price risk

The Group is exposed to risk of Saint-Gobain share price changes as a result of its performance units-based long-term incentive plan. To reduce its exposure to fluctuations in the share price, the Group uses hedging instruments such as equity swaps.

As a result, if the price of Saint-Gobain share changes, any expense variation recorded in the income statement will be fully offset by the hedge(s) in place.

Note 8.4 to the Consolidated Financial Statements details the share risk hedging instruments (see Chapter 8, Section 1).

1.3.4 Financial counterparty credit risk

The Group is exposed to the risk of default by the financial institutions that manage its cash or other financial instruments, since such default could lead to losses for the Group.

The Group limits its exposure to risk of default by its counterparties by dealing solely with reputable financial institutions and regularly monitoring their credit ratings. However, the quality of credit of a financial counterparty can change rapidly, and a high credit rating cannot eliminate the risk of a rapid deterioration of its financial position. As a result, the Group's policy in relation to the selection and monitoring of its counterparties is unable to entirely eliminate exposure to a risk of default.

To limit the Group's exposure to counterparty risk, the Treasury and Financing Department deals primarily with counterparties with a long-term rating of A- or above from Standard & Poor's or A3 or above from Moody's. Concentrations of credit risk are also closely monitored to ensure that they remain at reasonable levels, taking into account the relative CDS ("Credit Default Swap") level of each counterparty.

1.4 LEGAL RISKS

1.4.1 Risk of regulatory changes

The Group is not subject to any specific regulations that could have an impact on its financial position, although the Group companies that operate industrial sites are generally required to comply with the specific national laws and regulations of the country where such sites are located. In France, for example, Group plants are subject to the laws and regulations applicable to classified sites.

Laws and regulations applicable to the Group and to the materials and products it uses in its activities may change in a manner that may be unfavorable to the Group. The introduction of stricter regulations or more diligent enforcement of existing regulations may affect the conditions under which the Group operates its businesses, which could increase its operating expenses, limit the scope of its activities or act as a brake on business growth. More generally, the Group cannot guarantee that there will be no rapid or significant regulatory changes in the future with a material adverse effect on its business, financial position or earnings.

1.4.2 Risks associated with legal and administrative procedures

The legal risks to which the Group is most exposed are risks of asbestos-related litigation, in France and the United States, and competition-related risks.

a) Asbestos-related litigation

Current legal actions related to asbestos are described below.

Asbestos-related litigation in France

- Inexcusable fault lawsuits

In France, further individual lawsuits were filed in 2015 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM – which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases they have or had. As at December 31, 2015, a total of 796 such lawsuits had been issued against the two companies since 1996 with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect.

As of December 31, 2015, 736 of these 796 lawsuits had been completed in terms of both liability and quantum. In all these cases, the employers were held liable on the grounds of "inexcusable fault".

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled approximately €1.5 million.

Concerning the 60 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2015, the merits of two have been decided but the compensation awards have not yet been made, pending Appeal Court rulings. A further 23 of these 60 lawsuits have been completed in terms of both liability and quantum, but liability for the payment of compensation has not yet been assigned.

Out of the 35 remaining lawsuits, at December 31, 2015 the procedures relating to the merits of 34 cases were at different stages, with five in the process of being investigated by the French Social Security authorities and 29 pending before the Social Security courts. The last action has been canceled but the plaintiff may request its restoration at any time within a two-year period.

In addition, as of December 31, 2015, 212 similar suits had been filed since the outset of the litigation by current or former employees of thirteen other French companies of the Group (excluding suits against companies that are no longer part of the Group), in particular by current or former employees who used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2015, 152 lawsuits had been completed. In 79 of these cases, the employer was held liable for inexcusable fault.

The compensation definitively paid by these companies totaled approximately €1.33 million.

With regard to the 60 suits outstanding at December 31, 2015, one case was still at the investigation stage by the French Social Security authorities, 41 were being investigated – including 28 pending before the Social Security courts, 12 before the Appeal Courts and one before the Court of Cassation.In addition, 13 suits had been completed in terms of liability but are still pending with regard to the quantum or liability for paying the compensation, of which 10 were pending before the Appeal Courts and 2 before the Court of Cassation. The 5 remaining suits have been canceled but the plaintiffs may request their restoration at any time within a two-year period.

- Anxiety claims

Eight of the Group's French companies, including six that operate or have operated facilities classified as containing asbestos, are subject of damages claims that are different from those described above.

"Facilities classified as containing asbestos" are defined as industrials facilities, that have been closed or are still operating, which previously manufactured materials containing asbestos or used protection and insulation equipment containing asbestos and are included by ministerial decree on the official list of facilities whose current or former employees are entitled to the early-retirement benefits paid to asbestos workers (ACAATA).

At December 31, 2015, a total of 822 suits had been brought by current or former employees claiming compensation for various damages suffered as a result of their alleged exposure to asbestos. None of these plaintiffs were suffering from an asbestos-related disease and some of them were not receiving the ACAATA benefit. Of these 822 suits, 499 have been terminated. Three plaintiffs had their claims dismissed, while 496 others were recognized as having been exposed to an asbestos risk, and their claims were accepted, leading to payment of total compensation of €5.394 million. Of the remaining 323 suits, 61 are pending before the competent Appeal Courts, 129 before the competent labor tribunals (*"bureau de jugement du Conseil des prud'hommes"*), five are pending before the Court of Cassation and 119 have been canceled but the plaintiffs may request their restoration at any time during a period of two years. Finally, six suits have been dismissed by the competent labor tribunals and three plaintiffs have withdrawn the action they initiated.

It should be clarified that the figures above do not take into account suits filed against companies that are no longer part of the Group.

Asbestos-related litigation in the United States

In the United States, several companies that once manufactured products containing asbestos such as asbestos-cement pipes, roofing products, specialized insulation or gaskets, are facing legal action from persons other than their employees or former employees. These claims for compensatory – and in some cases punitive – damages, are based on alleged exposure to these products, although in many instances the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The vast majority of these claims are made simultaneously against many other non-Group entities which have been manufacturers, distributors, installers or users of products containing asbestos.

- Developments in 2015

About 3,200 new claims were filed against CertainTeed in 2015, compared to 4,000 in 2014 and 4,500 in 2013. Over the last few years the number of new claims has remained relatively stable.

Almost all of the claims against CertainTeed are settled out of court or dismissed. Approximately 4,600 of the pending claims were resolved in 2015, compared to 6,500 in 2014 and 4,500 in 2013. Taking into account the 37,000 outstanding claims at the end of 2014 and the new claims having arisen during the year, as well as claims settled, around 35,600 claims were outstanding at December 31, 2015. A large number of these pending claims were filed more than five years ago by individuals without any significant asbestos-related impairment, and it is likely that many of these claims ultimately will be dismissed.

- Impact on the Group's financial statements

The Group recorded a €90 million charge in 2015 to cover future developments in relation to claims. This amount is similar to the amount recorded in 2014 and 2013. At December 31, 2015, the Group provision for asbestos-related claims against CertainTeed in the United States amounts to €533 million (USD 581 million), compared to €470 million (USD 571 million) at December 31, 2014 and €407 million (USD 561 million) at December 31, 2013.

- Cash-flow impact

Compensation paid in respect of these claims against CertainTeed, including claims settled prior to 2015 but only paid out in 2015, and those fully resolved and paid in 2015, and compensation paid (net of insurance) in 2015 by other Group businesses in connection with asbestos-related litigation, amounted to €59 million (USD 65 million), compared to €51 million (USD 68 million) in 2014 and €66 million (USD 88 million) in 2013.

Situation in Brazil

In Brazil, former employees of Group companies suffering from asbestos-related occupational illness linked to asbestos are offered, depending on the case, solely financial compensation, or otherwise lifetime medical assistance combined with financial compensation; only a small number of former employee litigants or their legal successors were outstanding at December 31, 2015, and they do not present a material risk for the subsidiaries concerned.

b) Competition law and related proceedings

Legal provisions covering competition apply to the Group companies in countries in which it operates. Violation of competition law exposes the Group to fines and, in certain countries, potential criminal sanctions on the Group and its employees involved. Any litigation filed by a competition authority could, in the event of conviction, give rise to the payment of fines and potentially damages, which is likely to have a significant impact on the Group's reputation, financial situation and operating results.

The Saint-Gobain Group is firmly committed to opposing any practice that might violate competition rules and has long applied the principle of zero tolerance. A plan for compliance with competition law (the "Competition Plan") has been in place within the Group since 2007. The content of the Competition Plan is described further below in Chapter 3, Section 1.1.

Investigation by the Swiss Antitrust Commission in the sanitary products wholesale

In November 2011, the Swiss Antitrust Commission *(Commission Suisse de la Concurrence)* opened an investigation for anti-competitive practices in the sanitary products wholesale sector. In May 2014, the Commission Secretariat issued a notification of complaints against Sanitas Troesch and against other wholesalers in the sector. According to this notification, the Secretariat requested the Commission to declare a fine of approximately CHF 117 million on Sanitas Troesch, on grounds that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

The Commission stated in a press release dated July 3, 2015 that the total fine decided against all the companies involved will be CHF 80 million. For Sanitas Troesch, the fine is CHF 28.5 million. The decision itself will only be available in a few months' time. Sanitas Troesch continues to firmly refute the claims made; however a provision for litigation was recognized at December 31, 2015 for €27 million.

Investigation by the French Competition Authority in the building insulation products sector

On August 6, 2014, Saint-Gobain Isover and Compagnie de Saint-Gobain (as the parent company of Saint-Gobain Group) received a notice of complaints from the French Competition Authority *(Autorité de la Concurrence française)*. The only complaint made was of having exchanged allegedly strategic and confidential information, between 2002 and 2007, relating to a certification request lodged by Actis before the Versailles Commercial Court for one of its products, and in relation to a dispute between Actis and the mineral wool manufacturers' association (FILMM), of which Saint-Gobain Isover was a member.

Saint-Gobain Isover and Compagnie de Saint-Gobain are challenging this complaint and submitted their statement of defense on November 6, 2014. After receiving the report of the Competition Authority on August 10, 2015, the two companies issued their pleadings in response on October 29, 2015 and are now waiting for a hearing date before the board.

In the civil law area, in March 2013 Actis served a civil liability writ on Saint-Gobain Isover, the *Centre Scientifique et Technique du Bâtiment,* and the FILMM before the Paris Civil Court *(Tribunal de Grande Instance)* for the adverse consequences of facts forming the subject of the investigation by the Competition Authority. In an order dated December 16, 2014, the pre-trial judge declared a stay of proceedings while waiting for the decision from the Competition Authority.

Investigation by the Anti-trust Division of the United States Department of Justice in the United States drywall industry

In July 2015, the Anti-trust division of the United States Department of Justice opened a criminal investigation into potential anti-competitive practices, specifically a price agreement, in the United States drywall industry. This investigation followed complaints filed in late 2012 in the form of class actions in the civil courts against eight drywall manufacturers in the sector, including CertainTeed, by some of their customers.

On the basis of testimony and documents submitted in the civil proceedings, CertainTeed and its attorneys have not identified any element that might create liability for CertainTeed, and as a result filed a motion for summary judgment in May 2015 in order to end the civil proceedings. This application was accepted on February 18, 2016 by the competent court. An appeal against this decision is still possible.

c) Other proceedings and disputes

Some of the Group's companies may also be the subject of other claims made by their employees or by the tax authorities. Apart from the proceedings and litigation described above, to the best of the Company's knowledge no other government, court or arbitration proceedings exist (including pending proceedings or proceedings where the Company and/or the Group might be threatened) which could have or which has had, in the last twelve months, a significant impact on the financial or profit position of the Company and/or Group.

1.5 INSURANCE

The Group transfers its risks to the insurance market when this is the most efficient solution. Default by one or more of the Group's insurers could therefore lead to financial losses.

The Group's policy is to implement preventive programs and purchase insurance coverage to protect its assets and revenue. This policy is embedded within a Group doctrine, which takes into account current conditions in the insurance market. It is determined, coordinated and overseen by the Risks and Insurance Department. It defines insurance criteria for the most significant risks, such as property and business interruption, as well as general and product liability.

For other types of coverage, such as automobile fleet insurance, the Risks and Insurance Department advises the individual operating units on policy content, broker selection and which market to consult. These are called "high-frequency" risks, for which claims are monitored internally and appropriate action taken. The 2013-2014 policies were renewed as 2014-2015 policies.

The captive insurance company set up to cover property risks was highly successful and delivered real benefits for the Group.

Companies acquired during the year have been integrated into existing insurance programs.

1.5.1 Property and business interruption insurance

The Group's non-excluded property and casualty risks and business interruption risks arising from accidental damage to insured assets are covered by a worldwide insurance program. It does not cover operations in Brazil, which are insured by a local program. These local insurance programs come under the Risk and Insurance Department's supervision.

The programs meet the insurance criteria laid down by the Department, specifically:

- all policies are "all risks" policies with named exclusions;
- claims limits of liability are based on worst-case scenarios where safety systems operate effectively;
- deductibles are proportionate to the size of the site concerned and cannot be qualified as self-insurance.

These criteria take into account current insurance offerings, which exclude certain risks, such as computer viruses and their impact on operations, and cover natural disasters like floods, storms, earthquakes or tsunamis only up to a certain amount.

In extreme scenarios, such events could have a substantial uninsured financial impact in terms of both reconstruction costs and lost production costs.

The Risks and Insurance Department's policy is based on the findings of the annual audits carried out by independent prevention experts recognized by the Group's insurers. These audits give a clear picture of the risk exposure of the main sites in the event of a fire or other incident, and provide an estimate of the financial consequences in a worst-case scenario.

Individual claims in excess of €12.5 million are transferred to the insurance market for all Group subsidiaries, excluding Brazil.

Claims up to this amount are self-insured through the Group's captive insurance company, which purchases reinsurance coverage against increases in frequency and/or severity rates.

1.5.2 Liability insurance

A program provides coverage for third-party personal injury and property damage claims for which the Group would be legally held liable. This program comprises several programs for the lower tranches of coverage.

The first program covers all subsidiaries and has a coverage limit of €100 million. Subsidiaries situated in the geographical territory of the United States and Canada Delegation have a deductible of USD 50 million. The program's exclusions are consistent with market practice and concern in particular potentially carcinogenic substances and gradual pollution.

In order to satisfy local regulatory requirements, a policy is taken out in each country in which the Group has a significant presence. Local policies are backed up by the master-policy issued in Paris, which can be activated when local coverage proves inadequate.

The second program covers subsidiaries located in the geographic area covered by the United States and Canada Delegation and has a coverage limit of USD 50 million. This program is structured differently to deal with the specific nature of liability risks in the United States. It is divided into several lines of coverage, requiring it to be placed, if needed, on the London insurance market. Exclusions are in line with current market practice in the United States and primarily concern contractual liability, pollution and third-party consequential loss.

In addition to the two above-described programs, a number of supplementary programs have been set up in order to bring the total coverage limit to a level considered compatible with the Group's businesses.

Within the operating units, action is taken to raise awareness of liability risks, and the units are motivated to control costs by assuming a deductible that does not, however, constitute self-insurance. the Group also runs a risk prevention program at its operating units with the support of the Environment, Health and Safety Department.

1.5.3 Exceptions

Joint ventures and companies not controlled by the Group are excluded from the above programs and purchase separate insurance coverage.

2. Internal control

2.1 REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS ON INTERNAL CONTROL AND CORPORATE GOVERNANCE PROCEDURES (ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE)

Report of the Chairman of the Board of Directors on certain aspects of corporate governance, on Compagnie de Saint-Gobain's internal control and risk management systems, and on any restrictions on the Chief Executive Officer's powers

This report on internal control procedures and corporate governance was prepared under the responsibility of the Chairman of the Board of Directors on the basis of information provided by the legal, human resources, finance, and Internal Audit and Business Control Departments, in application of Article L.225-37 of the French Commercial Code and was approved by the Board of Directors at its meeting of February 25, 2016.

Under French law, it is required to report to shareholders on certain aspects of corporate governance. The required disclosures relate to the composition of the Board of Directors, gender parity on the Board, its organization and work, the Company's compliance with and implementation of a recognized corporate governance code, any restrictions on the powers of the Chairman and Chief Executive Officer, the specific formalities for shareholders' participation in General Meetings, and lastly the principles and rules applied by the Board to determine the compensation and benefits of any kind awarded to the Directors. This information is provided in Chapter 5, Sections 1 and 2, and Chapter 9, Section 1.1, as reviewed by the Nomination, Remuneration and Governance Committee and incorporated by reference into this report.

The report must moreover include internal control and risk management procedures implemented within the Group. This information, as set forth in Chapter 6, Section 2.2, was prepared with the support of the Group Internal Audit and Business Control Department and has been reviewed by the Risk and Audit Committee and incorporated by reference into this report.

2.2 COMPAGNIE DE SAINT-GOBAIN'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Saint-Gobain's internal control and risk management system is based on the internal control and risk management framework issued by the French securities regulator (Autorité des marchés financiers - AMF), as updated in July 2010, and complies with the legal requirements applicable to companies listed on a regulated market.

Supported by a continuous improvement process and an Internal Control Reference Framework, Saint-Gobain Group's internal control and risk management system is a set of means, behaviors, procedures and actions tailored to each company's specific characteristics which:

- contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources;
- enables the Company to appropriately address material operational, financial, compliance and other risks.

It is more specifically designed to provide assurance concerning:

- the Company's compliance with the applicable laws and regulations, in particular regarding anti-corruption measures and economic sanctions;
- application of senior management's instructions and guidelines;
- the efficiency and effectiveness of internal operating, industrial, marketing, financial and other processes;
- the protection of tangible and intangible assets, in particular the prevention of fraud;
- the reliability of financial information.

Deployed in all the subsidiaries, the Saint-Gobain Group's internal control and risk management system is therefore more than just a set of procedures and it extends beyond accounting and financial processes.

2.2.1 Internal control fundamentals

The fundamentals of an efficient and effective internal control system include:

- adherence to the values and behavioral rules set out in the Saint-Gobain Principles of Conduct and Action (regarding the Principles, see Group Profile and Strategic overview), which are distributed to all employees;
- clearly defined organization and allocation of responsibilities, supported by written procedures and ensuring effective segregation of duties;
- delegations of signature authority and other powers that are aligned with the effective allocation of responsibilities;
- policies for human resources management aimed at ensuring that new hires have the knowledge and skills needed to fulfill their responsibilities and that existing Group employees are helped to improve their knowledge;
- written internal procedures distributed in an appropriate manner to employees;
- secure information systems with access rights granted on the basis of allocated roles and responsibilities, to maintain effective segregation of duties. Saint-Gobain subsidiaries have an obligation to comply with the basic security rules issued by the Group Information Systems Department.

2.2.2 Internal control and risk management process

Within Saint-Gobain, internal control is a continuous and ongoing process that integrates risk management procedures and involves four principal stages:

- analyzing the main risks;
- developing controls that are proportionate to the risks involved;
- communicating control objectives to employees and implementing controls; and
- carrying out permanent oversight controls and regularly checking their effectiveness.

This process is described in the Internal Control Reference Framework and applies to all Group subsidiaries.

Oversight controls and effectiveness checks may lead to corrective action being taken, and to changes, as needed, to the internal control and risk management system.

2.3 ORGANIZATION OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Everyone within the organization has some responsibility for internal control, from senior management down to the employees of the individual entities.

2.3.1 Board of Directors

In 2015, a report mainly focusing on the Group's internal control and risk management was submitted to the Board of Directors after being reviewed by the Financial Statements Committee.

2.3.2 Senior management

The Group's senior management oversees implementation of the internal control process and the existence and appropriateness of internal control and risk management monitoring systems within the subsidiaries.

2.3.3 Internal Audit and Business Control Department

The Internal Audit and Business Control Department organizes oversight of internal control and risk management systems based on four principal components, which are: the compliance statement, the audit results, the action plan follow-up system and the incident monitoring system. The Internal Audit and Business Control Department plays a key role in the Group Compliance Program.

Internal Audit and Business Control Department	Main responsibilities	Reference bases and/or measures	2015 key figures
Internal control	• Develop and maintain the Internal Control Reference Framework • Communicate and provide training on internal control and risk management • Lead the annual compliance statement process • Monitor implementation of action plans	• Internal Control Reference Framework and associated practical data sheets or Group memos • E-learning and training sessions (Business Control Forums [(1)]) • Intranet and Internal Control Community (My SG) • ACTT 2 data base[(2)] • QlikView/Dashboard [(3)]	• 2015 Compliance Statement update (almost 700 questionnaires sent) • Approximately 5,800 action plans open within ACTT2 database • Approximately 350 Directors and managers trained in Business Control Forums • Approximately 500 members of the Internal Control community
Internal Audit	• Analyze compliance statements • Perform risk cartography • Ensure the relevance and effectiveness of internal control systems • Perform organizational advisory tasks at senior management's request • Cross-functional audits according to the department's main objectives	• Audit plan • Audit methodology • 6 Essentials[(4)] • Best practices library • IT Analysis Tool • Auditor training Program	• 80 internal auditors • 151 assignments • 29 best practice briefs published • Entities covered every 5 years
Anti-fraud	• Develop anti-fraud policies • Ensure fraud prevention • Investigate fraud incidents prevention	• Training and awareness • Fraud incident reports	• Approximately 60 Directors and managers trained

[(1)] Business Control forums are 1 to 2 day training programs for Directors and managers, carried out within the Delegations. They primarily cover the fundamentals of internal control, anti-fraud measures, audit results and compliance statements, as well as practical case studies on various processes.

[(2)] New version of centralized data base for managing compliance statements and action plans.

[(3)] Online dashboard containing all information relating to internal control (compliance statement results, action plan implementation rates), audit assignments, IT security, risk and insurance, fraud reporting and financial data.

[(4)] Fraud detection audit methodology.

2.3.4 Corporate departments

Compagnie de Saint-Gobain's corporate departments are responsible for setting up an internal control organization and defining internal control strategies and procedures in their area. To this end, they:

- identify and analyze the main risks associated with their internal processes;
- define appropriate controls based on those described in the Internal Control Reference Framework;
- inform and train the employees responsible for internal controls within their area;
- analyze any internal control weaknesses or incidents and the results of internal audits.

The corporate departments are also responsible for the internal control system within the Company entities.

Corporate departments	Main responsibilities	Reference bases and/or measures	2015 key figures
Environment, Health and Safety Department	• Promote and coordinate Group EHS policy • Monitor the application of EHS reference framework principles	• EHS reference framework and standards • Integrated EHS audits • Self-diagnostic tool • OSHAS 18001 and ISO 14001 standards	• Industry audits: ➜ 59 "12-step" audits ➜ 158 "20-step" audits [(1)] • Distribution audits: ➜ 503 "ESPR" audits [(2)]
Information Systems Department	• Define Group policy for information systems and computer network security • Promote and coordinate an annual self-assessment plan • Develop rules and good practices	• Minimum security rules • Technical standards • Development standard for secure web applications • Note on the Cloud • Datacenter security rules • ITAC reference bases • SAP users control tool	• See Chapter 6, Section 2.5.4, General doctrine on information systems security
Purchasing Department	• Manage the World-Class Purchasing program, an approach focusing on purchasing performance, department professionalization and supplier innovation • Execute multi-business and multi-country purchasing • Coordinate the purchasing function in France and conduct multi-business purchasing activities in France	• ISO 9001 standard with certification in Raw Materials, Precious Metals and Energy for Saint-Gobain Purchasing • Purchasing process of the Internal Control Reference Framework (14 risks, 38 controls to be applied)	• Completion of 9,600 individual purchaser actions in 2015 • 12 internal audit assignments on technical purchases • 52 Buy/Techs executed
Risks and Insurance Department	• Define Group policy for property damage at industrial or distribution sites • Define Group policy for insurance and monitor its implementation • Steer centralized insurance programs	• Prevention/ protection reference base • Self-assessment tool • Doctrine memos • Risks and Insurance Intranet	• 425 site inspections • 1,313 sites that have performed self-assessment • 24 prevention training sessions • Regular field inspections
Treasury and Financing Department	• Define policy for financing, market risk control and banking relationships for the entire Group	• Procedures reference base ➜ for DTF activities ➜ for subsidiary activities • Daily reports (DTF) and monthly reports (subsidiaries and DTF)	• 95,776 internal/external foreign exchange transactions per year • 23,736 internal/external transfers issued per year

(1) Audits performed according to a 12- and 20-step schedule for the Group's industrial activities.
(2) "ESPR" (Environment, Safety, Prevention of Risks) audit: specific to the Building Distribution Sector.

Corporate departments	Main responsibilities	Reference bases and/or measures	2015 key figures
Financial Control Department	• Implement continuous control of the Group's results and operating performance • Participate in drawing up the budget and quarterly budget reviews • Oversee monthly earnings figures at all levels of the organization • Closely analyze and validate the financial consequences of investment, acquisition, divestment, merger and capital expenditure plans and restructurings	• Scorecards • Permanent relationship with Delegations and Sectors • Oversight of the network of Group controllers • Implementation of common analysis tools • Group reference base and notices to corporate departments and Sectors	• Over 200 meetings per year with Sectors and Delegations • 15 training sessions with the participation of 150 employees • 200 DAC (Credit Authorization Requests) • 56 planned acquisitions, 17 of which have been completed • 106 divestments and mergers completed
Doctrine Department	• Manage, update and distribute all financial, administrative and management procedures applicable to the Group's companies	• Group organization and procedures • Financial and accounting standards • Group Intranet	• 326 documents available on the Doctrine Intranet • 337 questions addressed via the hotline • 1,340 employee subscribers to Doctrine News
Legal Department	• Identification of main legal risks and formalisation of relevant policies and controls	• Group Doctrine in respect of legislation in force (particularly in relation to laws on competition, corruption, economic sanctions, gifts and invitations policies, conflicts of interest, etc.) • Employee training related to legislation in force and Group policy adopted on the subject (e-learning and presentations)	• More than 23,000 employees completed "Comply" online training on competition law at least once • More than 23,000 employees completed "ACT" online training on anti-corruption law at least once • More than 141 sites subject to unannounced competition audit by specialized legal counsel (since 2007) • More than 200 compliance training seminars carried out (competition law, anti-corruption law, economic sanctions and embargos) in 2015

2.3.5 Sectors and Activities

The heads of the Sectors and Activities participate in the process of updating the Internal Control Reference Framework in relation to the specific nature of their individual business lines. They are responsible for distributing it to their various entities and for ensuring compliance with Group directives. They are also responsible for managing the specific risks associated with their business.

2.3.6 General Delegations

The General Delegates are responsible for distributing the Internal Control Reference Framework to the companies in their Delegation and for ensuring compliance with Group instructions. Working with the Sector and Activity heads, they determine any specific conditions in which the controls defined by the Group are implemented so that specific local features can be taken into account, and decide on any additional controls that are necessary due to the specific risks associated with operations in the countries covered by the Delegations.

2.4 IMPLEMENTATION OF THE INTERNAL CONTROL AND RISK MANAGEMENT PROCESS IN THE GROUP'S ENTITIES

Saint-Gobain Group entities are responsible for implementing the internal control and risk management process and adapt it to their own organization, notably by identifying any operational specific risks. This entails following a five-step process:

- checking that the fundamentals of internal control have been introduced;
- implementing the key controls described in the Internal Control Reference Framework;
- analyzing the main risks and extending the Internal Control and risk management system by incorporating controls for dealing with the identified risks;
- deploying the internal control and risk management system in all of the entities' sites;
- overseeing the internal control and risk management system, specifically for purposes of the compliance statement.

2.4.1 Compliance statement

Compliance statement is used to periodically assess the compliance of entities with a limited number of Internal Control Reference Framework fundamentals.

The managing directors of the operating entities, the heads of the IT centers and the heads of the shared service centers report annually to the Group's Senior Management on the level of internal control within their entity or center, by filling out a questionnaire relating to the Internal Control Reference Framework. They also commit to taking all necessary actions to remedy any cases of non-compliance with the internal control reference framework.

The compliance statements and action plans are centralized and tracked by the Internal Control department, which also prepares an executive summary of the information. They are reviewed if necessary with the heads of the Company's Sectors, General Delegations and corporate departments and are the subject of an annual report to the Group Chairman and Chief Executive Officer and to the Financial Statements Committee of the Board of Directors.

A major revision of the compliance statement questionnaire was carried out in 2015. This revision makes it possible to:

- better take into account the entities' specificities: industry / distribution, small / large;
- clarify the identification of questions related to the supervision controls carried out by the Sectors, Activities and Delegations; and
- integrate the evolutions of the group policies, particularly in the following areas: compliance program, purchasing, finance, human resources, EHS, R&D and shared service centers.

2.4.2 Action plans follow-up

An action plan management and monitoring data base is used to centralize information about the measures implemented to remedy any non-compliance issues identified during the compliance statement process, and about the action plans drawn up following audits performed by the Group Internal Audit department.

This means that each Group company has access to a centralized operational platform it can use to manage its action plans by reporting the corrective measures taken and the progress made compared with the predefined implementation schedule. The Group's Departments can also use the system to monitor these action plans.

Compliance statements, internal audit memoranda and changes to the related action plans are also monitored via a dashboard used by the heads of the Sectors, Activities and General Delegations.

2.5 REFERENTIAL FRAMEWORKS AND PROCEDURES

Compagnie de Saint-Gobain has developed internal control and risk management procedures for its own needs and those of its subsidiaries.

2.5.1 Internal Control Reference Framework

The first part of the Internal Control Reference Framework describes the Group's internal control and risk management system, and the second part presents, in an internal control manual, approximately 200 risks and 500 controls. The controls identified as "essential", around 200, are mandatorily implemented in all group's entities.

The internal control manual is organized by process, listing the main risks to which the Group is exposed in each of these areas and describing the controls that need to be performed to contain them. A risk/control matrix is also provided to aid in understanding this process, and each chapter is broken down into sub-processes.

Each essential control from this manual has to be included in the internal procedures.

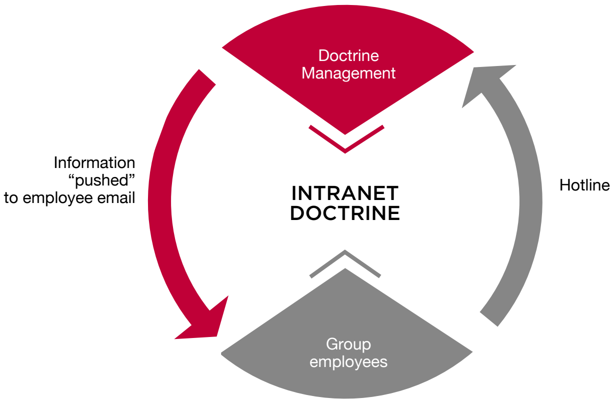
The internal control reference framework is updated if necessary and practical data sheets are added to help the Group's various entities clearly understand how to implement internal control rules. To date, the referential framework has been subject to four updates in the following areas: addition of the Shared Services Center process; update of the Purchasing and Communication processes; and incorporation of controls specific to Building Distribution activities. Five practical data sheets have also been published: delegations of powers and power of signature; confidentiality management; segregation of duties; gap analysis; and finally risk management.

2.5.2 Doctrine

The Doctrine Department is responsible for preparing all financial, administrative and management procedures applicable to Group companies.

These procedures, accessible on the Group's intranet, are organized around two main themes: Group Organization and Procedures, and Financial and Accounting Standards.

Reports on the Doctrine Department's activities are prepared three times a year for the Financial Statements Committee of the Board of Directors.



2.5.3 Environment, Health and Safety (EHS) Reference Manual

The EHS Reference Manual describes the approach to be followed by all-entities to meet the Group's overall objectives in terms of environmental protection and prevention of workplace accidents and occupational illnesses. The approach is structured around the main steps of risk indentification, preventive actions implementation, assessment and monitoring of the system's effectiveness.

The EHS Reference Manual is accessible on the Group intranet and is distributed to all sites. In 2012, the manual was updated in order to comply with the new standards, changing EHS management practices and the Group's World Class Manufacturing (WCM) program (see Chapter 3, Section 2). The new version of the manual was released in 2013 and training programs were organized in 2014 to support its deployment in the Group's sites.

Moreover, the EHS Department and its network of correspondents draw up Group EHS standards, which is methodological material to be mandatorily used to resolve specific EHS issues. Implementation guides, procedures, training packs and computer tools have been developed to support the application of the standards in the sites. These tools help to ensure that risks are measured and controlled according to the same preventive base in all Group's sites, irrespective of the country and the local laws and regulations (see Chapter 3, Sections 6.1 and 7).

2.5.4 General doctrine on information systems security

The Information Systems Department compiles rules and best practices concerning information systems and networks, based on four sets of compulsory minimum security rules in the following areas:

- infrastructure, with 15 minimum security rules (22 control points, 152 entities) and SGTS Security Reporting (34 control points, 21 SGTS covering 400 entities);
- industrial information technology systems, with 14 minimum security rules (20 control points, 298 entities with critical or large industrial IT systems);
- research and development systems, with seven minimum security rules (13 control points, 13 R&D Centers);
- applications, with 17 minimum security rules (35 control points, 61 competency centers).

Technical standards are also issued as a supplement to these rules, and are periodically updated to keep pace with technological advances and control infrastructure services.

The Information Systems Department has defined and rolled out:

- a tool (RMT) for controlling SAP user rights and managing conflicting task segregations. This tool will be gradually integrated into all the Group's SAP systems;
- a technical standard to manage technical and business accounts that access the applications (ATA/ABA);
- a Web Application Secured Development (3.0) standard;
- a technical standard for SaaS systems which defines responsibilities and security measures for implementation;
- a set of security rules to annually monitor the security of the central and regional datacenters (55 Datacenter Rules).
- a technical standard for the security of applications hosted by Saint-Gobain partners for publication on the internet.

Moreover, the ITAC guide was published in 2012 as an addition to the Internal Control Reference framework. It describes the automated and semi-automated controls used for five key processes: Purchasing, Sales, Inventories, Cash Management and Accounting.

The controls are being gradually integrated into the Group's information systems as follows:

- ITAC100 for SAP systems (deployed in 19 SAP systems), including specific updates for the Building Distribution Sector;
- ITAC96 for MOVEX M3 systems (deployed in one M3 system);
- ITAC85 for EXACT systems (deployed in one EXACT system).
- ITAC principles deployed in one MS Dynamics system.

2.5.5 Industrial and distribution risk prevention manual

The Group's prevention policy against property damage and the resulting operating losses, compiled in an internal collection of standards and best practices, is defined by the Risks and Insurance Department (RID). The RID coordinates policy implementation through the Sectors and Activities with the support of the General Delegations. Within the Sectors and Activities, Prevention Coordinators manage the application of Group policy within the scope of their activities.

At the site level, those in charge of Prevention Management perform an annual self-assessment of risks at their sites via a risk quote software package. This tool assesses risks as well as the corresponding levels of protection and prevention. This self-assessment is updated annually by the industrial sites, the research and development centers and logistical sites. A special assessment is carried out for the points of sale.

Furthermore, regular inspections of the Group's most important sites are carried out by prevention engineers, who are auditors external to the Group (approximately 450 inspections per year). The sites update their action plans with a view to improving their level of prevention and protection based on recommendations prepared by these prevention engineers.

2.6 ORGANIZATION OF INTERNAL CONTROL IN PREPARING AND PROCESSING FINANCIAL AND ACCOUNTING INFORMATION FOR SHAREHOLDERS

2.6.1 Compagnie de Saint-Gobain (parent company) financial statements

The Accounting Department is responsible for producing financial information for shareholders, partners and other third parties in accordance with French legal requirements. This information is prepared in accordance with current and generally accepted accounting standards and principles, including the going concern principle, the principles of consistent application of accounting policies, alignment of the opening balance sheet with the prior-period closing balance sheet, recognition of expenses in the same period as the revenue to which they relate, segregation of accounting periods, and substance over form.

2.6.2 Accounting organization

The accounting organization is based on the rules, methods and procedures set out in the Group's doctrine memos. It enables the monthly reconciliation and substantiation of the accounts and the true and fair view of the events which are represented. The organization also has an advisory role and works upstream to anticipate the accounting impacts of events and the regulatory changes that are likely to have a material impact on the Company's financial statements.

The chart of accounts is aligned with the Company's needs in terms of classification of transactions, and complies with the materiality principle. It is linked to the Group's Financial Information system.

2.6.3 Internal control

In addition to control compliance with payment authorization procedures and the double signature rule for secure payment means, the accounting department contributes to internal control by acting as guarantor in respect of responsibilities defined by the senior management and formalized through a cost accounting system organized by cost center. Specifically, cost center managers receive monthly schedules listing the expenses incurred under their signature, allowing them to check these expenses and also to compare actual and year-to-date expenses with the initial budget.

A summary of these cost accounting reports is sent to the Finance Department and the Group's senior management at the end of each month.

2.6.4 Group consolidated financial statements

The consolidated financial statements are prepared by the Group Consolidation and Reporting Department. This department is also responsible for updating consolidation procedures, training, and integrating the subsidiaries into the consolidation process, processing information, and utilizing, maintaining and developing consolidation systems and the Financial Information System for the Group and all the Sectors.

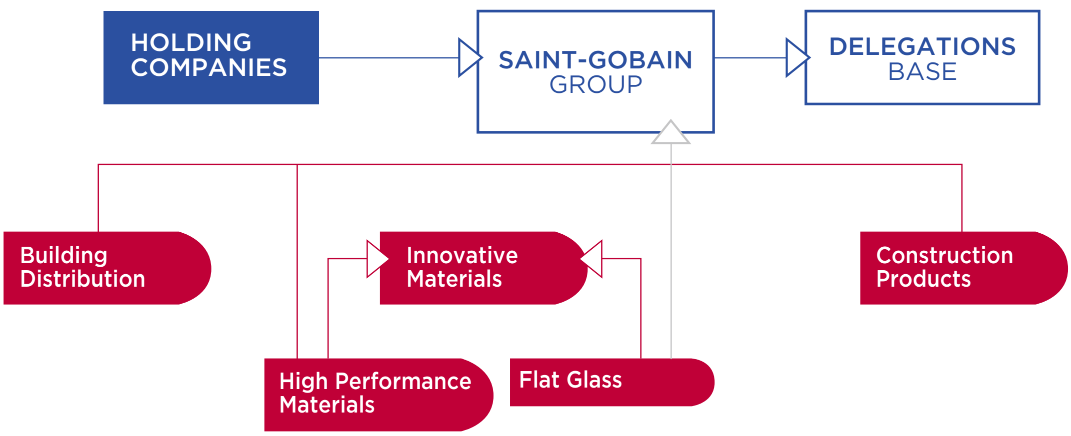
2.6.5 Group standards

The Consolidation Department is responsible for providing information and periodic training to subsidiaries in liaison with the Sectors and General Delegations, using the consolidation manual, several data input manuals, an intranet site and an online training application in French and English. New consolidation instructions are issued for each monthly closing, describing the changes compared with the previous period-end and enhancements to reporting systems, standards and procedures, in collaboration with the Group's Doctrine Department.

Each year, the Consolidation Department offers training sessions.

2.6.6 Organization of the Group's consolidation process

The consolidation is organized by consolidation levels depending hierarchically on the head of each Sector, and directly reporting to the Group Consolidation and Reporting Department.

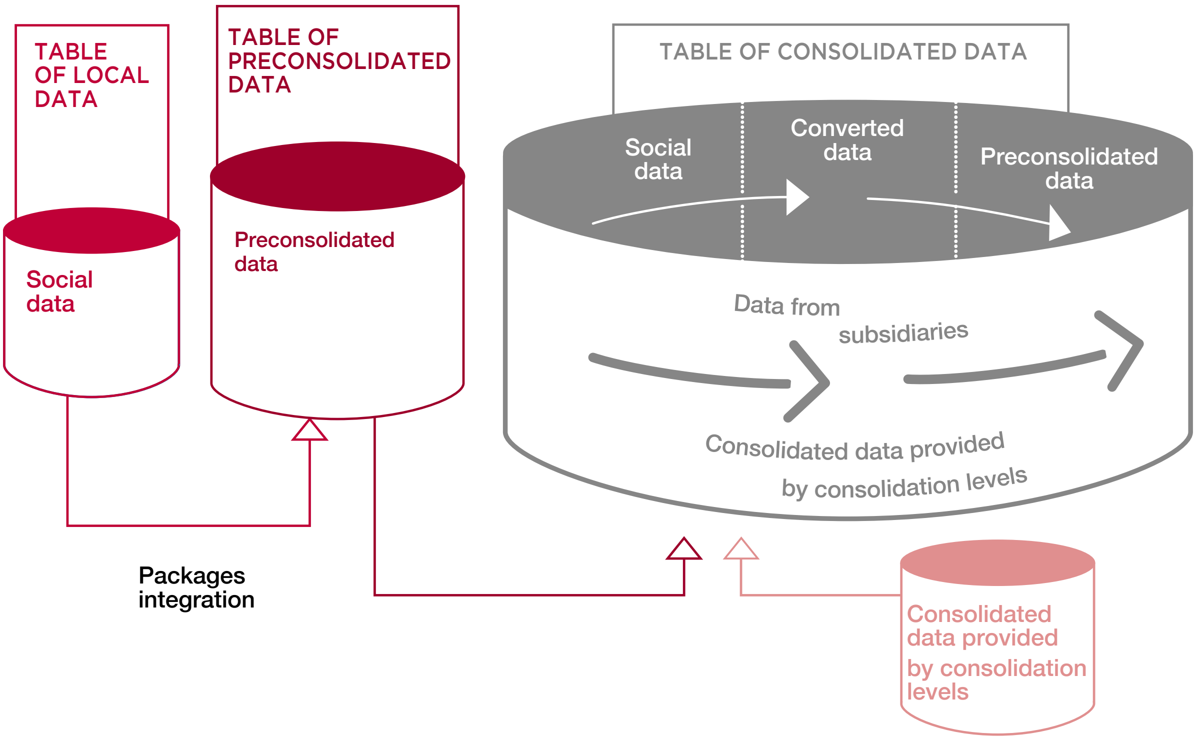


2.6.7 Processing and control of accounting information

Each subsidiary submits its accounts in accordance with the timetable set by the Company. The account packages are checked and processed at Sector level, reviewed by the General Delegation concerned, then transmitted to the Consolidation Department, which performs an overall review of the Group's accounts and records the necessary consolidation adjustments. These consolidated accounts are submitted to Group senior management every month.

The consolidated financial statements are then examined by the external auditors in accordance with professional auditing standards.

The entire consolidation process may be sketched out as follows:



2.6.8 Consolidation tools

The consolidated financial statements are prepared using consolidation software equipped with a powerful, efficient and highly secure data base that is aligned with the Group's matrix management structure. The software is regularly updated to guarantee the financial information system's sustainability. A tightly controlled access procedure has also been put in place to ensure the system's overall security, and a comprehensive access review is performed every quarter.

This tool is capable of managing a data base with several levels of consolidation and of transparently centralizing data in the Group data base.

It feeds data into a secure reporting system accessible on the Group's intranet for Group senior management and the management of the Sectors and General Delegations, contributing to internal control of information output.

2.6.9 A reporting process that contributes to the reliability of financial statements

The monthly reporting process ensures the reliability of the annual and interim consolidated financial statements. Hard closes are performed at May 31 and October 31, to reduce the workload at June 30 and December 31. Hard close results and balance sheets are reviewed by finance executives from the Finance Department, the Sectors and the General Delegations in the same detail and in accordance with the same principles as the annual and interim financial statements. The entity's accounts are then analysed before the final closing of June 30 and December 31 and are reviewed by the external auditors. This procedure helps to ensure early detection of any errors and their adjustment during the actual close.

Each month, a consolidated report is prepared for the Company's senior management, supported by comments and analyses of material events over the period.

6

3. Statutory Auditors' Report

Prepared in accordance with article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of Compagnie de Saint-Gobain

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

Year ended December 31, 2015

To the Shareholders

In our capacity as Statutory Auditors of Compagnie de Saint-Gobain, and in accordance with article L.225-235 of the French Commercial Code (code de commerce), we hereby report to you on the report prepared by the Chairman of your company in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report.

These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris La Défense, February 25, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit Departement of KPMG S.A.	
Pierre Coll	Cécile Saint-Martin	Jean-Paul Thill	Philippe Grandclerc

7 CAPITAL AND OWNERSHIP STRUCTURE

1. Capital

1.1. CAPITAL STOCK

1.1.1 Capital stock at December 31, 2015

At December 31, 2015, Compagnie de Saint-Gobain's capital stock amounted to €2,243,773,756, represented by 560,943,439 common shares with par value of €4, compared with 561,895,566 shares at the previous year-end, completely paid in and all of the same category.

At December 31, 2015, the Company had issued no shares not representing its capital stock and had issued no securities giving access to its capital stock other than stock options and performance shares (see Chapter 5, Sections 2.4.2 and 2.4.3).

1.1.2 Changes in capital stock over the last three fiscal years

Since December 31, 2012, Saint-Gobain's capital stock has changed as follows:

Date	Type of transaction	Capital stock after transaction	Number of shares after transaction
12/2015	Issuance of 60,983 shares upon exercise of the same number of subscription options	€2,243,773,756	560,943,439
11/2015	Capital reduction: cancellation of 4,000,000 shares	€2,243,529,824	560,882,456
10/2015	Issuance of 431,641 shares upon exercise of the same number of subscription options and allocation of 325 performance shares to employees	€2,259,529,824	564,882,456
10/2015	Capital reduction: cancellation of 9,000,000 shares	€2,257,801,960	564,450,490
07/2015	Payment of 50% of the dividend in stock: issuance of 6,559,204 shares (at €36.62)	€2,293,801,960	573,450,490
06/2015	Issuance of 240,615 shares upon exercise of the same number of subscription options and allocation of 685 performance shares to employees	€2,267,565,144	566,891,286
05/2015	Group Savings Plan: issuance of 4,449,939 shares (at €32.44)	€2,266,599,944	566,649,986
04/2015	Allocation of 28,825 performance shares to employees	€2,248,800,188	562,200,047
03/2015	Issuance of 68,601 shares upon exercise of the same number of subscription options and allocation of 207,055 performance shares to employees	€2,248,684,888	562,171,222
12/2014	Issuance of 160,945 shares upon exercise of the same number of subscription options	€2,247,582,264	561,895,566
11/2014	Capital reduction: cancellation of 6,100,000 shares	€2,246,938,484	561,734,621
07/2014	Payment of 50% of the dividend in stock: issuance of 6,601,189 shares (at €36.89)	€2,271,338,484	567,834,621
06/2014	Issuance of 410,976 shares upon exercise of the same number of subscription options	€2,244,933,728	561,233,432
05/2014	Group Savings Plan: issuance of 4,303,388 shares (at €33.89)	€2,243,289,824	560,822,456
03/2014	Issuance of 146,283 shares upon exercise of the same number of subscription options and allocation of 1,195,995 performance shares to employees	€2,226,076,272	556,519,068
12/2013	Allocation of 2,080 performance shares to employees and issuance of 2,418,936 shares upon exercise of the same number of subscription options	€2,220,707,160	555,176,790
07/2013	Payment of stock dividends: issuance of 16,866,171 shares (at €28.12)	€2,211,023,096	552,755,774
06/2013	Issuance of 52,686 shares upon exercise of the same number of subscription options	€2,143,558,412	535,889,603
05/2013	Group Savings Plan: issuance of 4,499,142 shares (at €24.77)	€2,143,347,668	535,836,917
03/2013	Issuance of 26,228 shares upon exercise of the same number of subscription options and allocation of 185,905 performance shares to employees	€2,125,351,100	531,337,775

1.1.3 Liens, guarantees and pledges

At December 31, 2015, to the best of the Company's knowledge, there were no significant liens, guarantees or pledges applying to Compagnie de Saint-Gobain shares.

1.2. CURRENT FINANCIAL AUTHORIZATIONS

The following table shows the status of delegations of authority and authorizations granted by the Annual Shareholders' General Meetings of June 5, 2014 and June 4, 2015 to the Board of Directors and the use made of these delegations during the 2015 fiscal year.

Purpose of the resolution and concerned securities	Source (Resolution No.)	Authorization duration and expiration	Maximum par value of the capital increase
Issuances with preferential subscription right			
Capital increase (common shares or share warrants) (A)	2015 AGM, 12th resolution	26 months (August 2017)	€450 million excluding adjustments, i.e. approximately 20% of the capital stock (A)+(B)+(C)+(D)+(F) limited to €450 million (**"Global Cap"**)(1)
Capital increase by incorporation of premiums, reserves, profits and free allocation of shares to shareholders (B)	2015 AGM, 16th resolution	26 months (August 2017)	€112.5 million, excluding adjustments, i.e. approximately 5% of the capital stock Included in the Global Cap(1)
Issuance without preferential subscription rights			
Capital increase, with compulsory priority period for shareholders, through issuance of debt securities carrying personal rights and giving access to shares in the Company to which entitlement would be granted by securities to be issued, where applicable by subsidiaries (C)	2015 AGM, 13th resolution	26 months (August 2017)	€212,5 million (shares), excluding adjustments, i.e. approximately 10% of the capital stock(2) Included in the Global Cap(1)
Option for complementary issuance in case of oversubscription of an issuance of ordinary shares with preferential subscription rights or debt securities carrying personal rights giving access to the share capital without preferential subscription right (D)	2015 AGM, 14th resolution	26 months (August 2017)	For each issuance, legal limit of 15% of the initial issuance Included in the Global Cap(1)
Capital increase (common shares or securities giving access to the share capital) in compensation for contribution in kind (E)	2015 AGM, 15th resolution	26 months (August 2017)	10% of the capital stock on the date of the 2015 AGM, i.e. approximately €225 million, excluding adjustments Allocation to the cap of (C), included in the Global Cap(1)
Issuances reserved for Group employees and Directors			
Capital increase (equity securities) through the Group Savings Plan (F)	2015 AGM, 17th resolution	26 months (August 2017)	€45 million, excluding adjustments, i.e. approximately 2% of the capital stock Included in the Global Cap(3)
Allocation of stock options for new or existing shares (G)	2014 AGM, 13th resolution	26 months (August 2016)	1% of the capital stock on the date of the 2014 AGM, i.e. approximately €22.4 million, with a sub-cap of 10% of this limit of 1% for executive Directors (G)+(H), limited to 1% of the capital stock(4)
Allocation of existing free performance shares (H)	2015 AGM, 18th resolution	26 months (August 2017)	0.8% of the capital stock on the date of the 2015 AGM, i.e. approximately €18 million with a sub-cap of 10% of this limit of 0.8% for executive Directors (allocation to the sub-cap of (G) applicable to senior company executives) Allocation to the cap of (G)(5)
Share buyback program			**Features**
Share buyback(6)	2015 AGM, 11th resolution	18 months (December 2016)	10% of the total number of shares on the date of the AGM(7) Maximum purchase price: €80
Cancellation of shares(8)	2015 AGM, 19th resolution	26 months (August 2017)	10% of the capital stock per 24-month period

(1) No use of the delegation made in 2015.

(2) Maximum par value of debt securities carrying personal rights that may be issued capped at €1.5 billion.

(3) No use of the delegation made in 2015. Based on the 16th Resolution of the AGM of June 6, 2013. Confirmation of the issuance of 4,449,939 shares in May 2015 by the Chairman and Chief Executive Officer, acting pursuant to a delegation granted by the Board of Directors on November 20, 2014 to implement a capital increase through the Group Savings Plan.

(4) Allocation of 224,950 options to purchase new or existing shares by the Board of Directors on November 26, 2015.

(5) Allocation of 500,910 existing free performance shares by the Board of Directors on November 26, 2015.

(6) The purposes of the program are the following: cancellation, delivery of shares upon exercise of the rights attached to securities giving access to the share capital of the Company, market liquidity, allocation of free performance shares, of stock options to purchase shares, of shares as part of an Employee Group Savings Plan, external growth, merger, de-merger, capital contribution, offsetting the dilutive impact of potential free shares' allocations or shares issued upon exercise of stock options for new shares.

(7) See Chapter 7, Section 1.3 for a description of implementation of the share buyback program in 2015.

(8) Cancellation of 9 million shares, resulting in a reduction in share capital of a par value of €36 million, decided by the Board of Directors of September 24, 2015, effective on October 5, 2015, and cancellation of 4 million shares, resulting in a reduction in share capital of a par value of €16 million, decided by the Board of Directors on November 26, 2015, effective on November 30, 2015.

1.3. SAINT-GOBAIN TREASURY SHARES AND ACQUISITION OF OWN SHARES

1.3.1. Treasury shares and own stock

At December 31, 2015, Compagnie de Saint-Gobain directly held a total of 1,674,679 own shares, i.e. 0.3% of its capital stock, with par value of €4, acquired at an average purchase price of €36.20. At that date it was not holding any own shares indirectly.

The following table shows, at December 31, 2015, the allocation of treasury shares held directly by Compagnie de Saint-Gobain for purposes of the program authorized by the Annual Shareholders' General Meeting of June 4, 2015:

Purpose	Number of shares and percentage of capital stock	Average purchase price (in euros)
Coverage of performance share plans and other allocations to employees (including stock options for existing shares)	1,096,821 shares (0.20% of capital stock)	34.85
Liquidity agreement	14,000 shares (0.003% of capital stock)	39.28
Cancellation	563,858 shares (0.1% of capital stock)	38.76

During the 2015 fiscal year, 920 treasury shares were remitted as part of existing performance share or purchase stock option plans.

On October 5, 2015, by resolution dated September 24, 2015 of the Board of Directors, 9 million shares previously bought back in 2015 and earmarked for cancellation, were effectively cancelled. This share cancellation resulted in a reduction in the share capital by a par value of €36 million.

On November 30, 2015, by resolution dated November 26, 2015 of the Board of Directors, 4 million shares previously bought back in 2015 and earmarked for cancellation, were effectively cancelled. This share cancellation resulted in a reduction in the share capital by a par value of €16 million.

1.3.2. Information on transactions involving own shares during the 2015 fiscal year (excluding liquidity agreement)

In 2015, as part of the authorizations granted by the Annual Shareholders' General Meetings of June 5, 2014 and June 4, 2015 to the Board of Directors, the Company purchased, excluding the liquidity agreement, 13,863,858 shares, at an average price of €39.33, and did not sell any of its own shares. Total trading expenses, fees and taxes incurred by the Company in 2015 in connection with all transactions on its own shares (including the liquidity agreement) amounted to €1,636,000 .

It made no use of derivative products in connection with these transactions. Further, the Company was holding no open purchase or sale positions at December 31, 2015.

1.3.3. Liquidity agreement

In November 2007, Compagnie de Saint-Gobain entered into an agreement with Exane BNP Paribas to provide liquidity for Saint-Gobain shares, in accordance with the code of ethics issued by the *Association Française des Marchés Financiers* (AMAFI). Under the terms of the agreement, Exane is mandated to maintain a liquid market in Compagnie de Saint-Gobain shares and ensure that prices are regularly quoted for the shares, so as to avoid price fluctuations not justified by market trends.

The resources provided by Compagnie de Saint-Gobain under this agreement and applied to the credit of the liquidity account were reduced from €6.7 million at December 31, 2013 to €5 million at June 26, 2014. At December 31, 2015 14,000 shares were held in the account, along with €4.6 million in cash.

Cumulative purchases during the 2015 fiscal year under the liquidity agreement involved 1,177,023 shares at an average price of €39.31, while 1,223,023 shares were sold at an average price of €39.45. No shares allocated to the liquidity agreement were reallocated to another purpose of the share buyback program in 2015.

2. Ownership structure

2.1 MAJOR SHAREHOLDERS

At December 31, 2015, Compagnie de Saint-Gobain's capital stock amounted to €2,243,773,756, represented by 560,943,439 common shares, corresponding to 681,367,099 theoretical voting rights.

The following table presents, to the best of the Company's knowledge, changes in the distribution of the Company's capital stock and voting rights over the last three years.

	December 31, 2015			December 31, 2014			December 31, 2013		
	Number of shares	% of capital stock[1]	% of voting rights[2]	Number of shares	% of capital stock[1]	% of voting rights[2]	Number of shares	% of capital stock[1]	% of voting rights[2]
Wendel	65,812,635	11.7	19.3	65,812,635	11.7	19.3	89,812,635	16.2	25.8
Employees, through the Group Savings Plan	42,424,604	7.6	11.9	42,365,221	7.5	11.8	41,884,581	7.5	11.3
BlackRock Inc.	29,025,332[4]	5.2	4.3	28,359,250[3]	5.0	4.2	–	–	–
Treasury stock	1,674,679	0.3	0.0	857,741	0.2	0.0	3,116,495	0.6	0.0
Other shareholders[5]	422,006,189	75.2	64.5	424,500,719	75.6	64.7	420,363,079	75.7	62.9
TOTAL		**100**	**100**		**100**	**100**		**100**	**100**

[1] *The percentages of capital stock are calculated with reference to the total number of shares comprising the Company's capital stock, including treasury stock.*

[2] *The percentages of voting rights are calculated with reference to the number of voting rights exercisable at shareholders' general meetings. Since 1987, registered shares in the name of a single shareholder for at least two years benefit from a double voting right. For further information, see Chapter 9, Section 1.1.1.*

[3] *To the best of the Company's knowledge, based on the disclosure threshold statement prepared by BlackRock, Inc. on September 30, 2014.*

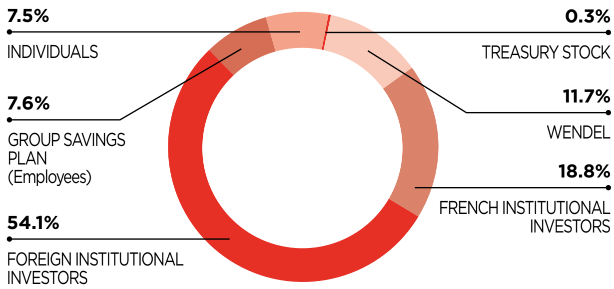
[4] *To the best of the Company's knowledge, based on the disclosure threshold statement prepared by BlackRock, Inc. on December 4, 2015. For further information, see Chapter 7, Section 2.2.1.*

[5] *The percentage of capital stock and voting rights held by all Directors and members of the Group's Senior Management is less than 0.5%. The number of shares held by each Director is shown in Chapter 5, Section 1.1.1.*

To the best of the Company's knowledge, at December 31, 2015 no other shareholder directly or indirectly, acting alone or in concert, held more than 5% of the Company's capital stock or voting rights.

According to the latest study of identifiable bearer shares, at December 31, 2015 the number of shareholders was estimated at approximately 210,000.

The following graphic shows Compagnie de Saint-Gobain's ownership structure at December 31, 2015 by major shareholder category.



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2.2 DISCLOSURE THRESHOLDS IN 2015

2.2.1 BlackRock

During the 2015 fiscal year, BlackRock, Inc., acting on behalf of customers and funds it manages, made several threshold disclosures stating that it had exceeded or dropped below the 5% legal threshold. Most recently, on December 10, 2015 BlackRock Inc., acting on behalf of customers and funds it manages, disclosed to the French Financial Markets Authority *(Autorité des marchés financiers)* that on December 4, 2015, it had exceeded the threshold of 5% of the capital stock of Compagnie de Saint-Gobain, holding 5.17% of the capital stock and4.26% of the voting rights on behalf of those customers and funds.

BlackRock, Inc. also reported that it held 822,672 "contracts for differences" (cash unwinding derivative instruments), with no scheduled maturity date, applying to Compagnie de Saint-Gobain shares, settled solely in cash. BlackRock, Inc. disclosed that it also holds 2,636,872 shares of Compagnie de Saint-Gobain on behalf of customers who have retained the exercise of voting rights.

2.2.2 Statutory disclosure thresholds

In addition, the Company received several notifications during the year in respect of the obligation set out in the Company's bylaws to disclose any and all changes in interest to above or below 0.5% of the capital or voting rights, or any multiple thereof. Those disclosure notifications, upwards or downwards, were received following the sale of shares or changes in Compagnie de Saint-Gobain's shares and voting rights.

2.3 EMPLOYEE OWNERSHIP STRUCTURE

At December 31, 2015, Group employees held 7.6% of the capital and 11.9% of the voting rights attached to Compagnie de Saint-Gobain shares, through the Group Savings Plan.

The Group Savings Plan (*Plan d'Epargne Groupe,* "PEG") is a key feature of Saint-Gobain's social contract. It represents an excellent means of giving employees a stake in the Group's success and profits.

In 2015, 4,449,939 shares were issued under a standard plan offering Group employees two classic formulae with a five- or ten-year lock-up, for a total of €144.4 million (compared with 4,303,388 shares and €145.8 million in 2014).

In France, 47.9% of employees invested in the PEG through Employee Mutual Funds (*Fonds Communs de Placement d'Entreprise,* "FCPE"). With employees in 25 other European countries and 17 countries outside Europe also given the opportunity to take part in the PEG, in all, more than 34,398 Group employees participated in the PEG during 2015.

A new plan will be launched in 2016, giving employees the opportunity to acquire a maximum of up to 5.3 million shares, i.e. slightly under 1% of the capital stock, with a five- or ten-year lock-up.

2.4 SHAREHOLDER PACTS OR AGREEMENTS INVOLVING COMPAGNIE DE SAINT-GOBAIN SHARES

The Company has no knowledge of shareholder pacts or agreements, nor of shareholders acting in concert with regard to the shares comprising its capital stock.

Since the agreements signed with Wendel on March 20, 2008 expired upon completion of the shareholders' general meeting of June 9, 2011, new agreements between Wendel and Compagnie de Saint-Gobain setting the principles and objectives of the long-term cooperation were entered into and announced on May 26, 2011 (see the press release available at www.saint-gobain.com and pages 58 to 60 of the Registration Document prepared for the 2011 fiscal year). On that occasion Wendel and Saint-Gobain reiterated their adherence to the following principles:

- support for the strategy approved by the Board of Directors and implemented by its senior management, primarily organized around three priorities: Construction Products, Building Distribution and Innovative Materials, each of which contributes specific factors to the Group and which, together, will serve as growth drivers, particularly through targeted acquisitions;
- respect for the independence of the Saint-Gobain Group and equal treatment of all shareholders; and
- stability in share ownership, Wendel's contribution to the Group's projects, and its long-term commitment.

These agreements specifically provide for the following:

- a cap on Wendel's stake, either direct or indirect, alone or in concert, up to 21.5% of the Company's capital stock, except in the case of passive accretion by Wendel. This cap will cease to apply in the event that another shareholder, acting alone or in concert, comes to own more than 11% of Saint-Gobain's capital stock or in case of filing of a takeover bid targeting Saint-Gobain's shares;
- a right of first offer in favor of Saint-Gobain in the event that Wendel seeks, on one or more occasions, to transfer securities representing at least 5% of Saint-Gobain's capital stock to a limited number of buyers;
- regarding governance, three seats on the Board of Directors appointed at Wendel's proposal, unless Wendel's stake falls under 10% of the voting rights, in which case this number shall be reduced to one, and participation on the Board committees; and
- coordination on any draft resolution to be submitted to the Saint-Gobain shareholders' general meetings.

Finally, Wendel agrees not to participate in a takeover bid whose terms are not approved by the Saint-Gobain Board of Directors, to abstain from any measure that would provoke, encourage or favor the success of such a takeover bid, and to abstain from publicly recommending it, being provided that Wendel will remain free to contribute all or part of its shares if such an offering were nevertheless to occur.

The commitments provided for under these agreements will remain in force for a 10-year period after the shareholders' general meeting of June 9, 2011 and were approved as related-party transactions by the shareholders' general meeting of June 7, 2012.

2.5 COMPANY'S CONTROL

At December 31, 2015, to the best of its knowledge, the Company was not controlled and has not been subject to any agreement binding on one or more shareholders or any other individual or legal entity, acting alone or in concert, concerning the direct or indirect holding of its capital or its control, or for which the implementation thereof might subsequently involve a change in the Company's control.

2.6 INFORMATION THAT COULD HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

2.6.1 Agreements that could result in restrictions on share transfers and the exercise of voting rights

See Chapter 7, Section 2.4 for a summary of the agreements entered into with Wendel on May 26, 2011. These may also be consulted at www.saint-gobain.com.

2.6.2 Impact of a change of control on certain Company's operations

Company bonds issued since 2006 contain a bearer protection clause in the event of change of control (a change of control put), allowing bearers to request the Company (at its discretion) for either their early redemption, or their purchase at par (plus accrued interest). This option is only available in the following cases: (i) the rating of the bonds in question by a designated rating agency falls from "investment grade" to "non-investment grade"; (ii) the "non-investment grade" rating of the bonds in question by a designated rating agency falls by one notch (e.g. from BB+ to BB); (iii) the rating is withdrawn; - and, in each of these cases (i) to (iii), the rating agency's action is expressly associated with the change of control - or (iv) at the time of the change of control, the concerned bonds had no rating. Total outstanding borrowings concerned at December 31, 2015 were €8,348 million.

In addition, the agreements relating to the syndicated lines of credit for general corporate purposes (made available in December 2012 for €1,461 million and in December 2013 for €2,539 million) also contain change of control clauses.

Finally, certain deferred compensation and defined benefit pension plans of the Group's U.S. subsidiaries would be immediately terminated in case of change of control with the rights of the beneficiaries to become due within 12 months. The total potential cost was USD 154.3 million at December 31, 2015.

3. Stock market/securities market information

3.1 THE SAINT-GOBAIN SHARE

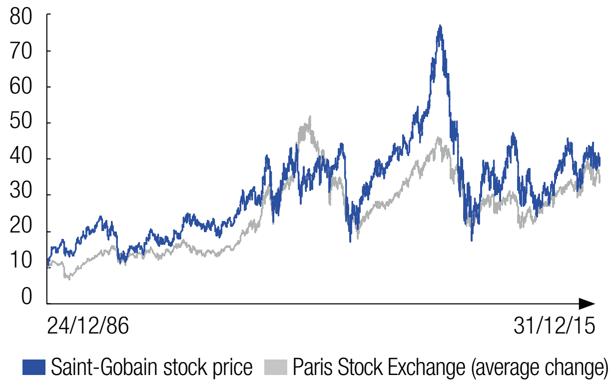
Compagnie de Saint-Gobain shares are traded on Compartment A of the Euronext market in Paris (ISIN FR 0000 125007). As of December 31, 2015, the Company represented the 27th largest market capitalization of the CAC 40 (€22,352 million), and the 17th most actively traded stock on this market, with average daily trading volume of 2,325,017 shares during 2015. Saint-Gobain shares are also traded on the Frankfurt, London and Zurich stock exchanges (since 1987) and on the Amsterdam and Brussels stock exchanges (since 1988).

Compagnie de Saint-Gobain is included on the DJ Euro Stoxx 50 index and the Global Dow, a 150-stock index representing both the traditional and innovative sectors.

With regard to sustainable development and corporate social responsibility, Saint-Gobain is also included on the MSCI Global Sustainability Indexes, STOXX® Global ESG Leaders, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, Ethibel's ESI Excellence Europe and FTSE4Good sustainable development indices.

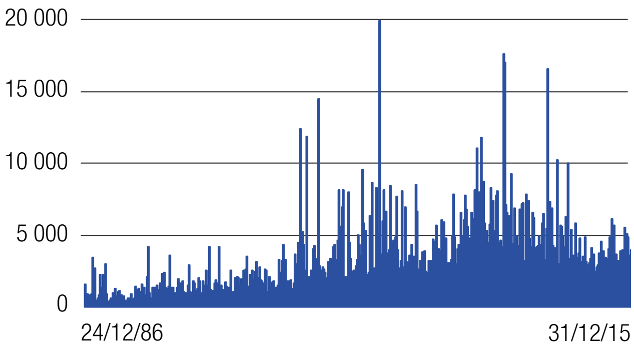
Saint-Gobain equity options are also traded on the options markets in Paris (MONEP) and on the London Stock Exchange, with MONEP trading volume representing 436,448 contracts in 2015, versus 449,426 in 2014.

- Saint-Gobain stock price [(1)]



(Source: Euronext Paris)

- Number of shares traded (in thousands) in 2015 [(1)]
  Historic trading volume (in thousands)



(Source: Euronext Paris)

[(1)] Data adjusted for the effects of the March 1994 and February 2009 capital increases, and the 4-for-1 stock split in June 2002.

- Highest and lowest share prices (in euros)

Year	Highest	Lowest	Year-end price
2013	40.325	27.105	39.975
2014	46.395	29.510	35.230
2015	44.840	32.360	39.850

(Source: Euronext Paris)

3.2 TOTAL SHAREHOLDER RETURN (TSR)

- Since the December 1986 privatization: 9.5% per year

of which: 4.7% price appreciation
4.8% dividend yield
(including the 50% tax credit until 2004)

Calculated as follows:

➜ IPO price: €10.559

➜ 1987 and 1988 cash dividends

➜ 1989 - 1997 stock dividends

➜ 1998 - 2008 cash dividends

➜ 2009 and 2010 stock dividends

➜ 2011 and 2012 cash dividends

➜ 2013, 2014 and 2015 stock dividends (50% in 2014 and 2015)

➜ December 31, 2015 share price: €39.850

- Over ten years, from December 30, 2005 to December 31, 2015: 3.5% per year

of which: -1.3% price depreciation
4.8% dividend yield

Calculated as follows:

➜ December 30, 2005 share price: €45.65

➜ 2006 - 2008 cash dividends

➜ 2009 and 2010 stock dividends

➜ 2011 and 2012 cash dividends

➜ 2013, 2014 and 2015 stock dividends (50% in 2014 and 2015)

➜ December 31, 2015 share price: €39.850

- Trading volume since September 2014

(Source: Euronext Paris)

Paris Stock Exchange ISIN FR0000125007	Number of shares	Amount (in €)	Highest (in €)	Lowest (in €)
2014				
September	39,292,864	1,471,635,540	39.535	35.390
October	69,675,294	2,305,092,985	36.705	29.510
November	37,032,078	1,303,576,941	37.115	33.440
December	56,281,997	1,950,227,007	37.610	31.830
TOTAL	**506,471,523**	**19,465,551,885**		
2015				
January	59,324,925	2,102,375,445	39.490	32.360
February	43,282,054	1,718,154,836	41.950	37.035
March	54,756,780	2,216,775,421	41.750	38.755
April	42,598,255	1,762,884,523	43.160	39.695
May	43,850,338	1,832,288,689	44.000	39.185
June	67,352,492	2,799,387,006	43.530	39.570
July	51,975,157	2,148,824,239	43.640	38.240
August	47,154,100	1,943,868,595	44.840	36.275
September	53,326,441	2,128,693,816	42.455	37.155
October	53,303,664	2,067,680,462	41.350	36.540
November	35,826,542	1,431,307,870	41.995	37.585
December	42,453,484	1,682,438,907	42.115	37.825
TOTAL	**595,204,232**	**23,834,679,810**		

In 2015, 16,374,000 shares were traded on the London Stock Exchange, and 838,400 shares were traded on the Frankfurt Stock Exchange. (Source: Thomson-Reuters).

The only other Group companies whose shares are traded on a regulated market are Hankuk Glass Industries (Seoul Stock Exchange), Grindwell Norton and Saint-Gobain Sekurit India (Mumbai Stock Exchange), Izocam (Istanbul Stock Exchange) and Compañía Industrial El Volcán (Santiago de Chile Stock Exchange).

3.3 BONDS

The majority of bonds issued by the Company are traded on a regulated market (See note 8.3 of Notes to the annual financial statements, Chapter 8, Section 1).

3.4 NON-VOTING PARTICIPATING SECURITIES *(titres participatifs)*

3.4.1 Non-voting participating securities *(titres participatifs)* issued in June 1983

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities *(titres participatifs)* with a face value of FRF 1,000. Their face value is now €152.45, following their conversion to euros in 1999.

A certain number of securities have been repurchased over the years. At December 31, 2015, 603,883 securities were outstanding with an aggregate face value of €92.5 million.

Interest on those securities ranges from 75% to 125% of the average corporate bond rate (TMO), based on the Group's consolidated earnings. Interest paid in 2015 amounted to €3.61 per security.

- Trading volume since 2014 (1st tranche)

(Source: Euronext Paris)

Paris Stock Exchange ISIN FR0000140030	Number of securities	Amount (in €)	Highest (in €)	Lowest (in €)
2014				
September	2,383	354,427	150.000	145.950
October	748	109,965	150.000	130.000
November	4,221	627,490	150.000	146.100
December	3,141	464,883	150.000	142.600
TOTAL	**47,827**	**7,104,660**		
2015				
January	1,081	162,906	157.800	146.650
February	6,218	929,245	165.000	147.500
March	12,641	1,875,882	160.000	146.300
April	7,900	1,190,459	156.900	146.050
May	3,988	597,330	151.000	145.250
June	4,860	724,757	150.250	143.000
July	1,583	239,884	156.250	149.000
August	7,269	1,089,666	152.000	139.250
September	1,962	287,159	149.950	138.650
October	2,348	342,813	149.950	138.650
November	10,595	1,566,220	149.950	139.250
December	4,116	600,624	148.950	140.200
TOTAL	**64,561**	**9,606,944**		

- Trading volume since September 2014 (2nd tranche)

(Source: Euronext Paris)

Paris Stock Exchange ISIN FR0000047607	Number of securities	Amount (in €)	Highest (in €)	Lowest (in €)
2014				
September	603	81,959	140.760	130.350
October	69	8,788	127.360	127.360
November	549	71,257	135.170	126.110
December	123	16,831	140.600	135.000
TOTAL	**6,109**	**786,633**		
2015				
January	249	35,003	141.000	140.000
February	135	19,579	148.000	140.500
March	183	25,199	138.000	136.540
April	622	85,836	138.000	138.000
May	0			
June	39	5,220	138.000	132.000
July	50	6,750	135.000	135.000
August	32	4,320	135.000	135.000
September	96	12,779	136.500	130.000
October	420	54,085	131.000	126.030
November	15	1,898	126.500	126.500
December	311	38,917	128.000	119.000
TOTAL	**2,152**	**289,586**		

3.4.2 Non-voting participating securities *(titres participatifs)* issued in April 1984

In April 1984, 194,633 non-voting participating securities *(titres participatifs)* were also issued with a face value of ECU 1,000, now €1,000.

A certain number of those securities have been repurchased over the years. At December 31, 2015, 77,516 securities were outstanding with an aggregate face value of €77.5 million.

Interest comprises (i) a fixed portion of 7.5% paid per year applicable to 60% of the nominal amount of the security, and (ii) a variable portion applicable to the remaining 40% of the nominal amount of the participating security, which is linked to consolidated net income of the previous fiscal year and the LIBOR EUR 6-month reference rate + 7/8% replacing, pursuant to the agreement governing the life of the notes (*"contrat d'émission"*), the TMOE rate from the time when its publication by the Luxembourg Stock Exchange on July 1, 2014 ceased. The amount paid per security in 2015 is €59.28, paid in two installments (€28.45 + €30.83).

- Trading volume since September 2011

(Source: Stock exchange Luxembourg)

Stock exchange Luxembourg Code ISIN LU0002804531	Number of securities	Amount (in €)	High (in €)	Low (in €)
2011	**No trade**			
2012				
September	6	5,575	950.00	900.00
TOTAL	**6**	**5,575**		
2013				
March	16	13,753	875.00	847.50
April	12	9,810	830.00	815.00
May	56	42,050	800.00	750.00
June	4,001	2,920,730	730.00	730.00
December	51	33,200	700.00	700.00
TOTAL	**4,136**	**3,019,543**		
2014				
April	1,545	817,500	530.00	500.00
June	11	6,600	600.00	600.00
July	4,002	2,401,100	600.00	550.00
September	12	7,800	650.00	612.00
December	2	1,400	700.00	700.00
TOTAL	**5,572**	**3,234,400**		
2015	**No trade**			

None of the non-voting participating securities is redeemable and interest on them is classified as a component of finance costs.

No securities issued by Compagnie de Saint-Gobain were traded on a stock market in 2015, other than shares, bonds and non-voting participating securities *(titres participatifs)*.

4. Information policy and financial calendar

Information policy

The Investor Relations Department is responsible for implementing the Group's information policy with the financial community, investors and shareholders. The head of Investor Relations is Mr. Gaetano Terrasini.

This department is available to answer questions and address requests for information about the Group:

Saint-Gobain
Direction de la Communication Financière
Les Miroirs
92400 Courbevoie Cedex (France)
Tel.: +33 (0)1 47 62 33 33 – Fax: +33 (0)1 47 62 50 62
Toll-free number 0800 32 33 33

Numerous meetings were organized throughout 2015 with various members of the international financial community, including analysts, institutional investors and journalists. In addition to the annual and interim results presentations held in Paris, London, New York and Boston following the publication of its annual and interim results in February and July, Compagnie de Saint-Gobain held several dozen road shows in various financial centers.

Compagnie de Saint-Gobain offered its individual shareholders a diverse program of onsite visits, stock market courses and meetings with the Group's executives. It organized meetings in Lille, Bordeaux, Cannes and Strasbourg, as well as a conference during the Salon Actionaria in Paris in November, representing the eighteenth time that Compagnie de Saint-Gobain has taken part in this retail investor fair. Among other things, the Investor Relations Department issues regular Shareholder Newsletters and a Shareholders' Guide, which can be obtained upon request.

The Compagnie de Saint-Gobain website (www.saint-gobain.com) gives information about the Group and its businesses, including downloadable information documents and webcasts of shareholders' general meetings and meetings with analysts.

The Saint-Gobain Shareholder app, which is free to download from the Apple Store and Google for Android, lets investors follow the Saint-Gobain Group's financial news, and also provides essential and useful investor information (share prices, financial calendar dates, important investors' club dates, press releases…).

The Investor Relations team can be contacted by email at the following address:

actionnaires@saint-gobain.com

Compagnie de Saint-Gobain also makes additional services available to holders of registered shares through BNP Paribas, to improve the management of their fully registered shares. For more information, contact the Compagnie de Saint-Gobain Investor Relations Department or:

BNP Paribas Securities Services
BP2S/GCT – Émetteur Adhérents Euroclear 30
Immeuble GMP – Europe
9 rue du Débarcadère – 93761 Pantin Cedex (France)
By telephone: Toll-free number in France 0 800 03 33 33
By fax: +33(0)1 55 77 34 17
Online, on the PlanetShares website:
www.planetshares.bnpparibas.com

2016 financial calendar

2015 final results: February 25, 2016, after the market closes.

First quarter 2016 sales: April 27, 2016 after the market closes.

Annual Shareholders' General Meeting: June 2, 2016 at 3:00 p.m., at Palais des Congrès (Porte Maillot), Paris 17 (France).

Dividend:

- ex-dividend date: June 6, 2016;
- dividend payment date: June 8, 2016.

First-half 2016 results: July 28, 2016, after the market closes.

Sales for the first 9 months of 2016: October 28, 2016, after the market closes.

2017 financial calendar

Annual Shareholders' General Meeting: June 8, 2017

5. Dividends

Year	Number of shares with dividend rights	Net dividend per share (in €)	Adjusted yield based on year-end share price
2013	552,064,580 shares[1]	1.24	3.1%
2014	560,497,926 shares[2]	1.24	3.5%
2015	559,243,760 shares[3]	1.24	3.1%

Dividends not claimed within five years are time-barred and are paid over to the French State.

At its meeting of February 25, 2016, the Board of Directors of Compagnie de Saint-Gobain decided to recommend to the Shareholders' Meeting on June 2, 2016 a dividend of €1.24 per share.

[1] Based on 555,176,790 shares outstanding (capital stock at December 31, 2013) less 3,112,210 treasury shares held on the ex-dividend date.

[2] Based on 561,895,566 shares outstanding (capital stock at December 31, 2014) less 1,397,640 treasury shares held on the ex-dividend date.

[3] Amount estimated as of January 31, 2016, based on 560,943,439 shares outstanding (capital stock at December 31, 2015) less 1,699,679 treasury shares held on January 31, 2016.

8 FINANCIAL AND ACCOUNTING INFORMATION

8 FINANCIAL AND ACCOUNTING INFORMATION
CONSOLIDATED FINANCIAL STATEMENTS

1. 2015 Consolidated financial statements

CONSOLIDATED BALANCE SHEET

at December 31

ASSETS

(in EUR million)	Notes	2015	2014
Goodwill	(5)	10,683	10,462
Other intangible assets	(5)	2,748	3,085
Property, plant and equipment	(5)	11,587	12,657
Investments in associates	(6)	319	386
Deferred tax assets	(10)	1,337	1,348
Other non-current assets	(6)	635	646
NON-CURRENT ASSETS		**27,309**	**28,584**
Inventories	(3)	5,715	6,292
Trade accounts receivable	(3)	4,751	4,923
Current tax receivable	(10)	296	156
Other receivables	(3)	1,405	1,356
Cash and cash equivalents	(8)	5,380	3,493
CURRENT ASSETS		**17,547**	**16,220**
TOTAL ASSETS		**44,856**	**44,804**

LIABILITIES

(in EUR million)	Notes	2015	2014
Capital stock	(9)	2,244	2,248
Additional paid-in capital and legal reserve		6,341	6,437
Retained earnings and consolidated net income		10,805	10,411
Cumulative translation adjustments		(528)	(953)
Fair value reserves		181	(63)
Treasury stock	(9)	(87)	(67)
SHAREHOLDERS' EQUITY		**18,956**	**18,013**
Minority interests		364	405
CONSOLIDATED TOTAL EQUITY		**19,320**	**18,418**
Long-term debt	(8)	7,330	8,713
Provisions for pensions and other employee benefits	(4)	3,849	3,785
Deferred tax liabilities	(10)	466	634
Other non-current liabilities and provisions	(7)	1,276	1,225
NON-CURRENT LIABILITIES		**12,921**	**14,357**
Current portion of long-term debt	(8)	2,231	1,389
Current portion of other provisions and liabilities	(7)	454	409
Trade accounts payable	(3)	5,716	6,062
Current tax liabilities	(10)	150	97
Other payables	(3)	3,448	3,460
Short-term debt and bank overdrafts	(8)	616	612
CURRENT LIABILITIES		**12,615**	**12,029**
TOTAL LIABILITIES		**44,856**	**44,804**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(in EUR million)	Notes	2015	2014 restated*
Net sales	(3)	39,623	38,349
Cost of sales	(3)	(29,694)	(28,794)
General expenses including research	(3)	(7,336)	(7,077)
Share in net income of core business associates	(6)	43	44
OPERATING INCOME		**2,636**	**2,522**
Other business income	(3)	49	106
Other business expense	(3)	(1,391)	(1,048)
BUSINESS INCOME		**1,294**	**1,580**
Borrowing costs, gross		(444)	(497)
Income from cash and cash equivalents		25	31
Borrowing costs, net		(419)	(466)
Other financial income and expense		(210)	(197)
NET FINANCIAL EXPENSE	**(8)**	**(629)**	**(663)**
Share in net income of non-core business associates	(6)	0	0
Income taxes	(10)	(248)	(398)
Net income from continuing operations		417	519
Net income from discontinued operations	(2)	929	481
NET INCOME		**1,346**	**1,000**
Group share of net income from continuing operations		374	476
Group share of net income from discontinued operations	(2)	921	477
GROUP SHARE OF NET INCOME		**1,295**	**953**
Minority interests of net income from continuing operations		43	43
Minority interests of net income from discontinued operations	(2)	8	4
Minority interests		51	47

Income per share *(in EUR)*			
Weighted average number of shares in issue		562,001,188	557,672,194
Net earnings per share, Group share	(9)	2.30	1.71
Net earnings per share from continuing operations, Group share	(9)	0.66	0.85
Net earnings per share from discontinued operations, Group share	(9)	1.64	0.86
Weighted average number of shares assuming full dilution		564,780,983	560,186,531
Diluted earnings per share, Group share	(9)	2.29	1.70
Diluted earnings per share from continuing operations, Group share	(9)	0.66	0.85
Diluted earnings per share from discontinued operations, Group share	(9)	1.63	0.85

** The restatements are explained in note 2 "Scope of Consolidation".*

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(in EUR million)	2015	2014
NET INCOME	**1,346**	**1,000**
Items that may be subsequently reclassified to profit or loss		
Translation adjustments	397	541
Changes in fair value	241	(70)
Tax on items that may be subsequently reclassified to profit or loss	(114)	19
Items that will not be reclassified to profit or loss		
Changes in actuarial gains and losses	(30)	(835)
Tax on items that will not be reclassified to profit or loss	(18)	287
INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY	**476**	**(58)**
TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE YEAR	**1,822**	**942**
Group share	1,800	883
Minority interests	22	59

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR million)	Notes	2015	2014 restated*
GROUP SHARE OF NET INCOME FROM CONTINUING OPERATIONS		**374**	**476**
Minority interests in net income	(a)	43	43
Share in net income of associates, net of dividends received	(6)	(29)	(28)
Depreciation, amortization and impairment of assets	(3)	2,085	1,965
Gains and losses on disposals of assets	(3)	70	(46)
Unrealized gains and losses arising from changes in fair value and share-based payments		(15)	2
Changes in inventory	(3)	26	(260)
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(3)	192	81
Changes in tax receivable and payable	(10)	(134)	30
Changes in deferred taxes and provisions for other liabilities and charges	(4)(7)(10)	(143)	(1,191)
Net cash from operating activities of continuing operations		**2,469**	**1,072**
Net cash from operating activities of discontinued operations	(2)	140	291
NET CASH FROM OPERATING ACTIVITIES		**2,609**	**1,363**
Acquisitions of property, plant and equipment [in 2015: (1,346) in 2014: (1,223)] and intangible assets	(5)	(1,475)	(1,351)
Increase (decrease) in amounts due to suppliers of fixed assets	(3)	8	19
Acquisitions of shares in consolidated companies [in 2015: (201) in 2014: (69)], net of cash acquired		(189)	(60)
Acquisitions of other investments	(6)	(26)	(7)
Increase in investment-related liabilities	(7)	14	17
Decrease in investment-related liabilities	(7)	(28)	(6)
Investments		(1,696)	(1,388)
Disposals of property, plant and equipment and intangible assets	(5)	122	96
Disposals of shares in consolidated companies, net of cash divested		1,667	880
Disposals of other investments	(6)	2	0
Divestments		1,791	976
Increase in loans, deposits and short-term loans	(6)	(136)	(154)
Decrease in loans, deposits and short-term loans	(6)	72	63
Change in loans, deposits and short-term loans		**(64)**	**(91)**
Net cash from (used in) investment and divestment activities of continuing operations		**31**	**(503)**
Net cash from (used in) investment and divestment activities of discontinued operations	(2)	(175)	(228)
NET CASH FROM (USED IN) INVESTMENT AND DIVESTMENT ACTIVITIES		**(144)**	**(731)**

** The restatements are explained in note 2 "Scope of Consolidation".*

(a) Refer to the consolidated statement of changes in equity.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(in EUR million)	Notes	2015	2014 restated*
Issues of capital stock	(a)	412	412
(Increase) decrease in treasury stock	(a)	(545)	(137)
Dividends paid	(a)	(695)	(685)
Transactions with shareholders of parent company		**(828)**	**(410)**
Minority interests' share in capital increases of subsidiaries	(6)	23	12
Acquisitions of minority interests without gain of control	(7)	0	(19)
Changes in investment-related liabilities following the exercise of put options of minority shareholders		(8)	4
Dividends paid to minority shareholders by consolidated companies and increase (decrease) in dividends payable		(37)	(35)
Transactions with minority interests		**(22)**	**(38)**
Increase (decrease) in bank overdrafts and other short-term debt		(8)	(66)
Increase in long-term debt	(b)	1,212	226
Decrease in long-term debt	(b)	(1,164)	(1,303)
Changes in gross debt		**40**	**(1,143)**
Net cash from (used in) financing activities of continuing operations		**(810)**	**(1,591)**
Net cash from (used in) financing activities of discontinued operations	(2)	273	74
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**(537)**	**(1,517)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,928**	**(885)**
Net effect of exchange rate changes on cash and cash equivalents		(25)	22
Net effect from changes in fair value on cash and cash equivalents		(10)	8
Net effect of exchange rate changes on discontinued operations	(2)	(6)	(2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**3,493**	**4,350**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,380**	**3,493**

** The restatements are explained in note 2 "Scope of Consolidation".*

(a) Refer to the consolidated statement of changes in equity.

(b) Including bond premiums, prepaid interest and issue costs.

Income tax paid amounted to €591 million in 2015 (€476 million in 2014) and interest paid net of interest received amounted to €438 million in 2015 (€502 million in 2014).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Number of shares		*(in EUR million)*								
	Issued	Outstanding	Capital stock	Additional paid-in capital and legal reserve	Retained earnings and consolidated net income	Translation adjustments	Fair value reserves	Shareholders' equity	Group share of shareholders' equity	Minority interests	Total equity
At January 1, 2014	**555,176,790**	**551,417,617**	**2,221**	**6,265**	**10,677**	**(1,481)**	**7**	**(147)**	**17,542**	**345**	**17,887**
Income and expenses recognized directly in equity			0	0	(528)	528	(70)	0	(70)	12	(58)
Net income for the year					953				953	47	1,000
Total income and expense for the year			0	0	425	528	(70)	0	883	59	942
Issues of capital stock											
Group Savings Plan	4,303,388	4,303,388	17	128					145		145
Stock option plans	1,914,199	1,914,199	8	16					24		24
Dividends paid in shares	6,601,189	6,601,189	26	217					243		243
Other									0	12	12
Dividends paid (EUR 1.24 per share)					(685)				(685)	(39)	(724)
Shares purchased		(5,086,047)						(187)	(187)		(187)
Shares sold		1,235,620			(4)			54	50		50
Shares cancelled	(6,100,000)		(24)	(189)				213	0		0
Share-based payments					10				10		10
Changes in Group structure					(12)				(12)	28	16
At December 31, 2014	**561,895,566**	**560,385,966**	**2,248**	**6,437**	**10,411**	**(953)**	**(63)**	**(67)**	**18,013**	**405**	**18,418**
Income and expenses recognized directly in equity			0	0	(161)	425	241	0	505	(29)	476
Net income for the period					1,295				1,295	51	1,346
Total income and expense for the year			0	0	1,134	425	241	0	1,800	22	1,822
Issues of capital stock											
Group Savings Plan	4,449,939	4,449,939	18	126					144		144
Stock option plans	1,038,730	1,038,730	4	24					28		28
Dividends paid in shares	6,559,204	6,559,204	26	214					240		240
Other									0	23	23
Dividends paid (EUR 1.24 per share)					(695)				(695)	(37)	(732)
Shares purchased		(15,050,261)						(594)	(594)		(594)
Shares sold		1,223,943			(13)			62	49		49
Shares cancelled	(13,000,000)		(52)	(460)				512	0		0
Share-based payments					9				9		9
Changes in Group structure					(41)		3		(38)	(49)	(87)
At December 31, 2015	**560,943,439**	**558,607,521**	**2,244**	**6,341**	**10,805**	**(528)**	**181**	**(87)**	**18,956**	**364**	**19,320**

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

The presentation of the Notes to the Consolidated Financial Statements for the period ended December 31, 2015 has been amended compared to the previous year in accordance with the recommendations of the *Autorité des Marchés Financiers*. The changes primarily affected the organization of the notes by reference theme. They are intended to increase the understanding and relevancy of the financial statements. Most of the accounting principles previously grouped together in Note 1 now appear within each reference note.

The consolidated financial statements reflect the accounting position of Compagnie de Saint-Gobain and its subsidiaries (which together constitute the "Group"), as well as the Group's interest in associate companies and joint ventures. They are expressed in euros rounded to the nearest million.

These consolidated financial statements were adopted on February 25, 2016 by the Board of Directors and will be submitted to the Shareholders' Meeting for approval.

NOTE 1 – ACCOUNTING PRINCIPLES

The accounting policies applied are consistent with those used to prepare the financial statements for the year ended December 31, 2014, except for the application of the new standards and interpretations described below. The consolidated financial statements have been prepared using the historical cost convention, except for certain assets and liabilities that have been measured using the fair value model as explained in these notes.

1.1 Estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the balance sheet and the disclosure of contingent assets and liabilities in the notes to the financial statements, as well as the reported amounts of income and expenses during the period. These estimates and assumptions are based on past experience and on various other factors seen in the prevailing deteriorated economic and financial environment, which makes it difficult to predict future business performance. Actual amounts may differ from those obtained through the use of these estimates and assumptions.

The main estimates and assumptions described in these notes concern asset impairment tests (note 5 "Intangible assets and Property, plant and equipment"), the measurement of employee benefit obligations (note 4 "Employees, personnel expenses and benefits"), deferred taxes (note 10 "Income taxes"), provisions for other liabilities and charges (note 7 "Other current and non-current liabilities and provisions, contingent liabilities and litigation"), the valuation of financial instruments (note 8 "Financing and financial instruments") and share-based payments (Note 4 "Employees, personnel expenses and benefits").

1.2 Standards applied

The Group's consolidated financial statements are established in compliance with international accounting standards ("IFRS") as adopted by the European Union as of December 31, 2015. Moreover, these financial statements have been prepared according to the IFRS issued by the International Accounting Standards Board (IASB). The standards adopted by the European Union can be consulted on the website of the European Commission: http://ec.europa.eu/finance/accounting/ias/index_en.htm

1.2.1 Standards, interpretations and amendments to existing standards that must be applied in 2015

Standards, interpretations and amendments to existing standards applicable in 2015, have no significant impact on the Group's financial statements.

IFRIC 21	Levies
Amendment to IFRS 1	First-time adoption of International Financial Reporting Standards sets the requirements for entities that apply IFRSs for the first time
Amendment to IFRS 3	Business Combinations – Clarifies that IFRS 3 excludes the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself*
Amendment to IFRS 13	Fair value measurement – Clarifies the scope of portfolio exception defined in paragraph 52 of IFRS 13
Amendment to IAS 40	Investment Property – Clarifies the interrelation of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

** For business combinations created on or after July 1, 2014 – prospective application.*

8

1.2.2 Standards, interpretations and amendments to existing standards applicable in advance to 2015 financial statements.

The new standards, interpretation and amendments to existing standards, applicable to accounting periods beginning on or after January 1, 2016, have not been adopted by advance by the Group.

Amendment to IAS 1	Disclosure requirements for assessment of going concerns
Amendment to IAS 16 and IAS 38	Plant, equipment and intangible assets – Revaluation method – proportionate restatement of accumulated depreciation/amortization
Amendment to IAS 19	Employee benefits
Amendment to IFRS 11	Recognition of acquisitions of interests in joint ventures
Amendment to IAS 27	Use of the equity method in corporate financial statements
Amendment to IFRS 2	Share-based payment - Definitions of vesting conditions**
Amendment to IFRS 3	Business combinations - Accounting for contingent consideration in a business combination*
Amendment to IFRS 5	Non-current assets held for sale – change in methods of disposals
Amendment to IFRS 7	IFRS 7 – Financial instruments: Reporting on management mandates and applicability of the changes in IFRS 7 to condensed interim financial statements
Amendment to IFRS 8	Operating segments – Reconciliation of the total of the reportable segments' assets to the entity's assets
Amendment to basis for conclusion IFRS 13	Short-term receivables and payables
Amendment to IAS 24	Related party disclosures - Key management personnel
Amendment to IAS 34	Interim financial information – Information provided "elsewhere in the interim financial report"

** For business combinations created on or after July 1, 2014 – prospective application.*

*** For share-based compensation allocated on or after July 1, 2014 – prospective application.*

NOTE 2 – SCOPE OF CONSOLIDATION

2.1 Accounting principles for scope of consolidation

The Group's consolidated financial statements include the accounts of Compagnie de Saint-Gobain and of all companies controlled by the Group, as well as those of jointly controlled companies and companies over which the Group exercises significant influence.

2.1.1 Consolidation methods

a) Full consolidation

Companies over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

b) Partnerships

IFRS 11 eliminated the proportional consolidation method applicable to jointly controlled entities. Partnerships classified as co-enterprise partnerships are henceforth consolidated using the equity method, and items on the balance sheets and income statements of partnerships classified as joint activities are consolidated line by line, for the amount actually contributed the Group.

c) Equity Associates

Companies over which the Group directly or indirectly exercises significant influence are accounted for by the equity method.

The Group's share of the profit of companies accounted for by the equity method is recognized in the income statement under two different lines. Income of companies accounted for by the equity method whose principal activity is expanding the Group's operational activities is presented in operating income under "share in net income of core business associates," and income of other associates is combined under "share in net income of non-core business associates" in pre-tax income.

2.1.2 Business combinations

The Group applied IFRS 3 as revised and IAS 27 as amended (IFRS 3R and IAS 27A) on a prospective basis starting from January 1, 2010. As a result, business combinations completed prior to that date are recognized in accordance with the previous versions of IFRS 3 and IAS 27.

a) Step acquisitions and partial disposals

When the Group acquires control of an entity in which it already holds an equity interest, the transaction is treated as a step acquisition, as follows: as a disposal of the entire previously held interest, with recognition of any gain or loss in the consolidated financial statements, and as an acquisition of the entire equity, with recognition of the corresponding goodwill on the entire interest (on both the old and new acquisitions).

When the Group disposes of part of an equity interest, leading to the loss of control (with a minority interest retained), the transaction is also treated as both a disposal and an acquisition, as follows: as a disposal of the entire interest, with recognition of any gain or loss in the consolidated financial statements, and as an acquisition of a non-controlling interests, which is then measured at fair value.

b) Potential voting rights and share purchase commitments

Potential voting rights conferred by call options on minority interests are taken into account in determining whether the Group exclusively controls an entity only when the Group has the control.

When calculating its percentage interest in controlled companies, the Group considers the impact of cross put and call options on minority interests in the companies concerned. This approach gives rise to the recognition in the financial statements of an investment-related liability, included within "Other liabilities", corresponding to the present value of the estimated exercise price of the put option, with a corresponding reduction in minority interests and equity attributable to equity holders of the parent. Any subsequent changes in the fair value of the liability are recognized by adjusting equity.

c) Minority interests

In accordance with IAS 27A, minority interests (referred to as "non-controlling interests" in the terminology of IFRS 3R) are considered as a category of shareholders (called the "single economic entity" approach). As a result, changes in minority interests without loss of control are recorded in the statement of changes in equity and have no impact on the income statement or balance sheet, except for changes in cash and cash equivalents.

2.1.3 Assets and liabilities held for sale and discontinued operations

Assets and liabilities that are immediately available for sale and for which a sale is highly probable are classified as non-current assets and liabilities held for sale. When several assets are held for sale in a single transaction, they are accounted for as a disposal group, which also includes any liabilities directly associated with those assets. The assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation ceases when non-current assets are classified as held for sale. Non-current assets and liabilities held for sale are presented separately on two lines of the consolidated balance sheet, and income and expenses continue to be recognized in the consolidated income statement on a line-by-line basis. At each balance sheet date, the value of the assets and liabilities held for sale is reviewed to determine whether any provision adjustments should be recorded due to a change in their fair value less costs to sell.

An operation is qualified as discontinued when it represents a separate major line of business for the Group, and when the criteria for classification as an asset held for sale have been met, or when the Group has sold the asset. Discontinued operations are reported on a single line in the Group's income statement. This line contains the after-tax net income from discontinued operations until the date of disposal and the gains or losses net of taxes realized on the disposals of these operations. In addition, cash flows generated by the discontinued operations are reported, by type of operation, on a separate line in the statement of consolidated cash flows for the relevant periods.

2.1.4 Intragroup transactions

All intragroup balances and transactions are eliminated in consolidation.

2.1.5 Translation of the financial statements of foreign companies

The consolidated financial statements are presented in euros, which is Compagnie de Saint-Gobain's functional and presentation currency.

Assets and liabilities of subsidiaries outside the Eurozone are translated into euros at the closing exchange rate, and income and expense items are translated using the average exchange rate for the period, except in the case of significant exchange rate volatility.

The Group's share of any translation gains or losses is included in equity under "Cumulative translation adjustments" until the assets or liabilities and all foreign operations to which they relate are sold or liquidated. In this case, these translation differences are either taken to the income statement, if the transaction results in a loss of control, or recognized directly in the statement of changes in equity, if the change in minority ownership interest does not result in a loss of control.

2.1.6 Foreign currency transactions

Expenses and income from operations in currencies other than the Company's functional currency are recorded using the exchange rates prevailing at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the closing rate and any exchange differences are recorded in the income statement. As an exception to this principle, exchange differences relating to loans and borrowings between Group companies are recorded, net of tax, in equity under "Cumulative translation adjustments", as in substance they are an integral part of the net investment in a foreign subsidiary.

2.2 Changes in consolidation

Significant changes in the Group's scope of consolidation during 2015 and 2014 are presented below, and a list of the principal consolidated subsidiaries at December 31, 2015 is presented in note 12 "Principal consolidated companies".

2.2.1 Transactions carried out in 2015

a) Sale of the Packaging Sector

Following the announcement made on June 8, 2015, Saint-Gobain Group sold the Packaging Sector on October 29, 2015 to funds managed by affiliates of Apollo Global Management, LLC and BPI France, which currently hold 90% and 10% of the share capital respectively. The sale was made on the basis of an enterprise value of €2,945 million.

On April 11, 2014, Compagnie de Saint-Gobain executed the sale of Verallia North America (Saint-Gobain Containers, Inc. and subsidiaries). Until the date of sale, this company was consolidated in the Packaging Sector.

As a result, and in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the net income from discontinued operations include net income of Packaging Sector until the date of sale and capital gains on disposals realized in respect of the Packaging Sector in 2015 and Verallia North America in 2014.

The income statement, balance sheet and consolidated cash flows statement for the Packaging Sector are as follows:

- Net income from discontinued operations

(in EUR million)	2015**	2014
Net sales	1,998	2,705
Cost of sales	(1,605)	(2,281)
General expenses including research	(116)	(151)
Share in net income of core-business associates	0	2
Operating income	**277**	**275**
Other business income*	812	375
Other business expense	(16)	(21)
BUSINESS INCOME	**1,073**	**629**
Borrowing costs, gross	(17)	(20)
Income from cash and cash equivalents	2	1
Borrowing costs, net	(15)	(19)
Other financial income and expense	(8)	(14)
NET FINANCIAL EXPENSE	**(23)**	**(33)**
Share in net income of non-core business associates	0	0
Income taxes	(121)	(115)
NET INCOME FROM DISCONTINUED OPERATIONS	**929**	**481**
GROUP SHARE OF NET INCOME FROM DISCONTINUED OPERATIONS	**921**	**477**
Minority interests of net income from discontinued operations	8	4

** Including the gain on the sale before tax of the Packaging Sector for €811 million in 2015 and of Verallia North America for €375 million in 2014.*

*** The 2015 year was ended as of the date of sale of the Packaging Sector, October 29, 2015.*

The Group stopped amortizing the tangible and intangible assets of the Packaging Sector in June 2015, the date on which it accepted the firm sale offer. Likewise, amortization and depreciation of Verallia North America were stopped in 2014.

- Statement of cash flows from discontinued operations

(in EUR million)	2015*	2014
GROUP SHARE OF NET INCOME FROM DISCONTINUED OPERATIONS	**921**	**477**
Depreciation, amortization and impairment of assets	69	167
Gains and losses on disposal of assets	(804)	(362)
Other profit or loss items	8	3
Changes in working capital requirement	(71)	(5)
Changes in provisions for other liabilities and charges and deferred taxes	17	11
NET CASH FROM OPERATING ACTIVITIES	**140**	**291**
Purchases of property, plant and equipment [in 2015: (115),in 2014: (213)] and intangible assets	(117)	(217)
Increase (decrease) in amounts due to suppliers of fixed assets	(30)	(7)
Investments	**(147)**	**(224)**
Divestments	**(6)**	**(5)**
Changes in loans, deposits and short-term borrowing	**(22)**	**1**
NET CASH FROM (USED IN) INVESTMENT AND DIVESTMENT ACTIVITIES	**(175)**	**(228)**
Dividends distributed to Compagnie de Saint-Gobain	(127)	(135)
Internal transactions and transactions with minority interests	(10)	(2)
Changes in gross debt	274	76
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**137**	**(61)**
Increase (decrease) in cash and cash equivalents	**102**	**2**
Net effect of exchange rate changes on cash and cash equivalents	(6)	(2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**41**	**41**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**137**	**41**

** The 2015 year was ended as of the date of sale of the Packaging Sector, October 29, 2015.*

- Balance sheet for discontinued operations on the exit date

(in EUR million)	Oct 29, 2015
Net goodwill and other intangible assets	60
Net property, plant and equipment	1,099
Other non-current assets	110
Inventories, trade accounts receivable and other receivable	976
Cash and cash equivalents	137
ASSETS FROM DISCONTINUED OPERATIONS	**2,382**
Shareholders' equity	742
Provisions for pensions and other employee benefits	113
Deferred tax and other non-current liabilities	126
Trade accounts payable, other payable and accrued expenses	611
Short-term debt and bank overdrafts	790
LIABILITIES FROM DISCONTINUED OPERATIONS	**2,382**

In the table of balance sheet items below, the line 'Changes in the Packaging Sector' corresponds to changes for this sector over the period.

b) Other changes in the scope of consolidation

In addition to the sale of the Packaging Sector, Saint-Gobain Group continued in 2015 to actively manage its portfolio of businesses, fully in line with the Group's strategy. In particular, Saint-Gobain Group signed an agreement to sell its Norandex distribution business in the United States to ABC Supply Co Inc, the leading distributor of roofing and siding products.

Various acquisitions have been executed in order to strengthen the Group's profile in high added-value businesses and growing markets.

c) Plan to acquire control of Sika

Saint-Gobain continues to implement its strategy after announcement on December 8, 2014 of its plan to acquire control of Sika, the global leader in construction chemicals.

The plan consists of the acquisition by Saint-Gobain, for 2.83 billion Swiss francs (an amount fully hedged in euros – see section 8.4.6) of Schenker Winkler Holding AG (SWH), which holds as at December 31, 2015 16.97% of the Sika's share capital and 52.92% of its voting rights. Post completion of the transaction, Saint-Gobain Group will be able to incorporate Sika into its financial statements by global consolidation, with a positive impact on net income from year one.

The transaction is subject to clearances from the competent anti-trust authorities, which were all obtained on December 2, 2015.

8

In addition, the Swiss Takeover Board, the FINMA (Swiss financial markets authority) and the Swiss Federal Administrative Court definitely confirmed on April 1, 2015, May 4, 2015 and August 27, 2015 on last instance respectively the validity of the opt-out clause in the Sika bylaws, releasing Saint-Gobain from launching a mandatory public tender offer because of the acquisition of SWH shares. No reservation was expressed as regards the application of this clause to the acquisition by Saint-Gobain of all the SWH shares.

Finally, Saint-Gobain has noted the decisions of Sika shareholders' meetings of April 14, 2015 and July 24, 2015, after the Board has decided, for some resolutions, to limit the voting rights of SWH at 2.6%. Saint-Gobain had anticipated these decisions by extending together with SWH in April 2015, the term of the agreement to acquire SWH until June 2016. On this date, Saint-Gobain will have the possibility of extending it for an additional period.

In line with its strategy, Saint-Gobain is resolved to complete its plan to acquire control of Sika and, pending the first instance decision of the Cantonal Court of Zug, planned for summer 2016, has full confidence in the Swiss justice system in order to enable SWH to regain its rights in full compliance with the law.

2.2.2 Operations completed in 2014

a) Plan to acquire control of Sika

On December 8, 2014, Saint-Gobain Group announced its plan to acquire control of Sika, the global leader in construction chemicals.

b) Project for sale of the Packaging Sector

Following authorization given by the Board of Directors, on 8 December 2014 the Group also announced a plan to launch a competitive process for the sale of the Packaging Sector. As at December 31, 2014, however, no active plan for the sale had commenced, as a result of which the sale of the Packaging Sector did not meet the criteria for classification as a "disposal group held for sale" according to the IFRS 5 definition. Saint-Gobain Group had structured itself over the first quarter of 2015 in order to have the elements required for launching the active sale of this business. The formal competitive process was commenced at the beginning of March 2015 and, after consultation with staff representative bodies, it is intended that an agreement with a purchaser will be reached before summer 2015.

c) Sale of Verallia North America

On January 17, 2013, Compagnie de Saint-Gobain signed an agreement with Ardagh for the sale of Verallia North America, effective April 11, 2014, through the effective sale of all shares of Verallia North America to the Ardagh group based on an enterprise value of US$1,694 million (€1,275 million). Saint-Gobain, Ardagh, and the Pension Benefit Guaranty Corporation (PCBG) have also reached a settlement agreement regarding financing of the defined benefit plans for employees of Saint-Gobain Containers, Inc.

2.3 Changes in the number of consolidated companies

	France	Outside France	Total
Fully consolidated companies			
At January 1, 2015	**160**	**643**	**803**
Newly consolidated companies	3	19	22
Merged companies	(8)	(45)	(53)
Deconsolidated companies	(6)	(23)	(29)
Change in consolidation method		12	12
AT DECEMBER 31, 2015	**149**	**606**	**755**
Companies accounted for by the equity method			
At January 1, 2015	**5**	**84**	**89**
Newly consolidated companies		28	28
Merged companies			0
Deconsolidated companies	(2)	(7)	(9)
Change in consolidation method		(12)	(12)
AT DECEMBER 31, 2015	**3**	**93**	**96**
TOTAL AT JANUARY 1, 2015	**165**	**727**	**892**
TOTAL AT DECEMBER 31, 2015	**152**	**699**	**851**

2.4 Off-balance sheet commitments related to the Group's scope of consolidation

As of December 31, 2015, commitments for irrevocable purchases included the commitment on the equity interests of the Sika Group for the amount of €2,383 million.

NOTE 3 – INFORMATION CONCERNING THE GROUP'S OPERATING ACTIVITIES

3.1 Income statement components

3.1.1 Revenue recognition

Revenue generated by the sale of goods or services is recognized net of rebates, discounts and sales taxes (i) when the risks and rewards of ownership have been transferred to the customer, or (ii) when the service has been rendered, or (iii) by reference to the stage of completion of the services to be provided.

Construction contracts are accounted for by the Group's companies using the percentage of completion method, as explained below. When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognized as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that it is probable will be recovered. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction contract revenues are not material in relation to total consolidated net sales.

3.1.2 Operating income

Operating income is a measure of the performance of the different sectors and has been used by the Group as its key external and internal management indicator for many years. Foreign exchange gains and losses are included in operating income, as are changes in the fair value of financial instruments that do not qualify for hedge accounting when they relate to operating items. The share of income of associates whose activity is to expand that of the Group is also posted under operating income.

3.1.3 Other business income and expense

Other business income and expense mainly include movements in provisions for litigation and environmental provisions, gains and losses on disposals of assets, impairment losses, restructuring costs incurred upon the disposal or discontinuation of operations and the costs of workforce reduction measures.

3.1.4 Business income

Business income includes all income and expenses other than borrowing costs and other financial income and expense, the Group's share in net income of non-core business associates, and income taxes.

Business income is detailed by type below:

(in EUR million)	2015	2014 restated
NET SALES	**39,623**	**38,349**
Personnel costs :		
Salaries and payroll taxes	(7,746)	(7,385)
Share-based payments [a]	(21)	(18)
Pensions [a]	(180)	(164)
Depreciation and amortization	(1,208)	(1,187)
Share of net income of business associates	43	44
Other [b]	(27,875)	(27,117)
OPERATING INCOME	**2,636**	**2,522**
Other business income [c]	49	106
OTHER BUSINESS INCOME	**49**	**106**
Restructuring costs [d]	(179)	(246)
Provisions and expenses relating to claims and litigation [e]	(125)	103
Impairment of assets and other business expenses [f]	(1,046)	(865)
Other	(41)	(40)
OTHER BUSINESS EXPENSE	**(1,391)**	**(1,048)**
BUSINESS INCOME	**1,294**	**1,580**

(a) Share-based payments (IFRS 2 expense) and the details of changes in pension are detailed in Note 4 "Employees, personnel expenses and benefits".

(b) This item corresponds to Building Distribution Sector cost of sales, supplier discounts and selling expenses, and to transport costs, raw materials costs, and other production costs in the other Sectors. It also includes research and development costs recognized in operating expenses, amounting to €435 million in 2015 (€391 million in 2014).

(c) In 2015 and 2014, this item primarily represented the capital gains on disposals of property, plant and equipment and intangible assets.

(d) In 2015, restructuring costs mainly consisted of employee termination benefits totaling €106 million (€146 million in 2014).

(e) In both 2015 and 2014, provisions and reversals and expenses related to litigation, corresponded to the most part for asbestos related litigation explained in Note 7 "Other current and non-current liabilities and provisions, contingent liabilities and litigation". Reversal of provision for competition litigation amounted €187 million in 2014.

(f) Impairment losses on assets in 2015 included €157 million on goodwill (€360 million in 2014), €720 million on intangible assets and property, plant and equipment (€418 million in 2014), and €55 million in provisions on financial assets or current assets (€22 million in 2014). Other operating expense includes losses on disposal of asset and scrapping for €118 million (€61 million in 2014).

8

3.2 Segment information

In compliance with IFRS 8, segment information reflects the Group's internal presentation of operating result to senior management. The Group has chosen to present segment information by Sector and Activity, without any further aggregation compared with the internal presentation. There were no changes in the presentation of segment information compared with previous years.

Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deduction of deferred taxes on brands and land.

Capital expenditure does not include the cost of acquiring non-current assets under finance leases.

Segment information is presented as follows:

- Innovative Materials (IM) Sector
  - Flat glass
  - High-Performance Materials (HPM)
- Construction Products (CP) Sector
  - Interior Solutions: Insulation and Gypsum
  - Exterior Solutions: Industrial Mortars, Pipe and Exterior Fittings
- Building Distribution Sector

Management uses several different internal indicators to measure operational performance and to make resources allocation decisions. These indicators are based on the data used to prepare the consolidated financial statements and meet financial reporting requirements. Intragroup ("internal") sales are generally carried out on the same terms as sales to external customers and are eliminated in consolidation. The column "Other" includes the holding companies and certain corporate support functions (tax, cash management, purchasing, etc.).

Segment information for 2015 by Sector and Activity are as follows:

2015

	INNOVATIVE MATERIALS				CONSTRUCTION PRODUCTS				BUILDING DISTRIBUTION	Other*	Total
(in EUR million)	Flat glass	High Performance Materials	Intra-segment Eliminations	Total	Interior Solutions	Exterior Solutions	Intra-segment Eliminations	Total			
External sales	5,185	4,388		9,573	5,905	5,289		11,194	18,845	11	39,623
Internal sales	32	114	(16)	130	580	310	(72)	818	4	(952)	0
Net sales	5,217	4,502	(16)	9,703	6,485	5,599	(72)	12,012	18,849	(941)	39,623
Operating income /(loss)	413	602		1,015	576	446		1,022	603	(4)	2,636
Business income/(loss)	217	479		696	448	314		762	(46)	(118)	1,294
Share in net income/(loss) of associates	30	2		32	7	4		11	0	0	43
Depreciation and amortization	288	154		442	320	151		471	265	30	1,208
Impairment of assets	149	51		200	97	88		185	492		877
Capital expenditure	311	218		529	312	216		528	231	58	1,346
Cash flow from operations				931				790	629	212	2,562
EBITDA	701	756		1,457	896	597		1,493	868	26	3,844
Goodwill, net	209	1,597		1,806	3,741	2,216		5,957	2,920	0	10,683
Non-amortizable brands	0	0		0	814	90		904	1,381	0	2,285
Total segment assets and liabilities				7,301				12,292	7,595	315	27,503

** "Other" corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.*

Segment information for 2014 by Sector and Activity are as follows:

2014 restated

(in EUR million)	INNOVATIVE MATERIALS Flat glass	INNOVATIVE MATERIALS High Performance Materials	INNOVATIVE MATERIALS Intra-segment Eliminations	INNOVATIVE MATERIALS Total	CONSTRUCTION PRODUCTS Interior Solutions	CONSTRUCTION PRODUCTS Exterior Solutions	CONSTRUCTION PRODUCTS Intra-segment Eliminations	CONSTRUCTION PRODUCTS Total	BUILDING DISTRIBUTION	Other*	Total
External sales	4,862	4,119		8,981	5,487	5,053		10,540	18,803	25	38,349
Internal sales	31	113	(10)	134	569	317	(65)	821	3	(958)	0
Net sales	4,893	4,232	(10)	9,115	6,056	5,370	(65)	11,361	18,806	(933)	38,349
Operating income/(loss)	289	565		854	533	487		1,020	661	(13)	2,522
Business income/(loss)	245	472		717	483	286		769	186	(92)	1,580
Share in net income/(loss) of associates	22	3		25	7	10		17	1	1	44
Depreciation and amortization	297	151		448	306	146		452	259	28	1,187
Impairment of assets	105	59		164	49	168		217	397	0	778
Capital expenditure	235	183		418	282	239		521	264	20	1,223
Cash flow from operations				717				780	486	242	2,225
EBITDA	586	716		1,302	839	633		1,472	920	15	3,709
Goodwill, net	261	1,434		1,695	3,551	2,219		5,770	2,942	55	10,462
Non-amortizable brands	0	0		0	788	88		876	1,799	0	2,675
Total segment assets and liabilities				7,368				12,111	7,919	1,438	28,836

** "Other" corresponds to the elimination of intragroup transactions for internal sales, holding company transactions for the other captions, and holding transactions and Packaging Sector for the items of goodwill and segment assets and liabilities.*

3.3 Information by geographic area

Segment information for 2015 by geographic area are as follows:

2015

(in EUR million)	France	Other Western European countries	North America	Emerging countries and Asia	Other*	TOTAL
Net sales	10,326	17,414	5,366	8,375	(1,858)	39,623
Capital expenditure	269	335	282	460		1,346
Total segment assets and liabilities	6,025	11,141	4,628	5,709		27,503

** "Other" corresponds to the elimination of intragroup transactions for internal sales.*

Segment information for 2014 by geographic area are as follows:

2014 restated

(in EUR million)	France	Other Western European countries	North America	Emerging countries and Asia	Other*	TOTAL
Net sales	10,776	16,668	4,723	8,065	(1,883)	38,349
Capital expenditure	253	347	200	423		1,223
Total segment assets and liabilities	6,231	10,975	4,323	5,893	1,414	28,836

** "Other" corresponds to the elimination of intragroup transactions for internal sales and the Packaging Sector for segment assets and liabilities.*

3.4 Performance indicators

3.4.1 EBITDA

EBTDA corresponds to operating income before depreciations and amortizations of property, plant and equipment and intangible assets.

EBITDA amounted to €3,844 million in 2015 (€3,709 million in 2014). It is calculated as follows:

(in EUR million)	2015	2014 restated
Operating income	2,636	2,522
Depreciation of property, plant and equipment and intangible assets	1,208	1,187
EBITDA	**3,844**	**3,709**

3.4.2 Return on capital employed

Return on capital employed (ROCE) corresponds to annualized operating income adjusted for changes in the scope of consolidation, expressed as a percentage of total assets at period-end. Total assets include net property, plant and equipment, working capital, net goodwill and other intangible assets, but exclude deferred tax assets arising from non-amortizable brands and land.

3.4.3 Recurring net income

Recurring net income corresponds to income after tax and minority interests but before capital gains or losses, asset impairment losses, material non-recurring provisions and the related tax and minority interests.

Recurring net income from continuing operations totaled €1,165 million in 2015 (€973 million in 2014). Based on the weighted average number of shares outstanding at December 31 (562,001,188 shares in 2015, 557,672,194 shares in 2014), it represents current net earnings per share of €2.07 in 2015 versus €1.74 in 2014.

The difference between net income and recurring net income can be analysed as follows:

(in EUR million)	2015	2014 restated
GROUP SHARE OF NET INCOME FROM CONTINUING OPERATIONS	**374**	**476**
Less:		
Gains and losses on disposals of assets	(70)	46
Impairment of assets and acquisition costs incurred in connection with business combinations	(928)	(804)
Provision for anti-trust litigation and other non-recurring provisions	(34)	187
Impact of minority interest	0	(12)
Tax on capital gains and losses and non-recurring charges to provisions	241	86
GROUP SHARE OF RECURRING NET INCOME FROM CONTINUING OPERATIONS	**1,165**	**973**

3.4.4 Cash flow from operations

Cash flow from operations corresponds to net cash generated from operating activities before the impact of changes in working capital requirements, changes in current taxes, and movements in provisions for pension and employee benefits and other liabilities and charges and deferred taxes. Significant non-recurring provisions have been restated to determine cash flow from operations.

Cash flow from operations before tax on capital gains and losses and non-recurring provisions corresponds to cash flow from operations less the tax effect of asset disposals, of asset impairment and of non-recurring provisions.

Cash flow from continuing operations totaled €2,562 million in 2015 (€2,225 million in 2014) and cash flow from operations excluding income tax on capital gains and losses and non-recurring provisions from continuing operations amounted to €2,321 million in 2015 (€2,139 million in 2014). It is calculated as follows:

(in EUR million)	2015	2014 restated
GROUP SHARE OF NET INCOME FROM CONTINUING OPERATIONS	**374**	**476**
Minority interests in net income	43	43
Share in net income of associates, net of dividends received	(29)	(28)
Depreciation, amortization and impairment of assets	2,085	1,965
Gains and losses on disposals of assets	70	(46)
Provision for anti-trust litigation and other non-recurring provision	34	(187)
Unrealized gains and losses arising from changes in fair value and share-based payments	(15)	2
CASH FLOW FROM OPERATIONS FROM CONTINUING OPERATIONS	**2,562**	**2,225**
Tax on capital gains and losses and non-recurring charges to provisions	(241)	(86)
CASH FLOW FROM OPERATIONS BEFORE TAX ON CAPITAL GAINS AND LOSSES AND NON-RECURRING PROVISIONS FROM CONTINUING OPERATIONS	**2,321**	**2,139**

3.5 Working capital

3.5.1 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories includes purchase costs, processing costs and other costs incurred in bringing the inventories to their present location and condition. It is generally determined using the weighted-average cost method, and in some cases the First-In-First-Out (FIFO) method. Inventory costs may also include the transfer from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of raw materials. Net realizable value is the selling price in the ordinary course of business, less estimated completion and selling costs. No account is taken in the inventory valuation process of the impact of below-normal capacity utilization rates.

As of December 31, 2015 and 2014, inventories were as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Gross value		
Raw materials	1,282	1,483
Work in progress	284	261
Finished goods	4,610	4,983
GROSS INVENTORIES	**6,176**	**6,727**
Provision for impairment		
Raw materials	(149)	(153)
Work in progress	(13)	(10)
Finished goods	(299)	(272)
TOTAL PROVISION FOR IMPAIRMENT	**(461)**	**(435)**
NET	**5,715**	**6,292**

The net value of inventories was €5,715 million at December 31, 2015 compared with €5,755 million at December 31, 2014 (restated for the Packaging Sector).

Impairment losses on inventories recorded in the 2015 income statement totaled €208 million (€161 million in 2014 restated for the Packaging Sector). Impairment reversals of inventories amounted to €125 million in 2015 (€128 million in 2014 restated for the Packaging Sector).

3.5.2 Operating receivables and payables

Operating receivables and payables, other receivables and other payables are stated at nominal value as they generally have maturities of less than three months. Provisions for impairment are recognized to cover the risks of total or partial non-recovery of the receivables.

The Group deems that its exposure to concentrations of credit risk is limited due to its diversified business line-up, broad customer base and global presence. Past-due trade receivables are regularly monitored and analysed, and provisions are set aside when appropriate.

For trade receivables transferred under securitization programs, the contracts concerned are analysed and if substantially all the risks associated with the receivables are not transferred to financing institutions, they remain on the balance sheet and a corresponding liability is recognized in short-term debt (information detailed in section 8.3.8).

a) Operating receivables

Trade accounts receivable and other receivables can be analysed as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Gross value	5,201	5,393
Provision for impairment	(450)	(470)
TRADE ACCOUNTS RECEIVABLE	**4,751**	**4,923**
Advances to suppliers	504	537
Prepaid payroll taxes	16	26
Other prepaid and recoverable taxes (other than income tax)	323	367
Other of which:	578	431
France	291	95
Other Western European countries	158	148
North America	18	13
Emerging countries and Asia	111	175
Provision for impairment	(16)	(5)
OTHER RECEIVABLES	**1,405**	**1,356**

Change in impairment provisions for trade accounts receivable in 2015, primarily reflects €99 million in additions (€101 million in 2014 restated for Packaging Sector) and €103 million (€134 million in 2014 restated for Packaging Sector) in reversals (whether or not the receivables were collected). Bad debt write-offs are also reported for €69 million (€81 million in 2014 restated for Packaging Sector).

Change in other receivables in France includes the currency hedge transaction for acquiring control of Sika. This information is detailed in Note 8.4 Financial Instruments.

Net past-due trade receivables amounted to €902 million at December 31, 2015, after deducting provisions of €360 million (December 31, 2014: €937 million, after deducting provisions of €382 million) at the end of 2014 restated for Packaging Sector. The portion of these receivables due for more than three months represents €177 million (December 31, 2014: €228 million restated for Packaging Sector).

b) Operating payables

Trade accounts payable and other payables and accrued expenses can be analysed as follows:

(in EUR million)	December 31, 2015	December 31, 2014
TRADE ACCOUNTS PAYABLE	**5,716**	**6,062**
Customer deposits	927	861
Payables to suppliers of non-current assets	250	307
Grants received	97	90
Accrued personnel expenses	1,107	1,163
Accrued taxes other than on income	394	396
Other of which:	673	643
France	79	91
Germany	47	53
United Kingdom	154	131
Other Western European countries	105	97
North America	48	49
Emerging countries and Asia	240	222
TOTAL OTHER PAYABLES AND ACCRUED EXPENSES	**3,448**	**3,460**

3.6 Off-balance sheet commitments related to operating activities

3.6.1 Finance lease obligations

Non-currents assets acquired under finance leases are recognized in the Group's accounts as an asset and a liability on the balance sheet (the information is detailed in section 5.4).

Commitments for future rents under finance lease contracts are as follows:

(in EUR million)	2015	2014 restated
Future minimum lease payments		
Due within 1 year	17	18
Due in 1 to 5 years	44	44
Due beyond 5 years	8	9
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**69**	**71**
Less finance charge	(7)	(9)
PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**62**	**62**

As of December 31, 2015, commitments for future rents under finance lease contracts represented €51 million in equipment and machinery and €18 million for land and buildings.

3.6.2 Obligations under operating leases

The Group leases equipment, vehicles and office, manufacturing and warehouse space under various non-cancellable operating leases. Lease terms generally range from one to nine years. The liabilities for the total future minimum payments over the lease terms are discounted. The leases contain rollover options for varying periods of time and some include clauses covering the payment of real estate taxes and insurance. In most cases, management expects that these leases will be rolled over or replaced by other leases in the normal course of business.

In 2015, rental expenses amounted to €818 million, including €545 million for land and buildings, and the revenue from subleases represented €17 million. Net rental expense was €801 million.

The Group's commitments for operating leases are as follows:

		Payments due by period			
(in EUR million)	Total 2015	Within 1 year	In 1 to 5 years	Beyond 5 years	Total 2014
Rental expense	3,215	691	1,521	1,003	3,079
Subletting revenue	(77)	(15)	(28)	(34)	(62)
TOTAL	**3,138**	**676**	**1,493**	**969**	**3,017**

Rental expenses and revenue from sub-leases, restated for the Packaging Sector, were €2,980 million in 2014.

3.6.3 Non-cancellable purchase commitments

Non-cancellable purchase commitments include commitments to purchase raw materials and services as well as contractual tangible and intangible assets commitments.

		Payments due by period			
(in EUR million)	Total 2015	Within 1 year	In 1 to 5 years	Beyond 5 years	Total 2014
Tangible and intangible assets	46	36	10	0	58
Raw materials and energy	1,321	370	635	316	1,404
Services	262	119	118	25	320
TOTAL	**1,629**	**525**	**763**	**341**	**1,782**

Non-cancellable purchase commitments amounted to €1,689 million in 2014, restated for the Packaging Sector.

3.6.4 Guarantee commitments

In some cases, the Group grants seller's warranties to the buyers of divested businesses. A provision is recognized whenever a risk is identified and the related cost can be estimated reliably.

In 2015, the Group also receives guarantee commitments amounted to €99 million (€137 million at the end of 2014 restated for the Packaging Sector).

3.6.5 Commercial commitments

		Payments due by period			
(in EUR million)	Total 2015	Within 1 year	In 1 to 5 years	Beyond 5 years	Total 2014
Security for borrowings	44	15	16	13	50
Other commitments given	158	108	15	35	179
TOTAL	**202**	**123**	**31**	**48**	**229**

In addition, pledged assets at the end of 2015 represented the amount of €674 million compared with €819 million at year-end 2014. This change is primarily due to a decrease in pledges of financial assets in the United Kingdom.

Guaranty given to the Group in respect of receivables amounted to €106 million at December 31, 2015 (€116 million at December 31, 2014 restated for the Packaging Sector).

3.6.6 Other commitments

Greenhouse gas emissions allowances allocated to the Group's companies in 2015 represented approximately 3.6 million metric tons of CO_2. The new 2016 allowances will be added to the residual inventory of prior allocations and will cover the level of greenhouse gas emissions for the year. As a result, no provision has been recorded for this respect in the Group's accounts.

A provision on the greenhouse gas emissions allowances is recognized in the consolidated accounts in the event of a shortage between emissions and the rights allocated to the Group.

NOTE 4 – EMPLOYEES, PERSONNEL EXPENSES AND BENEFITS

4.1 Employees of fully consolidated companies

(average number of employees)	2015	2014 restated
Managers	26,697	25,857
Administrative employees	73,636	74,105
Other employees	69,067	69,941
TOTAL	**169,400**	**169,903**

The average number of employees for 2015 and 2014 excludes the Packaging Sector. The total number of Group employees for fully consolidated companies was 168,114 at December 31, 2015. There were 169,089 employees at December 31, 2014 restated for the Packaging Sector.

4.2 Management compensation

Direct and indirect compensation and benefits paid in 2015 and 2014 to members of the Board of Directors and the Group's senior management were as follows:

(in EUR million)	2015	2014
Attendance fees	1.1	0.8
Direct and indirect compensation (gross)		
Fixed portion	9.7	9.0
Variable portion	4.5	4.2
Estimated compensation cost - pensions and other employee benefits (IAS 19)	2.6	2.1
IFRS 2 expense - Share-based payments	6.4	4.2
Compensations in termination, retirement or other benefits	1.5	1.5
TOTAL	**25.8**	**21.8**

Direct and indirect compensation and benefits paid in 2015 to members of the Group's senior management by the French and foreign companies in the Group amounted to €15.7 million (2014: €14.7 million), including €4.5 million (2014: €4.2 million) in variable compensation and €1.5 million in termination, retirement or other benefits (2014: €1.5 million).

Provisions for pensions and other post-employment benefits (defined-benefit obligations (DBO) in respect of retirement bonuses and pensions) accruing to the Group's officers totaled €55.8 million at December 31, 2015 (December 31, 2014: €60.6 million).

4.3 Provisions for pensions and other employee benefits

4.3.1 Description of defined benefit plans

After retirement, the Group's former employees are eligible for pension benefits in accordance with the applicable laws and regulations in the respective countries in which the Group operates. There are also additional pension obligations in certain Group companies, both in France and in other countries.

The Group's obligation for the payment of pensions and length-of-service awards is determined at closing date by independent actuaries, using the projected units credits method taking into account changes in salaries until retirement and economic conditions in each country. These obligations may be financed by pension funds, with a provision recognized in the balance sheet for the unfunded portion.

When the assets of the plan exceed the commitment, an asset is recognized as "net pension assets" in other non-current assets. These assets are capped at the level of the future economic benefits they procure. Changes in the asset ceiling are recognized into equity.

Actuarial gains or losses reflect year-on-year changes in the actuarial assumptions used to measure the Group's obligations and plan assets, experience adjustments (differences between the actuarial assumptions and what has actually occurred), and changes in legislation. They are recognized in equity as they occur.

In accordance with the amendment to IAS 19 applicable from January 1, 2013, the effect of any plan amendments (past service cost) is recognized immediately in the income statement.

The interest costs for these obligations and the return on the related plan assets are measured by the Group using the discount rate applied to estimate the obligation at the beginning of the period, and are recognized as financial expense or income.

The Group's principal defined benefit plans are as follows:

In France, employees receive length-of-service awards on retirement based on years of service and the calculation methods prescribed in the applicable collective bargaining agreements.

In addition to length-of-service awards, there are three defined benefit plans, all of which are final salary plans. These plans were closed to new entrants by the companies concerned between 1969 and 1997. Effective March 1, 2012, a new defined benefit plan complying with Article L.137-11 of France's Social Security Code was set up by Compagnie de Saint-Gobain.

In Germany, retirement plans provide pensions and death and disability benefits for employees. These plans have been closed to new entrants since 1996.

In the Netherlands, ceilings have been introduced for defined benefit supplementary pension plans, above which they are converted into defined contribution plans.

In the United Kingdom, retirement plans provide pensions as well as death and permanent disability benefits. These defined benefit plans - which are based on employees' average salaries over their final years of employment - have been closed to new entrants since 2001.

In the United States and Canada, the Group's defined benefit plans are final salary plans. Since January 1, 2001, new employees have been offered a defined contribution plan.

In the United States and Spain, after retirement, former Group employees benefit from other advantages in addition to pensions, particularly with regard to insurance. The commitments calculated for this purpose using the actuarial method are covered by a provision recognized on the balance sheet.

Provisions for other long-term employee benefits cover all other employee benefits. These benefits primarily include long-service awards in France, jubilees in Germany, deferred compensation, provisions for social benefits in the United States, and severance indemnities in different countries. The related defined benefit obligation is generally calculated on an actuarial basis using the same rules as for pension obligations. Actuarial gains and losses during the year are recognized immediately.

4.3.2 Actuarial assumptions use to measure defined benefit obligations and plan assets

4.3.2.1 Rate assumptions

Assumptions related to mortality, employee turnover and future salary increases take into account the economic conditions specific to each country or Group company.

The discount rates are established by region or country based on observed bond rates at December 31, 2015.

The rates used in 2015 for the Group's main plans are the following:

		Other European countries		
(in %)	France	Eurozone	United Kingdom	United States
Discount rate	2.40%	2.40%	3.80%	4.25%
Salary increases	2.50%	1.50% to 2.60%	2.00%*	3.00%
Return on plan assets	2.40%	2.40%	3.80%	4.25%
Inflation rate	1.70%	1.50% to 1.90%	2.05%	2.50%

** Ceiling on reference salaries to calculate rights.*

The rates used in 2014 for the Group's main plans are the following:

		Other European countries		
(in %)	France	Eurozone	United Kingdom	United States
Discount rate	1.90%	1.90%	3.55%	4.00%
Salary increases	2.40%	2.00% to 2.60%	2.00%*	3.00%
Return on plan assets	1.90%	1.90%	3.55%	4.00%
Inflation rate	1.80%	1.80% to 2.00%	1.95%	2.00%

** Ceiling on reference salaries for calculating rights.*

4.3.2.2. Sensitivity to assumptions

A 0.5-point decrease (increase) in the discount rate would lead to an increase (decrease) in defined benefit obligations of around €220 million for the North American plans, €200 million for the Eurozone plans and €400 million for the United Kingdom plans. A 0.5-point increase in the inflation rate would lead to an overall increase in defined benefit obligations of €520 million.

The same assumptions concerning mortality, employee turnover and interest rates are used to determine the Group's defined benefit obligations for other long-term employee benefits. In the United States, retirees' healthcare costs are projected to rise by 7.67% or 8.24% per year depending on the beneficiary age (a one point change in this rate would lead to an increase in the obligation of around €50 million).

4.3.3 Change in pension and other post-employment benefit obligations

4.3.3.1 Net book value of the provisions

Provisions for pension and other social commitments consist of the following:

(in EUR million)	December 31, 2015	December 31, 2014
Pension commitments	2,919	2,818
Length-of-service awards	333	371
Post-employment healthcare benefits	451	453
TOTAL PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**3,703**	**3,642**
Healthcare benefits	28	26
Long-term disability benefits	19	19
Other long-term benefits	99	98
PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS	**3,849**	**3,785**

Provisions for all other long-term benefits totaled €146 million as at December 31, 2015 (€143 million at December 31, 2014).

The following table shows defined benefit obligations under pensions and other post-employment benefit plans and the related plan assets:

(in EUR million)	December 31, 2015	December 31, 2014
Provisions for pensions and other post-employment benefit obligations - liabilities	3,703	3,642
Pension plan surpluses - assets	(63)	(137)
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**3,640**	**3,505**

4.3.3.2 Analysis of the commitments

The commitments and provisions for pensions and other post-employment for 2015 break down by major geographic region as follows:

31 December, 2015 *(in EUR million)*	France	Other Western European countries	United Kingdom	North America	Rest of the World	Net total
Average duration *(in years)*	16	15	19	14	9	16
Defined benefit obligations - funded plans	540	2,247	4,775	3,013	134	10,709
Defined benefit obligations - unfunded plans	361	239		436	25	1,061
Fair value of plan assets	(270)	(1,267)	(4,410)	(2,072)	(117)	(8,136)
DEFICIT/(SURPLUS)	**631**	**1,219**	**365**	**1,377**	**42**	**3,634**
Asset ceiling						6
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS						**3,640**

The commitments and provisions for pensions and other post-employment for 2014 break down by major geographic region as follows:

December 31, 2014 *(in EUR million)*	France	Other Western European countries	United Kingdom	North America	Rest of the World	Net total
Average duration *(in years)*	14	16	19	13	10	16
Defined benefit obligations - funded plans	566	2,616	4,481	2,771	134	10,568
Defined benefit obligations - unfunded plans	425	348		430	25	1,228
Fair value of plan assets	(275)	(1,515)	(4,376)	(2,017)	(116)	(8,299)
DEFICIT/(SURPLUS)	**716**	**1,449**	**105**	**1,184**	**43**	**3,497**
Asset ceiling						8
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS						**3,505**

4.3.3.3 Plan assets

For defined benefit plans, plan assets have been progressively built up by contributions, primarily in the United States, the United Kingdom and Germany. Contributions paid by the Group totaled €116 million (2014: €193 million). The actual return on plan assets is negative in 2015: €94 million (2014: €1,165 million – positive impact).

The fair value of plan assets, which totaled €8,136 million at December 31, 2015 (€8,299 million in 2014), is deducted from the Group's defined benefit obligations, as estimated using the projected units credits method, in order to calculate the unfunded obligation to be covered by a provision.

Plan assets are mainly composed of equities (33%) and bonds (46%), with the remaining 21% invested in other asset classes.

Projected contributions to pension plans for 2016 are estimated at around €165 million.

4.3.3.4 Changes in pension and other post-employment benefit obligations

Changes in pension and other post-employment benefit obligations are as follows:

(in EUR million)	Pension and other post-employment benefit obligations	Fair value of plan assets	Other	Net pension and other post-employment benefit obligations
AT JANUARY 1, 2014	**9,357**	**(6,800)**	**19**	**2,576**
Movements during the year				
Service cost	171			171
Interest cost/return on plan assets	387	(294)		93
Contributions to pension		(193)		(193)
Employee contributions		(11)		(11)
Actuarial gains and losses and asset ceiling	1,716	(871)	(10)	835
Currency translation adjustments	613	(478)	(1)	134
Benefit payments	(425)	343		(82)
Past service cost	(2)			(2)
Changes in Packaging Sector	6	(2)		4
Changes in Group structure	(15)	7		(8)
Curtailments / settlements	(12)			(12)
TOTAL MOVEMENTS	**2,439**	**(1,499)**	**(11)**	**929**
AT DECEMBER 31, 2014	**11,796**	**(8,299)**	**8**	**3,505**
Movements during the year				
Service cost	222			222
Interest cost/return on plan assets	390	(296)		94
Contributions to pension		(116)		(116)
Employee contributions		(12)		(12)
Actuarial gains and losses and asset ceiling	(359)	390	(1)	30
Currency translation adjustments	622	(486)	(1)	135
Benefit payments	(693)	606		(87)
Past service cost	(2)			(2)
Changes in Packaging Sector	(1)	21		20
Changes in Group structure	(163)	56		(107)
Curtailments / settlements	(42)			(42)
TOTAL MOVEMENTS	**(26)**	**163**	**(2)**	**135**
AT DECEMBER 31, 2015	**11,770**	**(8,136)**	**6**	**3,640**

4.3.3.5 Actuarial gains and losses

Actuarial differences result from changes in actuarial assumptions and the variances between the funds' actual rates of return and the discount rates applied. Actuarial losses on the provisions represents €359 million, including a loss of €252 million in experience adjustment on the commitment (difference between previous actuarial assumptions and what has actually occurred); a loss of €1 million due to the decrease of the asset ceiling, and €390 million decrease in plan assets. The negative impact of the actuarial differences on equity totaled €30 million in 2015.

Returns on equity and bond markets generated a decrease of €94 million in the plan assets, compared with an estimated increase of €296 million at the discount rate applied. A change of 0.5-point in the actual rate of return would have an impact of around €40 million on equity.

4.3.3.6 Employee benefits expenses

The cost of the Group's pension and other post-employment benefit plans (excluding other employee benefits) is as follows:

(in EUR million)	2015	2014 restated
Service cost	222	171
Interest cost	390	387
Return on plan assets	(296)	(294)
Past service cost, curtailments and settlements	(44)	(14)
PENSIONS, LENGTH-OF-SERVICE AWARDS AND OTHER POST-EMPLOYMENT BENEFITS	**272**	**250**
Employee contributions	(12)	(11)
TOTAL	**260**	**239**

4.3.4 Defined contribution plans

Contributions to defined contribution plans are recognized as expenses in the year in which they are incurred.

The amount for defined contribution plans for 2015 is estimated at €600 million (€579 million in 2014), including €399 million for government-sponsored basic pension schemes (€382 million in 2014), €129 million in contributions to legal supplemental systems, mainly in France (€129 million in 2014) and €72 million for corporate-sponsored supplementary pension plans (€68 million in 2014).

4.4 Share-based payments

4.4.1 Group Savings Plans

The Group Savings Plan ("PEG") is an employee stock purchase plan open to all Group employees in France and most other countries where the Group does business. Eligible employees must have completed a minimum of three months' service with the Group. Eligible employees are able to invest in Saint-Gobain shares at a preferential subscription price. These shares are held either directly or through the employee saving plan's mutual funds, depending on local legislation; they are subject to a mandatory five or ten years lock-up, except following the occurrence of certain events. The subscription price of the shares is set by the Chairman and Chief Executive Officer of Compagnie de Saint-Gobain duly authorized by the Board of Directors. It corresponds to the average of the first opening prices quoted for Saint-Gobain share listed on Euronext Paris in the twenty trading sessions of the stock market preceding the date of the decision, with the application of a 20% discount, in accordance with applicable laws, with the Shareholders' Meeting resolutions and with the deliberations of the Board of Directors.

In accordance with IFRS 2, the expense measuring the benefit offered to employees is evaluated by reference to the fair value of a discount offered on restricted stock (i.e. stock subject to a lock-up). The cost of the lock-up for the employee is defined as the cost of a two-step strategy that involves first selling the restricted stock forward five or ten years and then purchasing the same number of shares on the spot market and financing the purchase with debt. The borrowing cost is estimated at the rate that would be charged by a bank to an individual with an average risk profile for a general purpose five- or ten-year consumer loan repayable at maturity. The cost of the plans is recognized in full at the end of the subscription period.

In 2015, 4,449,939 new shares with a par value of €4 were issued to employees under the PEG at an average subscription price of €32.44 (2014: 4,303,388 shares at an average price of €33.89), representing a share capital increase of a global amount of €144 million (€145 million in 2014).

The plan cost recorded in the income statement amounted to €0 in 2015 and 2014, net of the lock-up cost for employees of €24 million (€23 million in 2014).

The following table shows the main features of the standard plans, the amounts invested in the plans and the valuation assumptions applied in 2015 and 2014:

	2015	2014
Plan characteristics		
Date of Shareholders' Meeting	June 6, 2013 (16th Resolution)	June 6, 2013 (16th Resolution)
Date of the Chief Executive Officer's decision fixing the subscription price	March 23	March 21
Plan duration (in years)	5 or 10	5 or 10
Reference price (in EUR)	40.54	42.36
Subscription price (in EUR)	32.44	33.89
Discount (in %)	20.00%	20.00%
Total discount on the date of the Chief Executive Officer's decision (in %) **(a)**	20.02%	19.29%
Employee investments (in EUR million)	144.4	145.8
Total number of shares subscribed	4,449,939	4,303,388
Valuation assumptions		
Interest rate applicable to employees*	5.40%	6.00%
5-year risk-free interest rate	0.05%	0.96%
Repo rate	0.46%	0.41%
Lock-up discount (in %) **(b)**	23.42%	22.20%
Total cost to the Group (in %) **(a-b)**	–3.40%	–2.91%

** A 0.5-point decline in borrowing costs for the employee would have no impact on the 2015 cost as calculated in accordance with IFRS 2.*

4.4.2 Stock option plans

Compagnie de Saint-Gobain has stock option plans available to certain employees.

The Board of Directors grants options allowing beneficiaries to obtain Saint-Gobain shares at a price set, without discount, by reference to the average of the opening prices for Saint-Gobain shares during the 20 stock market trading sessions preceding the date of the decision by the Board of Directors.

Since the November 2007 plan, all stock options are subject to a four-year vesting period. Under earlier plans, the vesting period was three years for non-residents and four years for tax residents. During this period, none of the options received may be exercised. Options must be exercised within 10 years of the date of grant. All rights to options are forfeited if the holder leaves the Group, unless expressly agreed otherwise by both the Chairman and Chief Executive Officer of Compagnie de Saint-Gobain and the Nomination, Remuneration and Governance Committee of the Board of Directors.

Among the options current as at December 31, 2015, the options of 2006 to 2012 are exercisable for subscription of new shares. For plans launched between 2013 and 2015, the Board of Directors has decided that it would determine the type of option, whether for subscription of new shares or purchase of existing shares, at the latest at the end of the vesting period, with any options exercised before the decision is made being for new shares.

Until 2008, options were subject to a performance condition for certain grantees only. Since 2009, the plans have been subject to a performance condition for all grantees.

For options granted under the 2015 plan, the value used to calculate the 30% *contribution sociale* tax due by grantees employed by French companies in the Group is €4.90 per option granted.

The following table presents changes in the number of outstanding options:

	EUR 4 par value shares	Average exercise price (in EUR)
OPTIONS OUTSTANDING AT DECEMBER 31, 2013	**21,463,697**	**44.05**
Options granted	234,550	34.13
Options exercised	(718,204)	33.38
Options forfeited	(4,797,204)	38.41
OPTIONS OUTSTANDING AT DECEMBER 31, 2014	**16,182,839**	**46.04**
Options granted	224,950	39.47
Options exercised	(801,840)	35.21
Options forfeited*	(4,004,092)	40.18
OPTIONS OUTSTANDING AT DECEMBER 31, 2015	**11,601,857**	**48.69**

** of which 3,544,442 options granted under the 2005 plan that had not been exercised when the plan expired on November 16, 2015, and 459,650 options granted under the 2011 plan that had lapsed as a result of failure to meet the performance conditions.*

The cost of stock option plans is calculated using the Black & Scholes option pricing model.

The parameters applied are the following:

- volatility assumptions that take into account the historical volatility of the share price over a rolling 10-year period, as well as implied volatility from traded share options. Periods of extreme share price volatility are disregarded;

- assumptions relating to the average holding period of options, based on observed behavior of option holders;
- expected dividends, as estimated on the basis of historical information dating back to 1988;
- a risk-free interest rate corresponding to the yield on long-term government bonds;
- the effect of any stock market performance conditions, which is taken into account in the initial measurement of the plan's cost under IFRS 2.

The cost calculated using this method is recognized in the income statement over the vesting period of the options, which is four years.

The amount recognized as expenses in 2015 totaled €1 million (€2 million in 2014). The fair value of the options granted in 2015 was €1 million.

The table below summarizes information about stock options outstanding at December 31, 2015, after taking into account partial fulfillment of the performance criteria attached to certain plans.

	Exercisable options			Non-exercisable options		Total options outstanding	
Grant date	Exercise price (in EUR)	Number of options	Weighted average contractual life (in months)	Exercise price (in EUR)	Number of options	Number of options	Type of options
2006	52.52	4,306,454	11			4,306,454	Subscription
2007	64.72	3,403,171	23			3,403,171	Subscription
2008	25.88	2,074,542	35			2,074,542	Subscription
2009	36.34	877,940	47			877,940	Subscription
2010	35.19	0	59			0	Subscription
2011	31.22	0	71			0	Subscription
2012			83	27.71	243,000	243,000	Subscription
2013			95	38.80	237,250	237,250	Subscription or purchase*
2014			107	34.13	234,550	234,550	Subscription or purchase*
2015			119	39.47	224,950	224,950	Subscription or purchase*
TOTAL		**10,662,107**			**939,750**	**11,601,857**	

** 2013, 2014, and 2015 plans: see text above.*

For the subscription options, the sums received when the options are exercised are credited to the items "capital stock" (nominal value) and "Additional paid-in capital", net of the directly attributable transaction costs.

At December 31, 2015, 10,662,107 stock options were exercisable at an average exercise price of €49.90 and 939,750 options at the average exercise price of €34.93 had not yet vested.

4.4.3 Performance shares and performance unit plans

The Group set up a worldwide share grant plan in 2009 whereby each Group employee was awarded seven shares. This plan was fulfilled in the first half of 2014. Since 2009, performance share plans have also been established for certain categories of employees. These plans are subject to a service condition, as well as a performance condition – which are described below. Plan costs calculated under IFRS 2 take into account these conditions and the lock-up feature. They are determined after deducting the present value of forfeited dividends on the performance shares and are recognized over the vesting period, which ranges from two to four years depending on the country.

Since 2012, performance unit plans have been set up for certain employees in France. These plans are also subject to a service condition and a performance condition. The costs calculated under IFRS 2 therefore take into account these factors, as well as the fact that the units are cash-settled. IFRS 2 stipulates that for cash-settled share-based payment transactions, the granted instruments are initially measured at fair value at the grant date, then remeasured at each period end, with the cost adjusted accordingly pro rata to the rights that have vested at the period end. The cost is recognized over the vesting period of the rights.

a) Performance share plans

Various performance share plans subject to performance conditions have been set up Saint-Gobain since 2009.

As of December 31, 2015, five performance share plans were outstanding:

- A performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 24, 2011. The shares were subject to service and performance conditions, which were partially met. This plan consists of 942,920 performance share rights, as follows:

- for eligible Group employees in France, the vesting period ended on March 29, 2014 and the shares were delivered on March 30, 2014 (172,682 shares delivered, to which must be added the 2,813 shares delivered in advance). 238,313 rights were forfeited because the performance conditions were not fully met and 1,752 rights were forfeited due to the grantees leaving the Group. The vesting period will be followed by a two-year lock-up, such that the shares may not be sold until March 31, 2016 except in the case of the grantee's death or disability;

- for eligible Group employees in all other countries, the vesting period will end on March 30, 2016 and the shares will be delivered on March 31, 2016 (237,876 shares will be potentially deliverable, to which must be added 1,050 shares delivered in advance). 279,634 rights were forfeited because the performance conditions were not fully met and 8,800 rights were forfeited due to the grantees leaving the Group. No lock-up period will apply.

- A performance share plan for eligible employees and officers of the Group outside France authorized by the Board of Directors on November 22, 2012. The shares are subject to service and performance conditions. This plan consists of a total of 542,370 performance share rights, 720 of which were delivered in advance. The vesting period will end on November 21, 2016 and the shares will be delivered on November 22, 2016. No lock-up period will apply.
- A performance share plan for eligible employees and officers of the Group outside France authorized by the Board of Directors on November 21, 2013. The shares are subject to service and performance conditions. This plan consists of a total of 541,655 performance share rights, 250 of which were delivered early. The vesting period will end on November 20, 2017 and the shares will be delivered on November 21, 2017. No lock-up period will apply.
- A performance share plan for eligible employees and officers of the Group outside France authorized by the Board of Directors on November 20, 2014. The shares are subject to service and performance conditions. This plan consists of a total of 530,240 performance share rights, 200 of which were delivered early. The vesting period will end on November 19, 2018 and the shares will be delivered on November 20, 2018. No lock-up period will apply.
- A performance share plan for eligible employees and officers of the Group outside France authorized by the Board of Directors on November 26, 2015. The shares are subject to service and performance conditions. This plan consists of a total of 500,910 performance share rights. The vesting period will end on November 25, 2019, and the shares will be delivered on November 26, 2019. No lock-up period will apply.

The table below shows changes in the number of performance share rights:

	Number of rights
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2013	**3,017,486**
Performance share rights granted in November 2014	530,240
Shares issued/delivered	(1,196,844)
Lapsed and canceled rights	(248,591)
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2014	**2,102,291**
Performance share rights granted in November 2015	500,910
Shares issued/delivered	(237,810)
Lapsed and canceled rights	(13,510)
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2015	**2,351,881**

The fair value of the performance shares corresponds to Saint-Gobain share price on the grant date less (i) the value of dividends not payable on the shares during the vesting period, and (ii) as for the Group Savings Plan, less the discount on restricted stock (i.e., stock subject to a 4-year lock-up), which has been estimated at around 30%. The compensation cost is recognized over the 2- or 4-year vesting period of the performance shares.

The cost recorded in the income statement in 2015 for these plans amounted to €8 million (€8 million in 2014).

The following table shows the expected dates when vested performance shares will be issued/delivered under the five plans, except in the case of the grantee's death or disability, and service and performance conditions remaining to be fulfilled:

Grant date	Number of rights at December 31, 2015	End of vesting period	Type of rights
November 24, 2011	237,876	end of March 2016	transmitting
November 22, 2012	541,650	end of November 2016	existing
November 21, 2013	541,405	end of November 2017	existing
November 20, 2014	530,040	end of November 2018	existing
November 26, 2015	500,910	end of November 2019	existing
TOTAL	**2,351,881**		

b) Performance unit plans

Performance unit plans have been set up since 2012. The units are subject to service and performance conditions. The units will not give rise to the allocation of new or existing shares of the Company, but will entitle grantees to deferred cash compensation determined by reference to the Company's share price.

As of December 31, 2015, four performance plans were outstanding:

- A long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 22, 2012. This plan consists of 536,400 performance units which may be exercised from November 22, 2016 to November 21, 2022, subject to service and performance conditions. At the end of 2015, 14,550 performance units had been exercised in advance.

- A long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 21, 2013. This plan consists of 588,535 performance units which may be exercised from November 21, 2017 to November 20, 2023, subject to service and performance conditions. At the end of 2015, 17,450 performance units had been exercised in advance.
- A long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 20, 2014. This plan consists of 598,400 performance units which may be exercised from November 20, 2018 to November 19, 2024, subject to service and performance conditions. At the end of 2015, 950 performance units had been exercised in advance.
- A long-term incentive plan involving the award of performance units, for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 26, 2015. This plan consists of 556,340 performance units, which may be exercised from November 26, 2019 to November 25, 2025, subject to service and performance conditions.

The expense recognized in 2015 in respect of these plans amounted to €14 million (2014: €8 million).

NOTE 5 – INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

5.1 Goodwill

When an entity is acquired by the Group, the identifiable assets and assumed liabilities of the entity are recognized at their fair value, and recognized within twelve months retroactively at the acquisition date.

The final acquisition price (referred to as "consideration transferred" in IFRS 3R terminology), including, if required, the estimated fair value of any earn-out payments or other deferred consideration (referred to as "contingent consideration"), is determined in the twelve months following the acquisition. Under IFRS 3R, any adjustments to the acquisition price beyond this twelve-month period are recorded in the income statement. Since January 1, 2010, all costs directly attributable to the acquisition, i.e. costs that the acquirer incurs to effect a business combination, such as professional fees paid to investment banks, attorneys, auditors, independent appraisers and other consultants, are no longer capitalized as part of the cost of the business combination. They are recognized as expenses incurred for the period and are no longer included in the cost of acquisition.

In addition, since January 1, 2010, goodwill is recognized only at the date that control is achieved (or joint control is achieved in the case of entities accounted for by the equity method). Any subsequent increase in ownership interest (without a takeover or loss of control) is recorded as a change in equity without adjusting goodwill.

Goodwill is recorded in the consolidated balance sheet as the difference between the acquisition date fair value price plus the amount of any minority interests in the acquisition - measured either at their fair value (full goodwill method), or as their proportionate interest in the fair value of the net identifiable assets acquired (partial goodwill method) - and the net amount of assets and liabilities at their fair value at the acquisition date. The Group generally applies the partial goodwill method, and consequently the amount of goodwill calculated with the full goodwill method is not material.

Any excess of the cost of an acquisition over the fair value of the Group's share of the assets and liabilities of the acquired entity is recorded as goodwill. Any negative difference between the cost of the acquisition and the fair value of the net assets and liabilities acquired is recognized in the income statement during the year of acquisition.

The changes in goodwill over 2015 and 2014 are detailed below:

(in EUR million)	2015	2014
At January 1		
Gross value	11,899	11,403
Accumulated impairment	(1,437)	(1,002)
NET VALUE	**10,462**	**10,401**
Movements during the year		
Impairment	(157)	(360)
Translation adjustments	320	382
Changes in Packaging Sector	(1)	(4)
Changes in Group structure	59	43
TOTAL	**221**	**61**
At December 31		
Gross value	12,180	11,899
Accumulated impairment	(1,497)	(1,437)
NET	**10,683**	**10,462**

In 2015, the changes in consolidation essentially represent newly consolidated companies for €174 million (€56 million in 2014), partially offset by exits for €115 million (€13 million in 2014), including the sale of the Packaging Sector. In addition, the impairment tests performed in 2015 led to impairments of goodwill, primarily on the Flat Glass Activity in the United States and the Insulation Activity in Russia. The 2015 current translation differences primarily include the impacts of the foreign exchange variation in the American dollar, pound sterling and the Brazilian real.

In 2014, the change in goodwill was primarily due to the impairments recognized in the Construction Products and Building Distribution Sectors and to the currency translation adjustments primarily related to the American dollar and the pound sterling.

At December 31, the net values of goodwill by Sector and business are detailed as follows:

(in EUR million)	2015	2014
Flat Glass	209	261
High Performance Materials	1,597	1,434
Construction Products	5,957	5,770
Building Distribution	2,920	2,942
Packaging		55
TOTAL	**10,683**	**10,462**

Goodwill is allocated to Construction Product Sector and chiefly relates to the Gypsum (€3,555 million at December 31, 2015) and Industrial Mortars activities (€1,904 million at December 31, 2015) and in the businesses of the Building Distribution Sector, particularly in the United Kingdom, France and Scandinavia.

The breakdown of goodwill by Sector is provided in the segment information tables in Note 3 "Information concerning the Group's operating activities".

5.2 Other intangible assets

Other intangible assets primarily include patents, brands, software and development costs. They are measured at historical cost less accumulated amortization and impairment.

Acquired retail brands and certain manufacturing brands are treated as intangible assets with indefinite useful lives, since they have a strong national and/or international reputation. These brands are not amortized but are tested systematically for impairment on an annual basis. Other brands are amortized over their useful lives, not exceeding 40 years.

Costs incurred to develop software in-house – primarily configuration, programming and testing costs – are recognized as intangible assets. Patents and purchased computer software are amortized over their estimated useful lives, not exceeding 20 years for patents and three to five years for software.

Research costs are expensed in the year in which they are incurred. Development costs meeting the recognition criteria under IAS 38 are included in intangible assets and amortized over their estimated useful lives (not exceeding five years) from the date when the products to which they relate are first marketed.

Changes in other intangible assets over 2015 and 2014 are analysed below:

(in EUR million)	Patents	Non-amortizable brands	Software	Development costs	Other	Total
At January 1, 2014						
Gross value	139	2,766	889	127	315	4,236
Accumulated amortization and impairment	(112)		(744)	(77)	(175)	(1,108)
NET	**27**	**2,766**	**145**	**50**	**140**	**3,128**
Movements during the year						
Acquisitions	0	0	85	13	30	128
Disposals	0	0	(1)	(1)	(1)	(3)
Translation adjustments	1	54	0	2	7	64
Amortization and impairment	(4)	(145)	(58)	(25)	(15)	(247)
Changes in Packaging Sector	0	0	1	0	0	1
Changes in Group structure and reclassifications	0	0	2	1	11	14
TOTAL MOVEMENTS	**(3)**	**(91)**	**29**	**(10)**	**32**	**(43)**
At December 31, 2014						
Gross value	149	2,821	969	121	365	4,425
Accumulated amortization and impairment	(125)	(146)	(795)	(81)	(193)	(1,340)
NET	**24**	**2,675**	**174**	**40**	**172**	**3,085**
Movements during the year						
Acquisitions	0	0	89	8	32	129
Disposals	0	0	(1)	0	(4)	(5)
Translation adjustments	2	70	0	1	4	77
Amortization and impairment	(4)	(451)	(65)	(12)	(16)	(548)
Changes in Packaging Sector	0	0	1	0	0	1
Changes in Group structure and reclassifications	2	(9)	(4)	(3)	23	9
TOTAL MOVEMENTS	**0**	**(390)**	**20**	**(6)**	**39**	**(337)**
At December 31, 2015						
Gross value	162	2,872	1,000	131	425	4,590
Accumulated amortization and impairment	(138)	(587)	(806)	(97)	(214)	(1,842)
NET	**24**	**2,285**	**194**	**34**	**211**	**2,748**

Impairments observed on the non-amortizable brands were recognized on Lapeyre brand due to continuing difficulties in the French housing market.

The breakdown of non-amortizable brands by Sector is provided in the segment information tables in Note 3 “Information concerning the Group’s operating activities”.

Other intangible assets include amortizable manufacturing brands for a total amount of €46 million at year-end 2015 (€48 million euros at the end of 2014).

5.3 Property, plant and equipment

Land, buildings and equipment are carried at historical cost less accumulated depreciation and impairment.

Cost may also include incidental expenses directly attributable to the acquisition, as well as the impact of transfers from equity of any gains/losses on qualifying cash flow hedges of property, plant and equipment purchases.

Expenses incurred in exploring and evaluating mineral resources are included in property, plant and equipment when it is probable that associated future economic benefits will flow to the Group. They include mainly the costs of topographical or geological studies, drilling costs, sampling costs and all costs incurred in assessing the technical feasibility and commercial viability of extracting the mineral resource.

Material borrowing costs incurred for the construction and acquisition of property, plant and equipment are included in the cost of the related asset if they are significant.

Property, plant and equipment are considered as having no residual value, as they consist for the most part of industrial assets that are intended to be used until the end of their useful lives.

Property, plant and equipment other than land are depreciated using the components approach on a straight-line basis over the following estimated useful lives, which are regularly reviewed:

- Major factories and offices 30 - 40 years
- Other buildings 15 - 25 years
- Production machinery and equipment 5 - 16 years
- Vehicles 3 - 5 years
- Furniture, fixtures, office and computer equipment 4 - 16 years

Gypsum quarries are depreciated over their estimated useful lives, based on the quantity of gypsum extracted during the year compared with extraction capacity.

Provisions for site restoration are recognized as components of assets whenever the Group has a legal obligation, implicit or contractual, to restore a site in accordance with contractually determined conditions and in the event of a sudden deterioration in site conditions. These provisions are reviewed periodically and may be discounted over the expected useful lives of the assets concerned. The component is depreciated over the same useful life as that used for mines and quarries.

Government grants for purchases of property, plant and equipment are recorded under “Other payables” and taken to the income statement over the estimated useful lives of the relevant assets.

Changes in property, plant and equipment in 2015 and 2014 are analysed below:

(in EUR million)	Land and quarries	Buildings	Machinery and equipment	Assets under construction	Total
At January 1, 2014					
Gross value	2,392	8,489	20,900	1,113	32,894
Accumulated amortization and impairment	(458)	(4,806)	(15,137)	(55)	(20,456)
NET	**1,934**	**3,683**	**5,763**	**1,058**	**12,438**
Movements during the year					
Acquisitions	31	80	281	831	1,223
Disposals	(29)	(24)	(36)	(7)	(96)
Translation adjustments	42	83	126	37	288
Depreciation and impairment	(32)	(318)	(1,002)	(6)	(1,358)
Transfers		203	645	(848)	0
Changes in Packaging Sector	(1)	(3)	0	2	(2)
Changes in Group structure and reclassifications	41	52	75	(4)	164
TOTAL MOVEMENTS	**52**	**73**	**89**	**5**	**219**
At December 31, 2014					
Gross value	2,476	8,806	21,413	1,114	33,809
Accumulated depreciation and impairment	(490)	(5,050)	(15,561)	(51)	(21,152)
NET	**1,986**	**3,756**	**5,852**	**1,063**	**12,657**
Movements during the year					
Acquisitions	27	69	273	977	1,346
Disposals	(21)	(26)	(17)	(14)	(78)
Translation adjustments	32	24	(1)	4	59
Depreciation and impairment	(42)	(316)	(1,021)	(1)	(1,380)
Transfers		261	649	(910)	0
Changes in Packaging Sector	(1)	(4)	56	(29)	22
Changes in Group structure and reclassifications	(21)	(175)	(762)	(81)	(1,039)
TOTAL MOVEMENTS	**(26)**	**(167)**	**(823)**	**(54)**	**(1,070)**
At December 31, 2015					
Gross value	2,493	8,500	19,549	1,064	31,606
Accumulated depreciation and impairment	(533)	(4,911)	(14,520)	(55)	(20,019)
NET	**1,960**	**3,589**	**5,029**	**1,009**	**11,587**

Change in Group structure and reclassifications during the year are mostly due to the sale of the Packaging Sector.

5.4 Finance leases and operating leases

Assets held under financial leases that transfer to the Group substantially all of the risks and rewards of ownership (finance) are recognized as property, plant and equipment. They are recorded at the commencement of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset - determined using the same criteria as for assets owned by the Group - or the lease term. The corresponding liability is shown in the balance sheet net of related interest.

Rental payments under operating leases are expensed as incurred.

In 2015, other movements in property, plant and equipment included assets acquired under finance leases for an amount of €17 million (€11 million at December 31, 2014). These finance lease agreements are not included in the cash flow statement, in accordance with IAS 7. At the end of the year, total property, plant and equipment acquired under finance leases amounted to €67 million (€70 million in 2014 restated for the Packaging Sector).

5.5 Impairment review

5.5.1 Impairment of property, plant and equipment, intangible assets and goodwill

Property, plant and equipment, goodwill and other intangible assets are tested for impairment on a regular basis. These tests consist of comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, calculated by reference to the net present value of the future cash flows expected to be derived from the asset.

For property, plant and equipment and amortizable intangible assets, an impairment test is performed whenever revenues from the asset decline or the asset generates operating losses due to either internal or external factors, and no material improvement is forecast in the annual budget or the relevant business plan.

For goodwill and other intangible assets (including brands with indefinite useful lives), an impairment test is performed at least annually based on the business plan. Goodwill is reviewed systematically and exhaustively at the level of each Cash-Generating Unit (CGU). The Group's reporting segments are its business sectors, which may each include several CGUs. A CGU is a reporting sub-segment, generally defined as a core business of the segment in a given geographic area. It typically reflects the manner in which the Group organizes its business and analyzes its results for internal reporting purposes (31 CGUs at December 31, 2015).

The method used for these impairment tests is consistent with that employed by the Group for the valuation of companies acquired in business combinations or acquisitions of equity interests. The carrying amount of the CGUs is compared to their value in use, corresponding to the net present value of future cash flows excluding interest but including tax. Cash flows for the last year of the business plan are rolled forward over the following two years. For impairment tests of goodwill, normative cash flows (corresponding to cash flows at the mid-point in the business cycle) are then projected to perpetuity using a low annual growth rate (generally 1.5%, except for emerging markets or businesses with a high organic growth potential where a 2% rate is used). Growth data are supported by external data issued by prominent organizations.

The discount rate applied to these cash flows corresponds to the Group's average cost of capital (7.25% in 2015 and 2014) plus a country risk premium where appropriate depending on the geographic area concerned. The discount rates applied in 2015 for the main operating regions were 7.25% for the Eurozone and North America, 8.25% for Eastern Europe and emerging Asia-Pacific and 8.75% for South America, Russia and the Middle East.

The recoverable amount calculated using a post-tax discount rate gives the same result as a pre-tax rate applied to pre-tax cash flows.

5.5.2 Impairment test for CGUs

When the annual impairment test reveals that the recoverable amount is lower than its carrying amount, an impairment loss is recognized.

Impairment losses on goodwill can never be reversed through income. For property, plant and equipment and other intangible assets, an impairment loss recognized in prior periods may be reversed, taking into account adjustment of amortization, if there is an indication that the impairment no longer exists and that the recoverable amount of the asset concerned exceeds its carrying amount.

During the impairment tests, different assumptions measuring the method's sensitivity are systematically tested using the following parameters:

- 0.5 point increase or decrease in the discount rate applied to cash flows ;
- 0.5 point increase or decrease in the annual average rate of growth in cash flows projected to perpetuity;
- 1 point decrease in the operating profit rate for industrial activities and of 0.5 points for distribution activities.

At December 31, 2015, a 0.5 point decrease in the discount rate for all the CGUs would lead to approximately €61 million in additional write-downs of intangible assets, while the impact of a 0.5 point decrease in the average annual cash flow growth rate, projected to perpetuity and applied to all the CGUs, would result in additional write-downs of intangible assets of around €45 million. The impact of a 1 point decrease in the operating profit rate for all industrial CGUs would have generated additional write-downs of the Group's intangible assets of roughly €118 million, and a 0.5 point decrease of the rate for distribution activities would have generated an additional write-down of €109 million.

	Impact of			
(in EUR million)	+0.5% in the discount rate applied to cash flows	-0,5% in the growth rate	-1 point in the operating profit rate	-0.5 point in the operating profit rate
Flat Glass*	(20)	(11)	(28)	(66)
High Performance Materials				
Construction Products			(90)	
Building Distribution	(41)	(34)		(43)
TOTAL	**(61)**	**(45)**	**(118)**	**(109)**

** The €66 million refers solely to the distribution activity of Flat Glass (Glassolutions).*

The breakdown of asset impairment by Sector for 2015 and 2014 is indicated in the segment information tables in note 3 "Information concerning the Group's operating activities".

NOTE 6 – INVESTMENTS IN ASSOCIATES AND OTHER NON-CURRENT ASSETS

6.1 Changes of investments in associates

Changes in the 2015 and 2014 of investments in associates are analysed as follows:

(in EUR million)	2015	2014
At January 1		
Equity in associates	355	338
Goodwill	31	46
INVESTMENTS IN ASSOCIATES	386	384
Movements during the year		
Group share in net income of associates	43	44
Dividends paid	(14)	(16)
Translation adjustments	(31)	(2)
Transfers, share issues and other movements	(1)	(4)
Changes in Packaging Sector	(2)	8
Changes in Group structure and acquisitions	(62)	(28)
TOTAL MOVEMENTS DURING THE PERIOD	(67)	2
At 31 December		
Equity in associates	308	355
Goodwill	11	31
INVESTMENTS IN ASSOCIATES	319	386

The main financial aggregates of associates are the following:

	2015			2014 restated		
(in EUR million)	Associates	Affiliates	Total	Associates	Affiliates	
Net sales	713	729	1,442	735	678	1,413
Net income	17	87	104	26	77	103
Shareholders' equity	486	368	854	555	359	914
Total assets and liabilities	796	531	1,327	1,022	579	1,601

6.2 Transactions with associates – related-parties

The consolidated financial statements include the transactions conducted by the Group in the normal course of its businesses with associates and joint ventures. These transactions are on an arm's length basis.

The assets and liabilities of associates are as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Financial receivables	1	2
Inventories	0	0
Short-term receivables	17	10
Cash and cash equivalents	0	0
Provisions for impairment in value	0	0
Short-term debt	2	2
Cash advances	0	0

Purchases and sales with associates are as follows:

(in EUR million)	2015	2014 restated
Purchases	2	2
Sales	54	45

6.3 Transactions with key shareholders

Some subsidiaries of Saint-Gobain Group, particularly in the Building Distribution Sector, carry out transactions with subsidiaries of the Wendel Group. All of these transactions are on an arm's-length basis.

6.4 Other non-current assets

Investments classified as "available-for-sale" are carried at fair value. Unrealized gains and losses on these investments are recognized in equity, unless the investments have suffered a decline in value that is other than temporary or immaterial, in which case an impairment loss is recorded in the income statement.

Changes in other non-current assets for 2015 and 2014 are analysed below:

(in EUR million)	Available-for-sale and other securities	Loans, deposits and surety	Pension plan surpluses	Total
At January 1, 2014				
Gross value	74	325	77	476
Provisions for impairment in value	(16)	(6)		(22)
NET	**58**	**319**	**77**	**454**
Movements during the year				
Increases / (decreases)	26	91	58	175
Provisions for impairment in value	0	0		0
Translation adjustments	0	3	5	8
Transfers and other movements	0	140		140
Changes in Packaging Sector	(7)	(1)	(3)	(11)
Changes in Group structure	(25)	(95)		(120)
TOTAL MOVEMENTS DURING THE PERIOD	**(6)**	**138**	**60**	**192**
At December 31, 2014				
Gross value	66	462	137	665
Provisions for impairment in value	(14)	(5)		(19)
NET	**52**	**457**	**137**	**646**
Movements during the year				
Increases / (decreases)	24	64	(79)	9
Provisions for impairment in value	(2)	0		(2)
Translation adjustments	(3)	(10)	8	(5)
Transfers and other movements	1	2		3
Changes in Packaging Sector	0	46	(3)	43
Changes in Group structure	(10)	(49)		(59)
TOTAL MOVEMENTS DURING THE PERIOD	**10**	**53**	**(74)**	**(11)**
At December 31, 2015				
Gross value	76	519	63	658
Provisions for impairment in value	(14)	(9)		(23)
NET	**62**	**510**	**63**	**635**

In 2014, changes in "transfers and other movements" of loans, deposits and surety are essentially related to reclassification of the long-term portion of the Tax Credit for Competitiveness and Employment (Crédit d'Impôt pour la Compétitivité et l'Emploi (CICE)) and the Research Tax Credit (Crédit d'Impôt Recherche (CIR)). The short-term portion was classified in other current receivables.

NOTE 7 – OTHER CURRENT AND NON-CURRENT LIABILITIES AND PROVISIONS, CONTINGENT LIABILITIES AND LITIGATION

A provision is recognized when there is a legal or implied obligation to a third party resulting from past events, which can be reliably measured and when it is probable that it will result in the outlay of resources.

If the amount or due date of the obligation cannot be estimated with sufficient reliability, it is classify as a contingent liability and reported as an off-balance sheet commitment.

Provisions for other significant liabilities for which payment dates can be anticipated are discounted.

7.1 Provisions for other liabilities

The breakdown by type and change of other provisions and current and non-current liabilities are as follows:

(in EUR million)	Provisions for claims and litigation	Provisions for environmental risks	Provisions for restructuring costs	Provisions for personnel costs	Provisions for customer warranties	Provisions for other contingencies	Total provisions for other liabilities	Investment-related liabilities	Total
At January 1, 2014									
Current portion	111	27	112	28	148	50	**476**	1	**477**
Non-current portion	1,453	131	83	43	121	256	**2,087**	98	**2,185**
TOTAL PROVISIONS FOR OTHER DEBTS AND INVESTMENT-RELATED LIABILITIES	**1,564**	**158**	**195**	**71**	**269**	**306**	**2,563**	**99**	**2,662**
Movements during the year									
Additions	111	11	146	28	56	58	**410**		**410**
Reversals	(215)	(6)	(37)	(7)	(20)	(31)	**(316)**		**(316)**
Utilizations	(1,005)	(10)	(127)	(21)	(70)	(36)	**(1,269)**		**(1,269)**
Changes in Group structure	0	0	0	1	0	0	**1**		**1**
Changes in Packaging Sector			0	(1)	1		**0**		**0**
Other (reclassifications and translation adjustments)	58	10	(3)	5	23	10	**103**	43	**146**
TOTAL MOVEMENTS DURING THE PERIOD	**(1,051)**	**5**	**(21)**	**5**	**(10)**	**1**	**(1,071)**	**43**	**(1,028)**
At December 31, 2014									
Current portion	95	32	76	32	119	50	**404**	5	**409**
Non-current portion	418	131	98	44	140	257	**1,088**	137	**1,225**
TOTAL PROVISIONS FOR OTHER DEBTS AND INVESTMENT-RELATED LIABILITIES	**513**	**163**	**174**	**76**	**259**	**307**	**1,492**	**142**	**1,634**
Movements during the year									
Additions	132	20	75	39	74	119	**459**		**459**
Reversals	(6)	(5)	(22)	(12)	(36)	(48)	**(129)**		**(129)**
Utilizations	(99)	(11)	(81)	(12)	(62)	(58)	**(323)**		**(323)**
Changes in Group structure		(8)	(4)	(2)	(5)	(8)	**(27)**		**(27)**
Changes in Packaging Sector	(1)	0	(3)	(1)	0	2	**(3)**		**(3)**
Other (reclassifications and translation adjustments)	56	4	0	(5)	25	(7)	**73**	46	**119**
TOTAL MOVEMENTS DURING THE PERIOD	**82**	**0**	**(35)**	**7**	**(4)**	**0**	**50**	**46**	**96**
At December 31, 2015									
Current portion	127	39	67	27	130	60	**450**	4	**454**
Non-current portion	468	124	72	56	125	247	**1,092**	184	**1,276**
TOTAL PROVISIONS FOR OTHER DEBTS AND INVESTMENT-RELATED LIABILITIES	**595**	**163**	**139**	**83**	**255**	**307**	**1,542**	**188**	**1,730**

8

7.1.1 Provisions for claims and litigation

As of December 31, 2015 and 2014, the litigation provisions mainly covered asbestos-related legal actions filed against the Group. These provisions are described in further detail in Note 7.2 "Contingent liabilities and litigation".

In 2014, the change in the provisions was essentially due to the payment of the fine for competitive litigation for €715 million.

7.1.2 Provisions for environmental risks

Provisions for environmental risks cover costs relating to environmental protection measures, as well as site rehabilitation and clean-up costs.

7.1.3 Provisions for restructuring costs

Provisions for restructuring costs amounted to €139 million at December 31, 2015 (December 31, 2014: €174 million), including net additions of €53 million during the year. The provisions primarily concern Benelux (€44 million), Germany (€32 million), France (€17 million), the United Kingdom (€11 million), and the United States (€10 million).

7.1.4 Provisions for personnel costs

These provisions primarily cover indemnities due to employees that are unrelated to the Group's reorganization plans.

7.1.5 Provisions for customer warranties

These provisions cover the Group's commitments under warranties granted to customers in the United States and other markets. They are determined on a statistical basis using a range of criteria and take into account contractual warranty payments made in prior years in the business and region concerned. In addition, specific provisions may be set aside for identified risks.

7.1.6 Provisions for other contingencies

At December 31, 2015, provisions for other contingencies amounted to €307 million and mainly concerned Germany (€95 million), France (€71 million), the United States (€55 million), Latin America (€35 million) and Italy (€22 million).

7.1.7 Investment-related liabilities

Investment-related liabilities correspond to put options granted to minority shareholders of subsidiaries and liabilities relating to the acquisition of shares in Group companies and minority shareholder puts.

In 2015, changes in investment-related liabilities primarily concerned put options granted to minority shareholders subsidiaries.

7.2 Contingent liabilities and litigation

The legal risks to which the Group is most exposed are risks of asbestos-related litigation, in France and the United States, and competition-related risks.

7.2.1 Asbestos-related litigation

7.2.1.1 Asbestos-related litigation in France

a) Inexcusable fault lawsuits

In France, further individual lawsuits were filed in 2015 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM - which in the past had carried out fiber-cement operations - for asbestos-related occupational diseases they have or had,. As at December 31, 2015, a total of 796 such lawsuits had been issued against the two companies since 1996 with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect.

As of December 31, 2015, 736 of these 796 lawsuits had been completed in terms of both liability and quantum. In all these cases, the employers were held liable on the grounds of "inexcusable fault".

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled approximately €1.5 million.

Concerning the 60 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2015, the merits of two have been decided but the compensation awards have not yet been made, pending Appeal Court rulings. A further 23 of these 60 lawsuits have been completed in terms of both liability and quantum, but liability for the payment of compensation has not yet been assigned.

Out of the 35 remaining lawsuits, at December 31, 2015 the procedures relating to the merits of 34 cases were at different stages, with five in the process of being investigated by the French Social Security authorities and 29 pending before the Social Security courts. The last action has been canceled but the plaintiff may request its restoration at any time within a two-year period.

In addition, as of December 31, 2015, 212 similar suits had been filed since the outset of the litigation by current or former employees of thirteen other French companies of the Group (excluding suits against companies that are no longer part of the Group), in particular by current or former employees who used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2015, 152 lawsuits had been completed. In 79 of these cases, the employer was held liable for inexcusable fault.

The compensation definitively paid by these companies totaled approximately €1.33 million.

With regard to the 60 suits outstanding at December 31, 2015, one case was still at the investigation stage by the French Social Security authorities, 41 were being investigated – including 28 pending before the Social Security courts, 12 before the Appeal Courts and one before the Court of Cassation.In addition, 13 suits had been completed in terms of liability but are still pending with regard to the quantum or liability for paying the compensation, of which 10 were pending before the Appeal Courts and 2 before the Court of Cassation. The 5 remaining suits have been canceled but the plaintiffs may request their restoration at any time within a two-year period.

b) Anxiety claims

Eight of the Group's French companies, including six that operate or have operated facilities classified as containing asbestos, are subject of damages claims that are different from those described above.

"Facilities classified as containing asbestos" are defined as industrials facilities, that have been closed or are still operating, which previously manufactured materials containing asbestos or used protection and insulation equipment containing asbestos and are included by ministerial decree on the official list of facilities whose current or former employees are entitled to the early-retirement benefits paid to asbestos workers (ACAATA).

At December 31, 2015, a total of 822 suits had been brought by current or former employees claiming compensation for various damages suffered as a result of their alleged exposure to asbestos. None of these plaintiffs were suffering from an asbestos-related disease and some of them were not receiving the ACAATA benefit. Of these 822 suits, 499 have been terminated. Three plaintiffs had their claims dismissed, while 496 others were recognized as having been exposed to an asbestos risk, and their claims were accepted, leading to payment of total compensation of €5.394 million. Of the remaining 323 suits, 61 are pending before the competent Appeal Courts, 129 before the competent labor tribunals (*"bureau de jugement du Conseil des prud'hommes"*), five are pending before the Court of Cassation and 119 have been canceled but the plaintiffs may request their restoration at any time during a period of two years. Finally, six suits have been dismissed by the competent labor tribunals and three plaintiffs have withdrawn the action they initiated.

It should be clarified that the figures above do not take into account suits filed against companies that are no longer part of the Group.

7.2.1.2 Asbestos-related litigation in the United States

In the United States, several companies that once manufactured products containing asbestos such as asbestos-cement pipes, roofing products, specialized insulation or gaskets, are facing legal action from persons other than their employees or former employees. These claims for compensatory – and in some cases punitive – damages, are based on alleged exposure to these products, although in many instances the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The vast majority of these claims are made simultaneously against many other non-Group entities which have been manufacturers, distributors, installers or users of products containing asbestos.

a) Developments in 2015

About 3,200 new claims were filed against CertainTeed in 2015, compared to 4,000 in 2014 and 4,500 in 2013. Over the last few years the number of new claims has remained relatively stable.

Almost all of the claims against CertainTeed are settled out of court or dismissed. Approximately 4,600 of the pending claims were resolved in 2015, compared to 6,500 in 2014 and 4,500 in 2013. Taking into account the 37,000 outstanding claims at the end of 2014 and the new claims having arisen during the year, as well as claims settled, around 35,600 claims were outstanding at December 31, 2015. A large number of these pending claims were filed more than five years ago by individuals without any significant asbestos-related impairment, and it is likely that many of these claims ultimately will be dismissed.

b) Impact on the Group's financial statements

The Group recorded a €90 million charge in 2015 to cover future developments in relation to claims. This amount is similar to the amount recorded in 2014 and 2013. At December 31, 2015, the Group provision for asbestos-related claims against CertainTeed in the United States amount to €533 million (USD 581 million), compared to €470 million (USD 571 million) at December 31, 2014 and €407 million (USD 561 million) at December 31, 2013.

c) Cash-flow impact

Compensation paid in respect of these claims against CertainTeed, including claims settled prior to 2015 but only paid out in 2015, and those fully resolved and paid in 2015, and compensation paid (net of insurance) in 2015 by other Group businesses in connection with asbestos-related litigation, amounted to €59 million (USD 65 million), compared to €51 million (USD 68 million) in 2014 and €66 million (USD 88 million) in 2013.

7.2.1.3. Situation in Brazil

In Brazil, former employees of Group companies suffering from asbestos-related occupational illness linked to asbestos are offered, depending on the case, solely financial compensation, or otherwise lifetime medical assistance combined with financial compensation; only a small number of former employee litigants or their legal successors were outstanding at December 31, 2015, and they do not present a material risk for the subsidiaries concerned.

7.2.2 Competition law and related proceedings

7.2.2.1 Investigation by the Swiss Antitrust Commission in the sanitary products wholesale

In November 2011, the Swiss Antitrust Commission (Commission Suisse de la Concurrence) opened an investigation for anti-competitive practices in the sanitary products wholesale sector. In May 2014, the Commission Secretariat issued a notification of complaints against Sanitas Troesch and against other wholesalers in the sector. According to this notification, the Secretariat requested the Commission to declare a fine of approximately CHF 117 million on Sanitas Troesch, on grounds that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

The Commission stated in a press release dated July 3, 2015 that the total fine decided against all the companies involved will be CHF 80 million. For Sanitas Troesch, the fine is CHF 28.5 million. The decision itself will only be available in a few months' time. Sanitas Troesch continues to firmly refute the claims made; however a provision for litigation was recognized at December 31, 2015 for €27 million.

7.2.2.2 Investigation by the French Competition Authority in the building insulation products sector

On August 6, 2014, Saint-Gobain Isover and Compagnie de Saint-Gobain (as the parent company of Saint-Gobain Group) received a notice of complaints from the French Competition Authority *(Autorité de la Concurrence Française)*. The only complaint made was of having exchanged allegedly strategic and confidential information, between 2002 and 2007, relating to a certification request lodged by Actis before the Versailles Commercial Court for one of its products, and in relation to a dispute between Actis and the mineral wool manufacturers' association (FILMM), of which Saint-Gobain Isover was a member.

Saint-Gobain Isover and Compagnie de Saint-Gobain are challenging this complaint and submitted their statement of defense on November 6, 2014. After receiving the report of the Competition Authority on August 10, 2015, the two companies issued their pleadings in response on October 29, 2015 and are now waiting for a hearing date before the board.

In the civil law area, in March 2013 Actis served a civil liability writ on Saint-Gobain Isover, the *Centre Scientifique et Technique du Bâtiment,* and the FILMM before the Paris Civil Court *(Tribunal de Grande Instance)* for the adverse consequences of facts forming the subject of the investigation by the Competition Authority. In an order dated December 16, 2014, the pre-trial judge declared a stay of proceedings while waiting for the decision from the Competition Authority.

7.2.2.3 Investigation by the Anti-trust Division of the United States Department of Justice in the United States drywall industry

In July 2015, the Anti-trust division of the United States Department of Justice opened a criminal investigation into potential anti-competitive practices, specifically a price agreement, in the United States drywall industry. This investigation followed complaints filed in late 2012 in the form of class actions in the civil courts against eight drywall manufacturers in the sector, including CertainTeed, by some of their customers.

On the basis of testimony and documents submitted in the civil proceedings, CertainTeed and its attorneys have not identified any element that might create liability for CertainTeed, and as a result filed a motion for summary judgment in May 2015 in order to end the civil proceedings. This application was accepted on February 18, 2016 by the competent court. An appeal against this decision is still possible.

7.2.3 Other proceedings and disputes

Some of the Group's companies may also be the subject of other claims made by their employees or by the tax authorities. Apart from the proceedings and litigation described above, to the best of the Company's knowledge no other government, court or arbitration proceedings exist (including pending proceedings or proceedings where the Company and/or the Group might be threatened) which could have or which has had, in the last twelve months, a significant impact on the financial or profit position of the Company and/or Group.

NOTE 8 – FINANCING AND FINANCIAL INSTRUMENTS

8.1 Risk factors: financial risks

8.1.1 Liquidity risk

a) Liquidity risk on financing

In a context of crisis, the Group might be unable to raise the financing or refinancing needed to cover its investment plans on the credit or capital markets, or to obtain such financing or refinancing on acceptable terms.

The Group's overall exposure to liquidity risk on its net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain, the Group's parent company. The subsidiaries conclude their short- or long-term financing arrangements, except where there are local obstacles to doing so, with Compagnie de Saint-Gobain or with the treasury pool of the regional Delegation.

The Group policy aims to ensure the timely renewal of its financings at an optimal cost. Long-term debt therefore systematically represents a high percentage of overall debt. Similarly, the long-term debt maturity schedule is set so that the financing raised through the markets when the debt is renewed is spread over several years.

The Group main source of long-term financing is constituted by bond issues which generally are issued under the Medium Term Notes program. In addition, it has recourse to perpetual bonds, participating securities, a long-term securitization program, bank borrowings and lease financing.

Short-term debt is composed of borrowings under a French Commercial Paper *(Billets de Trésorerie)* program and on occasion under Euro Commercial Paper or US Commercial Paper program, but also under a receivables securitization program and bank financing. Short-term financial assets comprise marketable securities and cash or cash equivalents.

To secure the financing liquidity, Compagnie de Saint-Gobain has credit facilities in the form of syndicated loans.

A breakdown of long- and short-term debt is provided by type and maturity in Note 8.3 to the consolidated financial statements. The main characteristics of the Group's financing programs and confirmed credit lines are also set out in this note.

The BBB rating of Saint-Gobain's long-term debt was confirmed by Standard & Poor's on December 9, 2014, with a stable outlook.

The Baa2 rating of Saint-Gobain's long-term debt was also confirmed by Moody's on December 9, 2014, with a stable outlook.

There is no guarantee that the Company will be in a position to maintain its credit risk ratings at current levels. Any deterioration in the Group's credit risk rating could limit its capacity to raise funds and could lead to higher rates of interest on future borrowings.

b) Liquidity risk on investments

When the Group uses financial investments (whether in the form of short-term bank deposits, mutual funds or similar purchases), it systematically favors monetary instruments and / or bonds to reduce the liquidity and volatility risks on these investments.

8.1.2 Market risks

a) Interest rate risks

The Group's overall exposure to interest rate risk on net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain. The subsidiaries which use derivatives to hedge interest rate risks generally have Compagnie de Saint-Gobain, the Group's parent company, as their counterparty.

The Group policy on foreign exchange consists of hedging, among others, commercial transactions entered into by Group entities in currencies other than the functional currency of the particular entity. Compagnie de Saint-Gobain and its subsidiaries may use options and foreign exchange contracts to hedge exposures arising from recorded or forecasted commercial transactions.

The table below gives an analysis, as of December 31, 2015, of the sensitivity of the pre-tax income and pre-tax equity to the impact of interest rate fluctuations on the Group's net debt after hedging operations:

(in EUR million)	Impact on pre-tax income	Impact on pre-tax equity
Interest rate increase of 50 basis points	16	5
Interest rate decrease of 50 basis points	(16)	(5)

Please refer to note 8.4 to the consolidated financial statements for more details on interest rate risk hedging instruments and on the distribution of gross debt by interest rate type (fixed or variable) after hedging.

b) Foreign exchange risk

The currency hedging policies described below could be insufficient to protect the Group against unexpected or sharper than expected fluctuations in exchange rates resulting from economic and financial market conditions.

Foreign exchange risks are managed by hedging commercial transactions entered into by Group entities in currencies other than the functional currency of the particular entity. Compagnie de Saint-Gobain and its subsidiaries use options and foreign exchange contracts to hedge exposures arising from current and future commercial transactions.

The subsidiaries generally contract with the Group's parent company, Compagnie de Saint-Gobain, which then carries out corresponding exchange rate hedging operations; otherwise the subsidiary would deal either with the cash pool of its relevant regional Delegation, or failing this with one of the subsidiary's banks.

Most forward contracts have short maturities, of around 3 months. However, forward contracts taken out with respect to certain commercial orders may have longer terms.

The Group monitors its exposure to foreign exchange risk using a monthly reporting system that captures the foreign exchange exposure of its subsidiaries. At December 31, 2015, 98% of the Group's foreign exchange exposure eligible for hedging was hedged.

The residual net foreign exchange exposure of subsidiaries for the currencies presented below was as follows at December 31, 2015:

(in million euro equivalents)	Long	Short
EUR	0	5
USD	4	8
Other currencies	0	5
TOTAL	**4**	**18**

The table below gives an analysis, as of December 31, 2015, of the sensitivity of the Group's pre-tax income to a 10% increase in the exchange rates of the following currencies given the subsidiaries' residual net foreign exchange exposure:

Currency of exposure *(in EUR million)*	Impact on pre-tax income
EUR	(0.5)
USD	(0.5)
Other currencies	(0.5)
TOTAL	**(1.5)**

At December 31, 2015, a 10% decreases in the exchange rates for these currencies would have the same impact in the opposite impact, as mentioned above, assuming that all other variables remain constant.

Please refer to note 8.4 to the consolidated financial statements for more details on foreign exchange risk hedging instruments.

c) Energy and commodity risk

The Group is exposed to changes in the price of the energy it consumes and the raw materials required for the conduct of its activities. The energy and raw materials hedging programs may be insufficient to protect the Group against significant or unforeseen price swings that could result from the prevailing financial and economic environment.

The Group may on occasion limit its exposure to energy price fluctuations by using swaps and options to hedge part of its fuel oil, natural gas and electricity purchases. The swaps and options are mainly contracted in the functional currency of the entities concerned. Hedges of fuel oil, gas and electricity purchases are managed by a steering committee comprising members of the Group Finance Department, the Group Purchasing Department and the relevant Delegations.

Hedges of energy purchases (excluding fixed-price purchases negotiated directly with suppliers by the Group Purchasing Department) are generally arranged by the Group Treasury and Financing Department (or with the Delegations' treasury departments) in accordance with instructions received from the Group Purchasing Department.

The Group may, from time to time, enter into contracts to hedge purchases of other commodities, in accordance with the same principles as those outlined above for energy purchases.

Please refer to note 8.4 to the consolidated financial statements for more details on energy and commodity risk hedging instruments.

8.1.3 Share price risk

The Group is exposed to risk of Saint-Gobain share price changes as a result of its performance units-based long-term incentive plan. To reduce its exposure to fluctuations in the share price, the Group uses hedging instruments such as equity swaps.

As a result, if the price of Saint-Gobain share changes, any expense variation recorded in the income statement will be fully offset by the hedge(s) in place.

Note 8.4 to the consolidated financial statements details the share risk hedging instruments.

8.1.4 Financial counterparty credit risk

The Group is exposed to the risk of default by the financial institutions that manage its cash or other financial instruments, since such default could lead to losses for the Group.

The Group limits its exposure to risk of default by its counterparties by dealing solely with reputable financial institutions and regularly monitoring their credit ratings. However, the quality of credit of a financial counterparty can change rapidly, and a high credit rating cannot eliminate the risk of a rapid deterioration of its financial position. As a result, the Group's policy in relation to the selection and monitoring of its counterparties is unable to entirely eliminate exposure to a risk of default.

To limit the Group's exposure to counterparty risk, the Treasury and Financing Department deals primarily with counterparties with a long-term rating of A- or above from Standard & Poor's or A3 or above from Moody's. Concentrations of credit risk are also closely monitored to ensure that they remain at reasonable levels, taking into account the relative CDS ("Credit Default Swap") level of each counterparty.

8.2 Financial result

The financial result covers the cost of borrowing and other financial costs, income from cash and cash equivalents, net financial cost of pensions and other post-employment benefits, taking into account the performance of funds and other financial income and expenses (in particular exchange losses and gains and bank commissions).

(in EUR million)	2015	2014 restated
Borrowing costs, gross	(444)	(497)
Income from cash and cash equivalents	25	31
BORROWING COSTS, NET	**(419)**	**(466)**
Interest cost - pension and other post-employment benefit obligations	(393)	(392)
Return on plan assets	297	294
INTEREST COST - PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS - NET	**(96)**	**(98)**
Other financial expense	(131)	(111)
Other financial income	17	12
OTHER FINANCIAL INCOME AND EXPENSE	**(114)**	**(99)**
NET FINANCIAL EXPENSE	**(629)**	**(663)**

Financial instruments recognized at the amortized cost issued by Compagnie de Saint-Gobain and by Saint-Gobain Nederland represent a financial expense of €396 million (€519 million in 2014).

8.3 Net debt

8.3.1 Long- and short-term liabilities and borrowings

a) Long-term debt

Long-term debt includes bonds, perpetual bonds, participating securities, long-term securitizations and all other types of long-term financial liabilities, including lease liabilities and the fair value of interest rate hedge derivatives.

In accordance with IAS 32, the distinction between financial liabilities and equity is based on the substance of the contract concerned rather than its legal form. As a result, participating securities are classified as debt.

Long-term debt, excluding rate hedging derivatives, is valued at amortized cost at closing. Premiums and issuance costs are amortized using the effective interest rate method.

b) Short-term debt

Short-term debt includes the current portion of long-term debt described above, short-term financing programs such as commercial paper or *Billets de Trésorerie* (French commercial paper), short-term securitizations, bank overdrafts and other short-term bank borrowings and the fair value of derivatives related to debt and not qualifying for hedge accounting.

Short-term financial debt, excluding derivatives related to debt and not qualifying for hedge accounting, is measured at amortized cost at closing. Premiums and issuance costs are amortized using the effective interest rate method.

c) Cash and cash equivalents

Cash and cash equivalents mainly consist of bank accounts and marketable securities that are short-term (i.e. generally with maturities of less than three months), highly liquid investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Marketable securities are measured at fair value through profit or loss.

The Group's long- and short-term debt can be broken down as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Bond issues	6,663	7,690
Perpetual bonds and participating securities	203	203
Long-term securitization	200	400
Other long-term debt including finance leases	251	380
Fair value of interest rate hedge derivatives	13	40
TOTAL LONG-TERM DEBT (EXCLUDING CURRENT PORTION)	**7,330**	**8,713**
CURRENT PORTION OF LONG-TERM DEBT	**2,231***	**1,389**
Short-term financing programs (US CP, Euro CP, *Billets de trésorerie*)	0	0
Short-term securitizations	178	107
Bank overdrafts and other short-term bank borrowings	441	508
Fair value of derivatives related to debt and not qualifying for hedge accounting	(3)	(3)
SHORT-TERM DEBT AND BANK OVERDRAFTS	**616**	**612**
TOTAL GROSS DEBT	**10,177**	**10,714**
Cash	(1,232)	(1,285)
Mutual funds and other marketable securities	(4,148)	(2,208)
CASH AND CASH EQUIVALENTS	**(5,380)**	**(3,493)**
TOTAL DEBT, INCLUDING ACCRUED INTEREST	**4,797**	**7,221**

** Including €-22 million in fair value of interest rate hedge derivatives.*

The fair value of gross long-term debt (including the current portion) managed by Compagnie de Saint-Gobain is €9.3 billion as of December 31, 2015 (for a recorded book value of €8.6 billion). The fair value of bonds corresponds to the market price on the last day of the year. For other borrowings, the repayment value has been used.

8.3.2 Debt repayment schedule

The schedule of the Group's gross debt as of December 31, 2015 is as follows:

(in EUR million)	Currency	Within 1 year	1 to 5 years	Beyond 5 years	Total
Bond issues	EUR	1,200	3,101	2,701	7,002
	GBP	409		745	1,154
	JPY		38		38
	NOK		78		78
Perpetual bonds and participating securities	EUR			203	203
Long-term securitization	EUR	378	200		578
Other long-term debt including finance leases	All currencies	106	90	161	357
Fair value of interest rate hedge derivatives	All currencies	(22)		13	(9)
Accrued interests long-term debt	All currencies	160			160
TOTAL LONG-TERM DEBT		**2,231**	**3,507**	**3,823**	**9,561**
TOTAL SHORT-TERM DEBT	All currencies	**616**			**616**
TOTAL GROSS DEBT		**2,847**	**3,507**	**3,823**	**10,177**

At December 31, 2015, future interest payments on gross long-term debt (including the current portion) managed by Compagnie de Saint-Gobain can be broken were due as follows:

(in EUR million)	Within 1 year	1 to 5 years	Beyond 5 years	Total
Future interest payments on gross long-term debt	325	757	750	1,832

Interest on perpetual bonds and on participating securities is calculated up to 2049.

8.3.3 Bonds

On March 13, 2015, Compagnie de Saint-Gobain issued a private placement of €500 million, maturing in September 2016, with a variable coupon of EURIBOR 3 months + 0.27%. This transaction optimizes the Group's average financing costs.

On September 30, 2015, Compagnie de Saint-Gobain redeemed the €1 billion bond that had reached maturity.

8.3.4 Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued 25,000 perpetual bonds with a face value of ECU 5,000, today €5,000.

Up to December 31, 2015, 18,496 perpetual bonds had been bought back and cancelled by the Group, and 6,504 perpetual bonds were outstanding, representing a total face value of €33 million.

The bonds bear interests at a variable rate (average of interbank rates offered by five reference banks for euro six-month deposits). The amount paid per security in 2015 was €18.94.

The perpetual bonds are not redeemable and interests paid on them are classified as a component of finance costs.

8.3.5 Participating securities

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their translation into euros in 1999.

A certain number of these participating securities have been bought back over the years. At December 31, 2015, 606,883 securities were outstanding with an aggregate face value of €92.5 million.

The interest on the securities ranges from 75% to 125% of the average corporate bond rate (TMO), based on Saint-Gobain Group's consolidated income. The amount paid per security in 2015 was €3.61.

In April 1984, Compagnie de Saint-Gobain issued 194,633 non-voting participating securities with a face value of ECU 1,000, now €1,000.

A certain number of these participating securities have been bought back over the years. At December 31, 2015, 77,516 securities were outstanding with an aggregate face value of €77.5 million.

Interest comprises (i) a fixed portion of 7.5% per annum applicable to 60% of the nominal amount of the security, and (ii) a variable portion applicable to the remaining 40% of the nominal amount of the security, which is linked to consolidated net income of the previous year and to the Libor EUR 6-month reference rate + 7/8%. The amount paid per security in 2015 was €59.28, paid in two installments (€28.45 + €30.83).

These participating securities are not redeemable and interests paid on them are classified as a component of finance costs.

8.3.6 Financing programs

The Group has a number of medium- and long-term financing programs (Medium-Term Notes) and short-term financing programs (Commercial Paper and *Billets de Trésorerie*).

At December 31, 2015, issuance under these programs was as follows:

(in EUR million)	Authorized drawings	Authorized limits at December 31, 2015	Outstanding issues at December 31, 2015	Outstanding issues at December 31, 2014
Medium Term Notes		15,000	7,719	8,219
US Commercial Paper	up to 12 months	919*	0	0
Euro Commercial Paper	up to 12 months	919*	0	0
Billets de trésorerie	up to 12 months	3,000	0	0

** Equivalent to $1,000 million on the basis of the exchange rate at December 31, 2015.*

In accordance with market practices, *Billets de Trésorerie,* Euro Commercial Paper and US Commercial Paper are generally issued with maturities of one to six months. They are treated as variable interest rate debt because they are rolled over at frequent intervals.

8.3.7 Syndicated lines of credit

Compagnie de Saint-Gobain has various syndicated lines of credit that are intended to provide a secure source of financing for the Group (including as additional backing for its US Commercial Paper, Euro Commercial Paper and *Billets de Trésorerie* programs). They include:

- An initial €1.5 billion syndicated line of credit expiring in December 2017, which was obtained in December 2012. The facility was renegotiated in December 2013 and rolled over until December 2018.
- A second €2.5 billion syndicated line of credit expiring in December 2018, with two one-year rollover options, which was obtained in December 2013. As part of the first rollover option, this syndicated line of credit was extended in December 2014 by one additional year, bringing its maturity to December 2019. In the second rollover option, this syndicated line of credit was extended in December 2015 for an additional year, extending its maturity to December 2020.

Based on Saint-Gobain Group's current credit rating for long-term debt issues, the two facilities are not subject to any hard covenants.

Neither of these two lines of credit was drawn down at December 31, 2015.

8.3.8 Receivables securitization programs

The Group has set up two receivables securitization programs, one through its French subsidiary GIE Point-P Finance, and the other through its US subsidiary, Saint-Gobain Receivables Corporation.

The €600 million French program was set up on December 2, 2013. At December 31, 2015, it amounted to €578 million (December 31, 2014: €516 million). Based on observed seasonal fluctuations in receivables included in the program and on the contract's features, €200 million of this amount was classified as long-term and the balance as current.

The US program was renewed on October 21, 2015. It amounted to €178 million at December 31, 2015 against €107 million at December 31, 2014.

8.3.9 Bank overdrafts and other short-term bank borrowings

This item includes the whole Group bank overdrafts, local short-term bank borrowings taken out by subsidiaries, and accrued interests on short-term debt.

8.3.10 Collateral

At December 31, 2015, €11 million of the Group debt was secured by various non-current assets (mortgages and security pledges).

8.4 Financial instruments

The Group uses interest rate, foreign exchange and commodity derivatives to hedge its exposure to changes in interest rates, exchange rates and commodity prices that may arise in the normal course of business.

In accordance with IAS 32 and IAS 39, all these instruments are recognized in the balance sheet and measured at fair value, irrespective of whether or not they are part of a hedging relationship that qualifies for hedge accounting under IAS 39.

Changes in fair value of both derivatives that are designated and qualified as fair value hedges and derivatives that do not qualify for hedge accounting during the period are taken to the income statement (in business income for operational foreign exchange derivatives and commodity derivatives not qualifying for hedge accounting, and in financial income for all other derivatives). However, in the case of derivatives qualified as cash flow hedges, the effective portion of the gain or loss arising from changes in fair value is directly recognized in equity, and only the ineffective portion is recognized in the income statement.

a) Fair value hedges

Fair value hedge accounting is applied by the Group mainly for derivative instruments which swap fixed interest rate against variable interest rate (fixed-for-floating interest rate swaps). These derivatives hedge fixed-rate debts exposed to a fair value risk. In accordance with hedge accounting principles, debt included in a designated fair value hedging relationship as defined by the Group is re-measured at fair value and at the level of risk hedged. As the re-measurement of the underlying hedged debt offsets the effective portion of the gain or loss on the fair value of the hedge, the income statement is only impacted by the ineffective portion.

b) Cash flow hedges

Cash flow hedge accounting is applied by the Group mainly for derivative instruments which fix the cost of future investments (financial or tangible assets) and the price of future purchases, mostly gas and fuel oil (commodity swaps) or foreign currencies (foreign exchange forwards). Transactions hedged by these instruments are qualified as highly probable. The application of cash flow hedge accounting allows the Group to defer the impact on the income statement of the effective portion of changes in the fair value of these derivatives by recording them in a hedging reserve in equity. This reserve is reclassified into the income statement when the hedged transaction occurs and affects the income statement. As well as for fair value hedging, cash flow hedging limits the Group's exposure to the ineffective portion of changes in the fair value of the hedges.

c) Derivatives not qualifying for hedge accounting

Changes in the fair value of derivatives not qualifying for hedge accounting are recognized in the income statement. Instruments concerned are primarily foreign exchange swaps and foreign exchange forwards.

d) Fair value of financial instruments

The fair value of financial assets and financial liabilities quoted in an active market, when such exists, corresponds to their quoted price, classified as level 1 in the fair value hierarchy defined in standards IFRS 7 and IFRS 13. The fair value of financial assets and financial liabilities not quoted in an active market, such as derivatives or financial instruments, is established by a recognized valuation technique such as reference to the fair value of another recent and similar transaction, or discounted cash flow analysis based on observable market data. This fair value is classified as level 2 as defined in IFRS 7 and IFRS 13 fair value hierarchy.

The fair value of short-term financial assets and liabilities is considered as being the same as their carrying amount due to their short maturities.

The main derivative instruments used by the Group are:

(in EUR million)	Fair value at December 31, 2015				Nominal value broken down by maturity at December 31, 2015			
	Derivatives recorded in assets	Derivatives recorded in liabilities	Total	Fair value at December 31, 2014	Within 1 year	1 to 5 years	Beyond 5 years	Total
FAIR VALUE HEDGES			**0**	**0**				**0**
Cash flow hedges								
Foreign exchange	232	(5)	227	(7)	2,900	30	0	2,930
Interest rate	0	(13)	(13)	(40)	0	0	436	436
Energy and commodities	0	(9)	(9)	(9)	29	2	0	31
Other risks	6	0	6	(1)	0	79	0	79
CASH FLOW HEDGES - TOTAL	**238**	**(27)**	**211**	**(57)**	**2,929**	**111**	**436**	**3,476**
Derivatives not qualifying for hedge accounting mainly held by Compagnie de Saint-Gobain								
Foreign exchange	7	(4)	3	3	1,995	0	0	1,995
Interest rate	22	0	22	0	39	0	0	39
Energy and commodities	6	(6)	0	0	30	0	0	30
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING - TOTAL	**35**	**(10)**	**25**	**3**	**2,064**	**0**	**0**	**2,064**
TOTAL	**273**	**(37)**	**236**	**(54)**	**4,993**	**111**	**436**	**5,540**
of which derivatives related to debt	27	(15)	12	(37)				

8.4.1 Foreign exchange instruments

- Foreign exchange swaps

The Group uses foreign exchange swaps mainly to convert euro-denominated funds into foreign currencies for cash management purposes.

- Foreign exchange forwards and currency options

Foreign exchange forwards and currency options are used to hedge foreign currency transactions, particularly commercial transactions (purchases and sales) and investments.

8.4.2 Interest rate instruments

- Interest rate swaps

The Group uses interest rate swaps to convert part of its fixed (variable) interest rate bank debt and bond debt to variable (fixed) interest rates.

- Cross-currency swaps

The Group uses cross-currency swaps to convert foreign currency debt (euro debt) into euro debt (foreign currency debt).

8.4.3 Energy and commodity swaps

- Energy and commodity swaps

Energy and commodity swaps are used to hedge the risk of changes in the price of certain purchases used in the subsidiaries' operating activities, particularly energy (fuel oil, natural gas and electricity) purchases.

The derivatives of the Packaging Sector existing on the date it was sold, essentially fuel oil, were kept and reclassified as external transactions. Compagnie de Saint-Gobain has established a collateralization agreement on these transactions.

8.4.4 Other risks

- Equity derivatives

Equity derivatives are used to hedge the risk of changes in Saint-Gobain share price in connection with the performance units-based long-term incentive plan.

8.4.5 Credit value adjustments to derivative instruments

Credit value adjustments to derivative instruments are calculated in accordance with IFRS 13 based on historical probabilities of default derived from calculations performed by a leading rating agency and on the estimated loss given default. At December 31, 2015, credit value adjustments were not material.

8.4.6 Impact on equity of financial instruments qualifying for hedge accounting

At December 31, 2015, the cash flow hedge reserve carried in equity in accordance with IFRS had a credit balance of €181 million, consisting primarily of the following:

- a credit amount of €227 million corresponding to the change in the fair value of the foreign exchange swaps qualified as cash flow hedges for the purchase of control of Sika;
- a debit amount of €31 million for the cross-currency swaps qualified as cash flow hedges to allow the conversion of a bond into euros;
- a debit amount of €8 million corresponding to the change in the fair value of interest rate swaps qualified as cash flow hedges;
- a debit amount of €9 million corresponding to the change in the fair value of energy and commodity swaps qualified as cash flow hedges.

Derivatives qualified as cash flow hedges show no material lack of effectiveness.

At December 31, 2015, the foreign exchange swaps qualified as cash flow hedges for the purchase of control of Sika were valued at €227 million on the basis of a spot exchange rate of one euro equal to 1.0835 Swiss franc. An increase of 10% in the exchange rate would result in a decrease of €238 million in equity. A 10% fall in the exchange rate would have the opposite impact.

8.4.7 Impact on income of financial instruments not qualifying for hedge accounting

The fair value of derivatives classified as financial assets and liabilities at fair value through profit or loss, was a positive €25 million at December 31, 2015 (positive €3 million at December 31, 2014).

8.4.8 Embedded derivatives

Saint-Gobain Group regularly analyses its contracts to isolate provisions that could be analysed as embedded derivatives under IFRS.

As of December 31, 2015, no material embedded derivative at Group level was identified.

8.4.9 Group debt structure

The weighted average of the interest rates on the total gross debt, under IFRS and after hedging (interest rate swaps and cross-currency swaps) was 3.9% at December 31, 2015, compared with 4.3% at December 31, 2014.

The average internal rate of return on the most significant item of the Group's long-term debt before hedging (bonds) amounted to 4.4% at December 31, 2015 against 4.5% at December 31, 2014.

The table below details the breakdown by type of interest rate (fixed or variable) of the Group's gross debt at December 31, 2015 after giving effect to interest rate swaps and cross-currency swaps.

	Gross debt after interest rate hedging		
(in EUR million)	Variable rate	Fixed rate	Total
EUR	1,412	6,886	8,298
Other currencies	697	1,027	1,724
TOTAL	**2,109**	**7,913**	**10,022**
	21%	79%	100%
Fair value of derivatives related to debt			(12)
Accrued interests			167
TOTAL GROSS DEBT			**10,177**

8.5 Financial assets and liabilities

The summary of financial assets and liabilities under IFRS 7 at December 31, 2015 was as follows:

At December 31, 2015

(in EUR million)		Financial instruments at fair value				Other financial instruments				Financial instruments at fair value hierarchy under IFRS 7			
Balance sheet headings and classes of instrument	Notes	Financial instruments through profit or loss	Qualified derivatives	Assets and liabilities measured at fair value (fair value option)	Total financial instruments measured at fair value	Available-for-sale financial assets	Loans and receivables	Liabilities at amortized cost	Total financial instruments	Level 1 data	Level 2 data	Level 3 data	Total financial instruments measured at fair value
Trade and other accounts receivable	(3)				0		5,910		5,910				0
Loans, deposits and surety	(6)				0		510		510				0
Available-for-sale and other securities	(6)				0	62			62				0
Derivatives recorded in assets		35	238		273				273		273		273
Cash and cash equivalents				5,380	5,380				5,380	4,148	1,232		5,380
TOTAL ASSETS		**35**	**238**	**5,380**	**5,653**	**62**	**6,420**	**0**	**12,135**	**4,148**	**1,505**	**0**	**5,653**
Trade and other accounts payable	(3)				0			(9,142)	(9,142)				0
Long- and short-term debt					0			(10,189)	(10,189)				0
Derivatives recorded in liabilities		(10)	(27)		(37)				(37)		(37)		(37)
TOTAL LIABILITIES		**(10)**	**(27)**	**0**	**(37)**	**0**	**0**	**(19,331)**	**(19,368)**	**0**	**(37)**	**0**	**(37)**
TOTAL		**25**	**211**	**5,380**	**5,616**	**62**	**6,420**	**(19,331)**	**(7,233)**	**4,148**	**1,468**	**0**	**5,616**

8

At December 31, 2014

(in EUR million)		Financial instruments at fair value				Other financial instruments				Financial instruments at fair value hierarchy under IFRS 7			
Balance sheet headings and classes of instrument	Notes	Financial instruments through profit or loss	Qualified derivatives	Assets and liabilities measured at fair value (fair value option)	Total financial instruments measured at fair value	Available-for-sale financial assets	Loans and receivables	Liabilities at amortized cost	Total financial instruments	Level 1 data	Level 2 data	Level 3 data	Total financial instruments measured at fair value
Trade and other accounts receivable	(3)				0		6,276		6,276				0
Loans, deposits and surety	(6)				0		457		457				0
Available-for-sale and other securities	(6)				0	52			52				0
Derivatives recorded in assets		6	2		8				8		8		8
Cash and cash equivalents				3,493	3,493				3,493	2,208	1,285		3,493
TOTAL ASSETS		**6**	**2**	**3,493**	**3,501**	**52**	**6,733**	**0**	**10,286**	**2,208**	**1,293**	**0**	**3,501**
Trade and other accounts payable	(3)				0			(9,502)	(9,502)				0
Long- and short-term debt					0			(10,677)	(10,677)				0
Derivatives recorded in liabilities		(3)	(59)		(62)				(62)		(62)		(62)
TOTAL LIABILITIES		**(3)**	**(59)**	**0**	**(62)**	**0**	**0**	**(20,179)**	**(20,241)**	**0**	**(62)**	**0**	**(62)**
TOTAL		**3**	**(57)**	**3,493**	**3,439**	**52**	**6,733**	**(20,179)**	**(9,955)**	**2,208**	**1,231**	**0**	**3,439**

IFRS 13 ranks useable data to determine fair value:

- Level 1 data: data come from quoted prices on an active market for identical instruments;
- Level 2 data: data, other than level 1 data, that can be observed directly or indirectly;
- Level 3 data: all other data, through non-observable assumptions.

NOTE 9 – SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

9.1 Shareholders' equity

9.1.1 Capital

As of December 31, 2015, the number of shares composing the capital stock of Saint-Gobain was 560,943,439 shares with a par value of €4 (561,895,566 shares at December 31, 2014). As at December 31, 2015, the capital was composed of only one class of shares.

9.1.2 Additional paid-in capital and legal reserve

This item includes capital contributions in excess of the par value of capital stock as well as the legal reserve, which corresponds to a cumulative portion of the yearly net income of Compagnie de Saint-Gobain.

9.1.3 Retained earnings and net income for the year

Retained earnings and net income for the year correspond to the Group's share in the undistributed earnings of all consolidated companies.

9.1.4 Treasury stock

Treasury stock is measured at cost and recorded as a deduction from equity. Gains and losses on disposals of treasury stock are recognized directly in equity and have no impact on net income for the period.

Forward purchases of treasury stock are treated in the same way. When a fixed number of shares is purchased forward at a fixed price, this amount is recorded in "Other liabilities" and as a deduction from equity under "Retained earnings and net income for the year".

Saint-Gobain shares held or controlled by Compagnie de Saint-Gobain and Saint-Gobain Corporation are classified on a separate line of shareholders' equity titled "Treasury stock" and valued at the purchase price. There were 2,335,918 and 1,509,600 shares at December 31, 2015, and 2014 respectively. In 2015, the Group acquired 15,050,261 shares (5,086,047 shares in 2014) directly on the market. The number of shares sold in 2015 was 1,223,943 versus 1,235,620 in 2014. Finally, 13,000,000 shares were cancelled in 2015 and 6,100,000 shares in 2014.

The liquidity contract signed up with EXANE BNP PARIBAS on November 16, 2007 was implemented on December 3, 2007, for a period ended December 31, 2007, and tacitly renewable since then.

In addition, for the purposes of a compensation plan set up in January 2008 for certain employees in the United States, Compagnie de Saint-Gobain shares are held by a trust administered by Wachovia Bank, National Association. In the consolidated financial statements of the Group, these shares are treated as being controlled by Saint-Gobain Corporation.

9.2 Earnings per share

Basic earnings per share are calculated by dividing net income by the weighted average number of shares of the Group outstanding during the period.

Diluted earnings per share are calculated by adjusting earnings per share, and the average number of shares outstanding for the effects of all dilutive potential common shares (stock options and performance shares).

	2015		2014 restated	
	Base	Diluted	Base	Diluted
Income (in EUR million)				
Group share of net income from continuing operations	374	374	476	476
Group share of net income from discontinued operations	921	921	477	477
GROUP SHARE OF NET INCOME	**1,295**	**1,295**	**953**	**953**
Number of shares				
Weighted average number of shares outstanding	562,001,188		557,672,194	
Weighted average number of shares assuming full dilution		564,780,983		560,186,531
Earnings per share (in EUR)				
Group share of net income from continuing operations, per share	0.66	0.66	0.85	0.85
Group share of net income from discontinued operations, per share	1.64	1.63	0.86	0.85
GROUP SHARE OF NET INCOME, PER SHARE	**2.30**	**2.29**	**1.71**	**1.70**

The weighted and diluted average number of shares is calculated using the weighted number of shares outstanding, taking into account all effects of the conversion of the existing diluting instruments, i.e. stock option plans, 959,430 shares at December 31, 2015, and performance share plans, i.e. 1,820,365 shares at December 31, 2015.

NOTE 10 – INCOME TAX

10.1 Income tax from continuing operations

Current income tax is the estimated amount of tax payable in respect of income for a given period, calculated by reference to the tax rates that have been enacted or substantively enacted at the balance sheet date, plus any adjustments to current taxes recorded in previous financial periods.

The pre-tax income of companies from continuing operations can be analysed as follows:

(in EUR million)	2015	2014 restated
Consolidated net income	1,346	1,000
less:		
Share in net income of associates	43	44
Net income from discontinued operations	929	481
Income taxes from continuing operations	(248)	(398)
PRE-TAX INCOME OF COMPANIES FROM CONTINUING OPERATIONS	**622**	**873**

Income tax expense breaks down as follows:

(in EUR million)	2015	2014 restated
CURRENT TAXES	**(457)**	**(409)**
France	(40)	(85)
Outside France	(417)	(324)
DEFERRED TAXES	**209**	**11**
France	219	71
Outside France	(10)	(60)
TOTAL INCOME TAX EXPENSE	**(248)**	**(398)**

8

The reconciliation between the theoretical tax charge and the current tax charge was done based on a tax rate of 34.43% in 2015 and 38% in 2014, and is analysed as follows:

(in EUR million)	2015	2014 restated
THEORETICAL INCOME TAX	**(98)**	**(223)**
Capital gains and losses and asset impairments	(125)	(95)
Non recognition of deferred tax assets	(31)	(26)
Effect of changes in future tax rates	6	(12)
Research Tax Credit (CIR), Tax Credit for Competitiveness and Employment (CICE) and Value-Added Contribution for Businesses (CVAE)	6	8
Costs related to dividends	(1)	(43)
Other taxes	(5)	(7)
TOTAL INCOME TAX EXPENSE	**(248)**	**(398)**

The impact of the tax rate differential abroad compared to the rate in France, represents a charge of €329 million in 2015 versus a charge of €284 million in 2014. This figure is due to the contribution of some countries with lower tax rates than France. The main contributors were the United Kingdom, Czech Republic, Switzerland, Sweden and Poland.

10.2 Deferred taxes

Deferred taxes are recorded using the balance sheet method for temporary differences between the carrying amount of assets and liabilities and their tax basis. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realized or the liability settled, based on the tax laws that have been enacted or substantively enacted at the balance sheet date.

No deferred tax liability is recognized in respect of undistributed earnings of subsidiaries that are not intended to be distributed.

For investments in subsidiaries, deferred tax is recognized on the difference between the consolidated carrying amount of the investments and their tax basis when it is probable that the temporary difference will reverse in the foreseeable future.

Deferred taxes assets are recognized as income or expense in the income statement, unless they relate to items that are recognized directly in equity, in which case the deferred tax is also recognized in equity.

On the balance sheet, the change in the amount of the deferred tax assets and liabilities can be analysed as follows:

(in EUR million)	Net deferred tax assets/(liability)
AT JANUARY 1, 2014	**410**
Deferred tax (expense)/benefit	(7)
Changes in deferred taxes on actuarial gains and losses recognized in accordance with IAS 19 (note 4 - Employees, personnel expenses and benefits)	287
Translation adjustments	65
Impact of changes in Group structure and other	(41)
AT DECEMBER 31, 2014	**714**
Deferred tax (expense)/benefit	202
Changes in deferred taxes on actuarial gains and losses recognized in accordance with IAS 19 (note 4 - Employees, personnel expenses and benefits)	(18)
Translation adjustments	52
Impact of changes in Group structure and other	(79)
AT DECEMBER 31, 2015	**871**

The main elements generating deferred taxes are as follows:

(in EUR million)	December 31, 2015	December 31, 2014
Deferred tax assets	1,337	1,348
Deferred tax liabilities	(466)	(634)
NET DEFERRED TAX	**871**	**714**
Pensions	1,011	1,007
Brands	(552)	(700)
Depreciation & amortization, accelerated capital allowances and tax-driven provisions	(916)	(1,007)
Tax loss carry-forwards	780	793
Other	548	621
TOTAL	**871**	**714**

Deferred taxes are offset at the level of each tax entity, in other words by tax consolidation groups when they exist (mainly in France, United Kingdom, Spain, Germany, United States and Netherlands).

Deferred tax assets of €1,337 million were recognized at December 31, 2015 (€1,348 million at December 31, 2014) primarily in the United States (€705 million) and in Germany (€221 million). Deferred tax liabilities recognized at December 31, 2015 amounted to €466 million (€634 million at December 31, 2014) divided among different countries including the United Kingdom (€151 million). The other countries represent a much lower amount.

10.3 Tax loss carry-forwards

Deferred tax assets are recognized only if it is considered probable that there will be sufficient future taxable income against which the temporary difference can be utilized. They are reviewed at each balance sheet date and written down to the extent that it is no longer probable that there will be sufficient taxable income against which the temporary difference can be utilized. In determining whether to recognize deferred tax assets for tax loss carry-forwards, the Group applies a range of criteria that take into account the probable recovery period based on business plan projections and the strategy for the long-term recovery of tax losses applied in each country.

The Group recognized deferred income tax assets on loss carry-forwards for a net amount of €780 million at December 31, 2015, against €793 million at December 31, 2014. This principally relates to the United States, for which the recovery horizon is lower than the maximum use period of 20 years, and in France, Germany and Spain, for which the system of tax consolidation ensures that deferred tax can be recovered. In these countries, tax loss carry-forwards may have undefined expiration dates. Nevertheless, after analyzing each situation, the Group may decide not to recognize them.

At December 31, 2015, deferred tax assets whose recovery is not considered probable totaled €427 million (€426 million at December 31, 2014) and are fully accrued. Unrecognized deferred tax assets chiefly relate to the following countries: China, Germany, United States, Belgium and Spain.

NOTE 11 – SUBSEQUENT EVENTS

None.

NOTE 12 – PRINCIPAL CONSOLIDATED COMPANIES

The table below shows the Group's principal consolidated companies, typically those with annual sales of over €100 million.

INNOVATIVE MATERIALS SECTOR

VITRAGE	Country	Pourcentage held directly and indirectly
Saint-Gobain Glass France	France	100.00%
Saint-Gobain Sekurit France	France	100.00%
Saint-Gobain Glass Logistics	France	100.00%
Saint-Gobain Sekurit Deutschland GmbH & Co KG	Germany	99.99%
Saint-Gobain Glass Deutschland GmbH	Germany	99.99%
Saint-Gobain Deutsche Glas GmbH	Germany	99.99%
Saint-Gobain Innovative Materials Belgium	Belgium	99.97%
Saint-Gobain Sekurit Benelux SA	Belgium	100.00%
Cebrace Cristal Plano Ltda	Brazil	50.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
SG Hanglas Sekurit (Shanghaï) Co., LTD	China	90.24%
Hankuk Glass Industries Inc.	South Korea	80.47%
Hankuk Sekurit Limited	South Korea	90.13%
Saint-Gobain Cristaleria S.L	Spain	99.83%
Saint-Gobain India Private Limited	India	99.00%
Saint-Gobain Glass Italia S.p.a	Italia	100.00%
Saint-Gobain Sekurit Italia S.R.L	Italia	100.00%
Saint-Gobain Mexico	Mexico	99.83%
Koninklijke Saint-Gobain Glass Nederland	Netherlands	100.00%
Saint-Gobain Innovative Materials Polska Sp Zoo	Poland	98.61%
Saint-Gobain Glass United Kingdom Limited	United Kingdom	100.00%
Vetrotech Saint-Gobain International	Switzerland	100.00%

HIGH PERFORMANCE MATERIALS	Country	Pourcentage held directly and indirectly
Saint-Gobain Abrasifs	France	99.98%
Société Européenne des Produits Réfractaires - SEPR	France	100.00%
Saint-Gobain Abrasives GmbH	Germany	100.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
Saint-Gobain Canada, Inc.	Canada	100.00%
Saint-Gobain Abrasives (Shanghai) Co., LTD	China	99.99%
Saint-Gobain Abrasives, Inc.	United States	100.00%
Saint-Gobain Ceramics & Plastics, Inc.	United States	100.00%
Saint-Gobain Performance Plastics Corporation	United States	100.00%
Saint-Gobain Solar Gard, LLC	United States	100.00%
Saint-Gobain Adfors America, Inc.	United States	100.00%
Grindwell Norton Ltd	India	51.59%
Saint-Gobain Abrasivi S.p.a	Italia	99.98%
SEPR Italia S.p.a	Italia	100.00%
Saint-Gobain Abrasives BV	Netherlands	100.00%
Saint-Gobain Abrasives Ltd	United Kingdom	100.00%
Saint-Gobain Adfors CZ S.R.O.	Czech Republic	100.00%

CONSTRUCTION PRODUCTS SECTOR

INTERIOR SOLUTIONS	Country	Pourcentage held directly and indirectly
Placoplatre SA	France	99.75%
Saint-Gobain Isover	France	100.00%
Saint-Gobain Rigips GmbH	Germany	100.00%
Saint-Gobain Isover G+H Aktiengesellschaft	Germany	99.91%
Saint-Gobain Construction Products Belgium	Belgium	100.00%
Saint-Gobain Construction Products South Africa Ltd	South Africa	100.00%
Certain Teed Gypsum Canada, Inc.	Canada	100.00%
Saint-Gobain Placo Iberica	Spain	99.83%
CertainTeed Corporation	United States	100.00%
Certain Teed Gypsum & Ceillings USA, Inc.	United States	100.00%
Certain Teed Ceilings Corporation	United States	100.00%
Saint-Gobain India Private Limited	India	99.00%
Saint-Gobain Construction Products Ireland Ltd	Irlande	100.00%
Saint-Gobain PPC Italia S.p.a	Italia	100.00%
Mag-Isover K.K.	Japan	99.98%
Saint-Gobain Construction Products United Kingdom Ltd	United Kingdom	100.00%
Celotex Limited	United Kingdom	100.00%
Saint-Gobain Construction Product Russia	Russia	100.00%
Saint-Gobain Isover AB	Sweden	100.00%
Saint-Gobain Ecophon AB	Sweden	100.00%
Thai Gypsum Products PLC	Thailand	97.36%
Izocam Ticaret VE Sanayi A.S.	Turkey	47.53%

EXTERIOR SOLUTIONS	Country	Pourcentage held directly and indirectly
Saint-Gobain Weber	France	100.00%
Saint-Gobain PAM	France	100.00%
Saint-Gobain Weber GmbH	Germany	100.00%
Saint-Gobain PAM Deutschland GmbH	Germany	100.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
Saint-Gobain Canalizaçao Ltda	Brazil	100.00%
Saint-Gobain (Xuzhou) Pipe Co., Ltd	China	100.00%
Saint-Gobain (Xuzhou) Pipelines Co., Ltd	China	100.00%
Saint-Gobain Pipelines Co., Ltd	China	100.00%
Saint-Gobain Weber Cemarksa SA	Spain	99.83%
Saint-Gobain PAM España SA	Spain	99.83%
CertainTeed Corporation	United States	100.00%
Saint-Gobain PAM Italia S.p.a	Italia	100.00%
Saint-Gobain Construction Products United Kingdom Ltd	United Kingdom	100.00%
Saint-Gobain PAM UK Ltd	United Kingdom	100.00%
Saint-Gobain Sweden AB	Sweden	100.00%
Saint-Gobain Weber AG	Switzerland	100.00%

BUILDING DISTRIBUTION SECTOR

	Country	Pourcentage held directly and indirectly
Distribution Sanitaire Chauffage	France	100.00%
Lapeyre	France	100.00%
Saint-Gobain Distribution Bâtiment France	France	100.00%
Saint-Gobain Building Distribution Deutschland GmbH	Germany	100.00%
Saint-Gobain Distribuiçao Brasil Ltda	Brazil	100.00%
Saint-Gobain Distribution Denmark	Denmark	100.00%
Saint-Gobain Distribucion Construccion, S.L	Spain	99.83%
Optimera As	Norway	100.00%
Saint-Gobain Distribution The Netherlands B.V	Netherlands	100.00%
Saint-Gobain Building Distribution Ltd	United Kingdom	100.00%
Saint-Gobain Building Distribution CZ, Spol S.R.O	Czech Republic	100.00%
Saint-Gobain Distribution Nordic Ab	Sweden	100.00%
Sanitas Troesch Ag	Switzerland	100.00%

2. Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2015

To the Shareholders of Compagnie de Saint-Gobain S.A.

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Compagnie de Saint-Gobain;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Measurement of property, plant and equipment and intangible assets

The Group regularly carries out impairment tests on its property, plant and equipment, goodwill and other intangible assets, and also assesses whether there is any indication of impairment of property, plant and equipment and amortizable intangible assets, based on the methods described in Note 5.5 to the consolidated financial statements ("Impairment review"). We examined the methods applied in implementing these tests and the estimates and assumptions used, and we verified that the information disclosed in Note 5.5 to the consolidated financial statements is appropriate.

Employee benefits

The methods applied for assessing employee benefits are set out in Note 4.3 to the consolidated financial statements ("Provisions for pensions and other employee benefits"). These benefit obligations were reviewed by independent actuaries. Our work consisted of assessing the data and assumptions used, examining, on a test basis, the calculations performed and verifying that the information disclosed in Note 4.3 to the consolidated financial statements is appropriate.

Provisions

As specified in Note 7 to the consolidated financial statements ("Other current and non-current liabilities and provisions, contingent liabilities and litigation"), the Group books provisions to cover risks. The nature of these provisions recorded is described in Note 7.1 to the consolidated financial statements. Based on the information available at the time of our audit, we ensured that the methods and data used to determine provisions as well as the disclosures regarding said provisions provided in the Note 7 to the consolidated financial statements are appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, February 25, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit Department of KPMG S.A.	
Pierre Coll	Cécile Saint-Martin	Jean-Paul Thill	Philippe Grandclerc

8 FINANCIAL AND ACCOUNTING INFORMATION

ANNUAL FINANCIAL STATEMENTS

3. Compagnie de Saint-Gobain **annual financial statements** (parent company)

INCOME STATEMENT

(in EUR thousand)		2015	2014
Operating revenue			
Royalties and license fees		102,619	99,199
Other services		73,385	67,789
Net revenue		**176,004**	**166,988**
Write-backs of depreciation, amortization, impairment and provisions		10,219	829
Expense transfers		24,908	2,699
Other operating income		482	247
	TOTAL I	**211,613**	**170,763**
Operating expenses			
Other purchases and external charges		(143,283)	(107,701)
Taxes other than on income		(7,099)	(6,650)
Wages and salaries		(48,691)	(42,809)
Payroll taxes		(17,549)	(15,060)
Depreciation, amortization, impairment and provisions		(10,170)	(38,922)
Other operating expenses		(2,425)	(2,129)
	TOTAL II	**(229,217)**	**(213,271)**
OPERATING LOSS (NOTE 2)		**(17,605)**	**(42,508)**
Share in profits/losses of joint ventures			
PROFITS	**TOTAL III**		
LOSSES	**TOTAL IV**		
Financial income			
Income from investments in subsidiaries and affiliates		736,458	978,060
Income from loans and other investments		430,260	497,073
Income from other non-current investment securities		14	22
Other interest income		6,417	27,868
Write-backs of impairment and provisions, expense transfers			6,486
Foreign exchange gains		6,035	3,779
Net income from sales of marketable securities		2,499	5,189
	TOTAL V	**1,181,683**	**1,518,477**
Financial expense			
Amortization, impairment and provisions		(20,080)	(34,207)
Interest expense		(387,819)	(459,178)
Foreign exchange losses			(4)
Net losses on sales of marketable securities		(13)	(7)
	TOTAL VI	**(407,912)**	**(493,396)**
NET FINANCIAL INCOME (NOTE 3)		**773,771**	**1,025,081**
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS		**756,166**	**982,573**

INCOME STATEMENT (CONTINUED)

(in EUR thousand)		2015	2014
Exceptional income			
On revenue transactions		873	676
On capital transactions		348,435	138
Write-backs of depreciation, amortization, impairment and provisions		13,811	6,659
	TOTAL VII	**363,119**	**7,473**
Exceptional expense			
On revenue transactions		(336)	(936)
On capital transactions		(157,332)	(2,849)
Depreciation, amortization, impairment and provisions		(37,886)	(22,762)
	TOTAL VIII	**(195,553)**	**(26,547)**
NET EXCEPTIONAL INCOME/(EXPENSE) (NOTE 4)		**167,566**	**(19,074)**
INCOME TAXES (NOTE 5)	**TOTAL IX**	**147,122**	**165,867**
TOTAL INCOME		**1,756,414**	**1,696,713**
TOTAL EXPENSES		**(685,560)**	**(567,347)**
NET INCOME		**1,070,854**	**1,129,366**

BALANCE SHEET

ASSETS

(in EUR thousand)	2015 Gross	2015 Depreciation, amortization and impairment	2015 Net	2014
NON-CURRENT ASSETS				
Intangible fixed assets (note 6)				
Goodwill [(1)]	567	(567)	–	–
Other intangible assets	46,015	(36,845)	9,170	10,100
Intangible assets in progress	2,899		2,899	2,076
Property, plant and equipment (note 7)				
Land	51		51	63
Buildings	1,400	(545)	855	920
Other	8,142	(4,753)	3,389	2,592
Assets under construction	685		685	179
Financial investments [(2)] (note 8)				
Investments in subsidiaries and affiliates	13,065,745	(30,079)	13,035,666	13,178,020
Loans and advances to subsidiaries and affiliates	11,498,119		11,498,119	11,969,953
Other investment securities	21,988	(101)	21,887	77
Loans	1,601,633		1,601,633	1,671,375
Other financial investments	1,053		1,053	681
TOTAL I	**26,248,299**	**(72,891)**	**26,175,408**	**26,836,036**
CURRENT ASSETS (NOTE 9)				
Other receivables [(3)]	1,497,367		1,497,367	1,523,822
Marketable securities	3,969,204		3,969,204	1,980,577
Cash and cash equivalents	478,822		478,822	568,417
Accruals				
Prepayments [(3)]	1,646		1,646	4,550
TOTAL II	**5,947,039**	**–**	**5,947,039**	**4,077,366**
Deferred charges TOTAL III	**80,715**	**–**	**80,715**	**104,348**
Translation losses TOTAL IV	**–**	**–**	**–**	**–**
TOTAL ASSETS	**32,276,053**	**(72,891)**	**32,203,162**	**31,017,750**
(1) including leasehold rights			–	–
(2) of which due within one year			3,434,901	3,334,554
(3) of which due beyond one year			214	108

LIABILITIES

(in EUR thousand)		2015	2014
SHAREHOLDERS' EQUITY (note 10)			
Capital stock		2,243,774	2,247,582
Additional paid-in capital		6,116,418	6,212,332
Revaluation reserve		45,023	55,532
Other reserves:			
Legal reserve [a]		224,377	224,758
Untaxed reserves		2,617,758	2,617,758
Other reserves		301,428	301,428
Unappropriated retained earnings		4,703,496	4,269,147
Net income for the year		1,070,854	1,129,366
Untaxed provisions (note 12)		3,247	6,438
	TOTAL I	**17,326,374**	**17,064,341**
OTHER EQUITY (note 11)			
Non-voting participating securities	**TOTAL I BIS**	**170,035**	**170,035**
PROVISIONS (note 12)			
Provisions for contingencies		114,109	101,819
Provisions for charges		180,015	162,074
	TOTAL II	**294,124**	**263,893**
DEBT AND PAYABLES [1] (note 13)			
Bonds		8,531,126	8,974,560
Bank borrowings [2]		33,770	8,765
Other borrowings		5,494,465	4,419,550
Tax and social charges payable		86,425	71,919
Other payables		266,616	44,122
Accruals			
Deferred income		226	555
	TOTAL III	**14,412,628**	**13,519,471**
Translation gains	**TOTAL IV**	**0**	**10**
TOTAL LIABILITIES		**32,203,162**	**31,017,750**
(a) of which long-term capital gains reserve		14,225	14,225
(1) of which due beyond one year		6,771,638	7,814,677
of which due within one year		7,640,991	5,704,794
(2) of which short-term bank loans and overdrafts		33,770	8,765

STATEMENT OF CASH FLOWS

(in EUR thousand)	2015	2014
NET INCOME	**1,070,854**	**1,129,366**
Depreciation and amortization	23,134	22,916
Changes in provisions	17,781	59,000
Gains and losses on disposals of assets, net	(216,383)	(56)
CASH FLOW FROM OPERATIONS	**895,386**	**1,211,226**
(Increase) decrease in other receivables	26,455	(203,629)
(Increase) decrease in deferred charges and prepaid expenses	6,461	2,570
(Increase) decrease in taxes and social charges payable	14,506	(2,061)
Increase (decrease) in other payables	222,164	(16,773)
NET CHANGE IN WORKING CAPITAL	**269,586**	**(219,893)**
NET CASH FROM OPERATING ACTIVITIES	**1,164,972**	**991,333**
Acquisition of intangible assets	(2,149)	(1,478)
Acquisition of property, plant and equipment	(2,195)	(880)
Acquisition of investments in subsidiaries and affiliates and other investment securities	(1)	(400,014)
Acquisition of treasury stock	(545,287)	(133,822)
Proceeds from disposals of property, plant and equipment and intangible assets	348,435	140
(Increase) decrease in loans and advances to subsidiaries and affiliates	471,834	519,133
(Increase) decrease in long-term loans	69,742	(444,765)
(Increase) decrease in other financial investments	(372)	(201)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**340,007**	**(461,887)**
Issue of capital stock	411,567	412,208
Dividend paid	(695,017)	(684,560)
Increase (decrease) in provisions for contingencies and charges	9,259	(806)
Increase (decrease) in short- and long-term debt	(443,529)	(907,062)
Increase (decrease) in bank overdrafts and other short-term debt	1,100,019	(428,251)
Decrease (increase) in marketable securities	(1,976,863)	896,696
Increase (decrease) in translation adjustments	(10)	–
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(1,594,574)**	**(711,775)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(89 595)**	**(182 329)**
Cash and cash equivalents at January 1	568,417	750,746
Cash and cash equivalents at December 31	478,822	568,417
Analysis of cash and cash equivalents at December 31		
Cash at bank	478,822	568,417
Cash on hand	0	0
Total	478,822	568,417

Notes to the 2015 annual financial statements

The financial statements cover the twelve-month period from January 1 to December 31, 2015.

The following notes form an integral part of the annual financial statements.

These financial statements were approved by the Board of Directors on February 25, 2016.

NOTE 1 - ACCOUNTING PRINCIPLES AND METHODS

The financial statements of Compagnie de Saint-Gobain have been drawn up in accordance with the French Chart of Accounts, French law, and accounting principles generally accepted in France.

The financial statements include the accounts of Compagnie de Saint-Gobain's German branch.

Intangible assets

Purchased goodwill that is not legally protected is amortized over 25 years. Other intangible assets, consisting of computer software, are measured at acquisition cost and amortized over periods of three, five or ten years.

Property, plant and equipment

Property, plant and equipment are stated at cost (purchase price plus incidental expenses), except for assets acquired prior to December 31, 1976, which have been revalued.

They are depreciated over their estimated useful lives using the straight-line or declining-balance method. The most commonly used useful lives are as follows:

• Buildings	40 to 50 years	Straight-line
• Improvements and additions	12 years	Straight-line
• Fixtures and fittings	5 to 12 years	Straight-line
• Office furniture	10 years	Straight-line
• Office equipment	5 years	Straight-line
• Vehicles	4 years	Straight-line
• Computer equipment	3 years	Straight-line or declining-balance

Investments in subsidiaries and affiliates, other investment securities

On initial recognition, investments in subsidiaries and affiliates are stated at cost excluding any incidental expenses. They are then periodically measured at fair value, in particular when an inventory is done. Fair value is estimated based on various criteria, including the Company's equity in the underlying net assets and the proportion of consolidated net assets. Specific impairment tests may be performed on a case-by-case basis to determine the net present value of future cash flows, excluding interest expense but after tax, based on business plans (or long-term budget projections).

When the fair value of the investments falls below their cost, a provision is set aside for impairment. No unrealized capital gain is recorded if fair value exceeds cost, and unrealized capital gains and losses are not offset.

Compagnie de Saint-Gobain shares held by the Company for allocation upon exercise of stock options are recorded in the balance sheet under "Other investment securities." They are carried at the lower of purchase price, market price or option exercise price when it is probable that the options will be exercised.

Receivables

Receivables are stated at nominal value. A provision is set aside for impairment when inventory value is less than book value.

Marketable securities

Marketable securities mainly include units in money market funds (OPCVM and FCP) and are stated at acquisition cost or at market value at year end, if the latter is lower than the acquisition cost.

This item also includes treasury shares held by the company other than those classified as investment securities.

These securities are valued in accordance with the first in / first out (FIFO) method.

Foreign currency transactions

Income and expenses in foreign currencies are recorded at the euro exchange rate prevailing on the transaction date. Receivables, payables and bank balances in foreign currencies are converted at the year-end exchange rate, along with the related hedging instruments, and differences arising on translation are recorded under "Translation gains or losses." Provisions are booked for any exceptional unrealized translation losses that are not hedged.

Risk management / Financial instruments

Liquidity risk is managed with the main objective of ensuring the timely renewal of its financings at an optimal cost. Long-term debt therefore systematically represents a high proportion of overall debt. Similarly, the long-term debt maturity schedule is set so that the financing raised through the markets when the debt is renewed is spread over several years.

Currency, interest rate, and commodity (energy and raw materials) price risks resulting from the Group's international activities are hedged by Compagnie de Saint-Gobain, mainly on behalf of subsidiaries. In addition, on its own behalf and for its subsidiaries, Compagnie de Saint-Gobain hedges the risk of fluctuations in the Saint-Gobain share price that could affect the cost of performance unit plans.

Currency risks are hedged mainly by fixed-term forward purchase and sale contracts and currency options. Currency receivables and payables hedged by forward purchase and sale contracts are recorded in the balance sheet at the hedging rate.

The portion of the unrealized gain or loss on currency options qualifying for hedge accounting that represents the extrinsic (time) value is taken to income, and the portion that represents the intrinsic value is recorded in the balance sheet. Only unrealized losses on currency options that do not qualify for hedge accounting are recognized in the income statement.

The Company uses mainly interest rate swaps and cross-currency swaps to hedge its exposure to fluctuations in interest rates.

Financial income and expenses on interest rate swaps and cross-currency swaps are recognized in the income statement on a symmetrical basis against income and expenses on the hedged items.

The portion of the unrealized gain or loss on interest rate options qualifying for hedge accounting that represents the extrinsic (time) value is taken to income, and the portion that represents the intrinsic value is recorded in the balance sheet. Interest rate options that do not qualify for hedge accounting are recognized in the income statement at market value.

The commodity price risks (energy and raw materials) of subsidiaries are hedged by the Company, mainly using energy and raw materials swaps. Financial income and expenses on these swaps are recognized in the income statement on a symmetrical basis against the income and expenses on the hedged items.

The risk of fluctuations in the Saint-Gobain share price that could affect the cost of performance unit plans is hedged using cash-settled equity swaps, which qualify for hedge accounting.

Tax consolidation agreements

Compagnie de Saint-Gobain was previously assessed for income tax on its worldwide taxable income as provided for under Article 209 *quinquies* of the French Tax Code. The last period covered by this agreement was 2004-2006. The Company chose not to renew this agreement for the accounting period starting January 1, 2007.

A tax provision is recorded in Compagnie de Saint-Gobain's accounts for taxes that may be payable in future periods as part of the effect of the consolidated tax benefit in subsidiaries. Movements in this provision are recorded under exceptional income or expense.

As a result, since January 1, 2007 only the tax consolidation regime provided for in Articles 223 A et seq. of the French Tax Code has remained in effect.

The tax consolidation agreements between Compagnie de Saint-Gobain and its subsidiaries provide for tax neutrality for consolidated subsidiaries. In their relationship with Compagnie de Saint-Gobain, the consolidating parent company, the subsidiaries discharge their taxes as if they had been taxed on a stand-alone basis. When a loss-making subsidiary leaves the Group, they are not, in principle, entitled to any payments for losses transferred to the consolidating parent company during the consolidation period.

NOTE 2 - OPERATING INCOME

Operating income improved by €24.9 million in 2015 (loss of €17.6 million versus an operating loss of €42.5 million in 2014). This was mainly due to the decrease of actuarial losses on pension and other post-employment benefit obligations compared with the amounts recorded in 2014.

NOTE 3 - NET FINANCIAL INCOME

Net financial income decreased by €251.3 million, from €1025.1 million in 2014 to €773.8 million, largely reflecting:
- a €241.6 million decrease in income from investments in subsidiaries and affiliates (dividends received from subsidiaries and 2015 profit transferred from the subsidiaries of the German branch);
- a €19.6 million decrease in income from loans and investments net of interest expense incurred;
- a €7.6 million decrease in net of provisions accruals and reversals (net expense of €20.1 million in 2015 versus €27.7 million in 2014);
- a foreign exchange gain increase of €2.3 million.

NOTE 4 - EXCEPTIONAL INCOME AND EXPENSE

The Company reported a net exceptional income of €167.6 million primarily due to the gain of €179.4 million on the disposal of the shares of Saint-Gobain Emballage and Saint-Gobain Vidros, and to the gain of €14.6 million on the liquidation of Saint-Gobain Nederland BV. These were partially offset by the booking of provisions for performance share and performance unit plans as well as increased tax provisions, for a total amount of €25.1 million.

NOTE 5 - INCOME TAXES

The Company recorded an income taxes profit of €147.1 million, corresponding primarily to:
- a tax profit valued at €135.7 million under the 2015 tax consolidation regime (France), with the tax loss corresponding to Compagnie de Saint-Gobain on a stand-alone basis totaling €45 million;
- a net tax profit of €11.4 million for the German branch.

The French tax group generated a tax loss in 2015. The Group also has unused tax loss carry-forwards. At December 31, 2015, unused tax loss carry-forwards represented €478.4 million.

Compagnie de Saint-Gobain's permanent German establishment, which is the Group's leading entity under the Organschaft local consolidation regime, reported a tax credit in 2015. At December 31, 2015, future tax savings corresponding to the branch's unused tax loss carry-forwards amounted to €78.9 million.

In both cases, these future tax savings have been recorded in the consolidated financial statements, but not in the parent company financial statements.

NOTE 6 - INTANGIBLE ASSETS

	Intangible assets				Amortization				
(in EUR thousand)	Gross at January 1, 2015	Additions	Disposals	Gross at Dec. 31, 2015	Accumulated at January 1, 2015	Increases	Decreases	Accumulated at Dec. 31, 2015	Net at Dec. 31, 2015
Purchased goodwill	567			567	567			567	0
Other intangible assets	46,539	1,325	(1,849)	46,015	36,439	2,106	(1,700)	36,845	9,170
Intangible assets in progress	2,076	1,854	(1,031)	2,899	0			0	2,899
	49,182	**3,179**	**(2,880)**	**49,481**	**37,006**	**2,106**	**(1,700)**	**37,412**	**12,069**

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

	Property Plant and Equipment				Amortization				
(in EUR thousand)	Gross at January 1, 2015	Additions	Disposals	Gross at Dec. 31, 2015	Accumulated at January 1, 2015	Increases	Decreases	Accumulated at Dec. 31, 2015	Net at Dec. 31, 2015
Land	63		(12)	51	0			0	51
Buildings	1,430		(30)	1,400	510	65	(30)	545	855
Other	7,706	1,689	(1,252)	8,143	5,114	888	(1,248)	4,754	3,389
Assets under construction	179	685	(179)	685	0			0	685
Prepayments	0			0	0			0	0
	9,378	**2,374**	**(1,473)**	**10,279**	**5,624**	**953**	**(1,278)**	**5,299**	**4,980**

NOTE 8 - FINANCIAL INVESTMENTS

	Financial investments			
(in EUR thousand)	Gross at January 1, 2015	Additions	Disposal	Gross at December 31, 2015
Investments in subsidiaries and affiliates	13,208,099	1	(142,355)	13,065,745
Loans and advances to subsidiaries and affiliates	11,969,953	16,362,015	(16,833,849)	11,498,119
Other investment securities	175	533,523	(511,710)	21,988
Loans	1,671,375	4,175,293	(4,245,035)	1,601,633
Other financial investments	681	606	(234)	1,053
	26,850,283	**21,071,438**	**(21,733,183)**	**26,188,538**

Changes in investments in subsidiaries and affiliates

(in EUR thousand)	Additions	Disposals
Sale of Saint-Gobain Emballage shares		(61,553)
Sale of Saint-Gobain Vidros shares		(67,181)
Liquidation of Saint-Gobain Nederland BV		(13,621)
Purchase of Saint-Gobain Isover G+H AG shares	1	
TOTAL	**1**	**(142,355)**

Analysis of loans, receivables and other financial investments by maturity

(in EUR thousand)	Gross	Due Within 1 year	Beyond 1 year
Loans and advances to subsidiaries and affiliates	11,498,119	1,833,918	9,664,201
Loans	1,601,633	1,600,983	650
Other financial investments	1,053		1,053
TOTAL	**13,100,805**	**3,434,901**	**9,665,904**

Changes in other investment securities

(in EUR thousand)	Additions	Disposals
Treasury stock for cancellation	533,523	
Cancellation of treasury stock		(511,670)
Sale of Siparex shares		(40)
TOTAL	**533,523**	**(511,710)**

Changes in treasury stock classified as financial investments

	No. of shares held	*(in EUR thousand)* Gross value	Net value
AT DECEMBER 31, 2013	**0**	**0**	**0**
Shares transferred from marketable securities in 2014	6,100,000	213,500	213,500
Shares cancelled in 2014	(6,100,000)	(213,500)	(213,500)
AT DECEMBER 31, 2014	**0**	**0**	**0**
Shares purchased in 2015	13,563,858	533,523	533,523
Shares cancelled in 2015	(13,000,000)	(511,670)	(511,670)
AT DECEMBER 31, 2015	**563,858**	**21,853**	**21,853**

During 2015, Compagnie de Saint-Gobain bought back directly on the market 13,863,858 treasury shares with a par value of €4 each, for a total of €545.3 million, of which €55.5 million correspond to the aggregate par value of the shares.

- 13,563,858 shares have been allocated as shares for cancellation, for an amount of €533.5 million, of which €54.3m par value;
- The balance of 300,000 shares, for an amount of €11.8m, of which €1.2 million par value, has been allocated to marketable securities held for the coverage of performance share plans and other allocation to employees.

9,000,000 shares were cancelled on October 5, 2015, and 4,000,000 shares were cancelled on November 30, 2015.

In 2014 and in 2015, no treasury shares were remitted as part of existing purchase stock option plans.

At December 31, 2015, Compagnie de Saint-Gobain held 1,674,679 treasury shares, of which:

- **14,000** treasury shares held in connection with a liquidity agreement (see Note 9 “Marketable securities”);
- **563,858** treasury shares held for cancellation (see table above);
- **1,096,821** treasury shares held for the coverage of performance share plans and other allocation to employees (see Note 9 “Marketable securities”).

NOTE 9 - CURRENT ASSETS

Maturities of receivables reported under "Current assets"

(in EUR thousand)	Gross	Due Within 1 year	Beyond 1 year
Other receivables	1,497,367	1,497,153	214
Prepayments	1,646	1,646	0
TOTAL	**1,499,013**	**1,498,799**	**214**
Provision for doubtful receivables			

Analysis of "Other receivables"

(in EUR thousand)	2015	2014
Current account advances to subsidiaries	1,204,402	1,462,734
Mark-to-market adjustments to swaps and options [(1)]	256,211	16,614
Accounts receivable - Group	21,796	28,977
Income tax prepayments	7,518	7,897
Tax receivables	2,791	1,322
Accruals for income and credit notes receivable - Group	1,201	2,175
Accounts receivable - External companies	957	979
Prepayments to suppliers	247	564
Withholding taxes	95	123
Dividends receivable		1,653
Other	2,149	784
TOTAL	**1,497,367**	**1,523,822**

[(1)] All mark-to-market adjustments to swaps and options that represent debit entries are recorded as assets on the balance sheet under "Other receivables" and those representing credit entries are recorded as liabilities on the balance sheet under "Other payables."

Marketable securities

Marketable securities amounted to €3,969 million at December 31, 2015.

They consist mainly of €3,926 million worth of units in money market funds, representing the investment of funds held by the cash pool managed by the Company on behalf of the Group to yield a return on temporary cash surpluses.

The securities also include 1,096,821 treasury shares held to cover employee share-based payment plans.

Finally, marketable securities include those held under a liquidity agreement the Company entered into on November 16, 2007 with Exane BNP Paribas. This agreement complies with the code of ethics issued by the Association française des marches financiers (AMAFI), which is recognized by the Autorité des marchés financiers (AMF). It came into effect on December 3, 2007 for an initial period ending on December 31, 2007, since when it has been automatically renewable.

Under this liquidity agreement, at December 31, 2015 the Company held:

- €4.6 million worth of units in a euro-denominated money market fund;
- and 14,000 treasury shares with a carrying value of €0.6 million.

In 2015, 1,177,023 shares were purchased under this agreement (2014: 1,290,771 shares) and 1,223 023 shares were sold (2014: 1,234,771 shares).

Deferred charges

(in EUR thousand)	2015	2014
Bond issuance costs	69,664	89,758
Syndicated credit facility arrangement fees	11,051	14,590
DEFERRED CHARGES	**80,715**	**104,348**

In 2015, new debt issuance costs recorded under "Deferred charges" totaled €0.8 million and amortization for the year amounted to €24.4 million.

The corresponding refinancing transactions are presented in Note 13.

NOTE 10 - SHAREHOLDERS' EQUITY

10.1 Changes in capital stock

Par value at December 31, 2014: 4 euros Par value at December 31, 2015: 4 euros	Number of shares	Amount *(EUR thousand)*
Capital stock at January 1, 2015	561,895,566	2,247,582
Shares issued under performance share plans on March 31, 2015	207,055	828
Shares issued upon exercise of stock options on March 31, 2015	68,601	275
Shares issued under performance share plans on April 7, 2015	28,825	115
Shares issued under the Group Savings Plan on May 18, 2015	4,449,939	17,800
Shares issued upon exercise of stock options on June 30, 2015	240,615	962
Shares issued under performance share plans on June 30, 2015	685	3
Shares issued in payment of stock dividends on July 3, 2015	6,559,204	26,237
Shares cancelled on October 5, 2015	(9,000,000)	(36,000)
Shares issued upon exercise of stock options on October 5, 2015	431,641	1,727
Shares issued under performance share plans on October 5, 2015	325	1
Shares cancelled on November 30, 2015	(4,000,000)	(16,000)
Shares issued upon exercise of stock options on December 31, 2015	60,983	244
CAPITAL STOCK AT DECEMBER 31, 2015	**560,943,439**	**2,243,774**

At December 31, 2015, capital stock amounted to **€2,243,774** thousand, represented by **560,943,439** shares of common stock with a par value of €4 each.

10.2 Statement of changes in shareholders' equity

(in EUR thousand)	Amount
SHAREHOLDERS' EQUITY AT 31/12/2014 BEFORE APPROPRIATION OF 2014 NET INCOME:	**17,064,341**
Shares issued upon exercise of stock options on March 31, 2015	1,810
Shares issued under the Group Savings Plan on May 18, 2015	143,648
Shares issued upon exercise of stock options on June 30, 2015	8,077
Payment of the 2014 dividend	(695,017)
Shares issued in payment of stock dividends on July 3, 2015	239,687
Shares cancelled on October 5, 2015	(357,369)
Shares issued upon exercise of stock options on October 5, 2015	16,715
Shares cancelled on November 30, 2015	(154,302)
Shares issued upon exercise of stock options on December 31, 2015	1,629
Decrease of the revaluation reserves and other legal reserves	(13,699)
Net income for 2015	1,070,854
SHAREHOLDERS' EQUITY AT 31/12/2015 BEFORE APPROPRIATION OF 2015 NET INCOME:	**17,326,374**

10.3 Significant events

The principal events that contributed to changes in capital stock and shareholders' equity were as follows:

- **the May 2015 increase in capital stock through the subscription of 4,449,939 shares under the Group Savings Plan at a price of €32.44.** The issue proceeds amounted to €144,356 thousand (€143,648 thousand after deducting the issue costs, net of tax, from the premium);
- **the July 2015 increase in capital stock through the subscription of 6,559,204 shares pursuant to the option offered to shareholders of receiving 50% of the dividend in shares:** under this option, at a unit price of €36.62, a gross revenue of €240,198 thousand was recorded, (€239,687 thousand after accounting for net tax expenses). Total dividend paid in cash amounted to €454,819 thousand;
- **the capital reductions of October 5, 2015 and November 30, 2015 through the cancellation of respectively 9,000,000 and 4,000,000 shares** for a gross and net amount of respectively €357,369 thousand and €154,302 thousand;
- **finally, in March, June, October and December, were respectively issued 68,601 shares at an average price of €26.38, 240,615 shares at an average price of €33.57, 431,641 shares at an average price of €38.72 and 60,983 shares at an average price of €26.71,** upon exercise of stock options. Gross as well as net issue proceeds amounted to €28,231 thousand.

These various transactions had the effect of decreasing **capital stock** by €3,808 thousand, the **legal reserve** by €381 thousand and **additional paid-in capital** by €95,914 thousand.

Changes in **unappropriated retained earnings** during the year were as follows:

• At December 31, 2014 (before appropriation of 2014 net income):	€K 4,269,147
Changes pursuant to 3rd resolution of the AGM of June 4, 2015 (appropriation of income):	
- Net income for 2014:	€K 1,129,366
- Less: final dividend taking into account the actual number of treasury shares held:	– €K 695,017
• At December 31, 2015 (before appropriation of 2015 net income):	€K 4,703,496

10.4 Stock option plans

Compagnie de Saint-Gobain has stock option plans available to certain employees.

The Board of Directors grants options allowing beneficiaries to obtain Saint-Gobain shares at a price set, without discount, by reference to the average of the opening prices for Saint-Gobain shares during the 20 stock market trading sessions preceding the date of the decision by the Board of Directors.

Since the November 2007 plan, all stock options are subject to a four-year vesting period. Under earlier plans, the vesting period was three years for non-residents and four years for tax residents. During this period, none of the options received may be exercised. Options must be exercised within ten years of the date of grant. All rights to options are forfeited if the holder leaves the Group, unless expressly agreed otherwise by both the Chairman and Chief Executive Officer of Compagnie de Saint-Gobain and the Nomination, Remuneration and Governance Committee of the Board of Directors.

Among the options current at December 31, 2015, the options of 2006 to 2012 are exercisable for subscription of new shares. For plans launched between 2013 and 2015, the Board of Directors has decided that it would determine the type of option, whether for subscription of new shares or purchase of existing shares, at the latest at the end of the vesting period, with any options exercised before the decision is made being for new shares.

Until 2008, options were subject to a performance condition for certain grantees only. Since 2009, the plans have been subject to a performance condition for all grantees.

For options granted under the 2015 plan, the value used to calculate the 30% *contribution sociale* tax due for grantees employed by French companies in the Group is €4.90 per option granted.

Changes in the number of outstanding options are as follows:

	€4 par value shares	Average exercise price *(in euros)*
OPTIONS OUTSTANDING AT DECEMBER 31, 2013	**21,463,697**	**44.05**
Options granted	234,550	34.13
Options exercised	(718,204)	33.38
Options forfeited	(4,797,204)	38.41
OPTIONS OUTSTANDING AT DECEMBER 31, 2014	**16,182,839**	**46.04**
Options granted	224,950	39.47
Options exercised	(801,840)	35.21
Options forfeited*	(4,004,092)	40.18
OPTIONS OUTSTANDING AT DECEMBER 31, 2015	**11,601,857**	**48.69**

** of which, 3,544,442 options granted under the 2005 plan that had not been exercised when the plan expired on November 16, 2015 and 459,650 options granted under the 2011 plan that had lapsed as a result of failure to meet the performance conditions.*

The table below summarizes information about stock options outstanding at December 31, 2015, after taking into account partial fulfillment of the performance criteria attached to certain plans:

	Exercisable options			Options not yet exercisable		Total options outstanding	
Grant date	Exercise price *(in EUR)*	Number of options	Weighted avg. residual life (in months)	Exercise price *(in EUR)*	Number of options	Number of options	Type of options
2006	52.52	4,306,454	11	–	–	4,306,454	Subscription
2007	64.72	3,403,171	23	–	–	3,403,171	Subscription
2008	25.88	2,074,542	35	–	–	2,074,542	Subscription
2009	36.34	877,940	47	–	–	877,940	Subscription
2010	35.19	0	59	–	–	0	Subscription
2011	31.22	0	71			0	Subscription
2012		–	83	27.71	243,000	243,000	Subscription
2013		–	95	38.80	237,250	237,250	see 10.4 above
2014			107	34.13	234,550	234,550	see 10.4 above
2015		–	119	39.47	224,950	224,950	see 10.4 above
TOTAL	**–**	**10,662,107**	**–**	**–**	**939,750**	**11,601,857**	**–**

At December 31, 2015, 10,662,107 stock options were exercisable at an average exercise price of €49.90, and 939,750 options at an average exercise price of €34.93 had not yet vested.

10.5 Performance share plans

Various performance share plans subject to performance conditions have been set up by Saint-Gobain since 2009.

As of December 31, 2015, five performance share plans were outstanding:

- **A performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 24, 2011.** The shares were subject to service and performance conditions which were partially met.

This plan consists of **942,920** performance shares rights, as follows:
- for eligible Group employees in France, the vesting period ended on March 29, 2014 and the shares were delivered on March 30, 2014 (172,682 shares delivered, to which must be added the 2,813 shares delivered in advance). 238,313 rights were forfeited because the performance conditions were not fully met and 1,752 rights were forfeited due to the grantees leaving the Group. The vesting period will be followed by a two-year lock-up, such that the shares may not be sold until March 31, 2016 except in the case of the grantee's death or disability;
- for eligible Group employees in all other countries, the vesting period will end on March 30, 2016 and the shares will be delivered on March 31, 2016 (237,876 shares will be potentially deliverable, to which must be added 1,050 shares delivered in advance). 279,634 rights were forfeited because the performance conditions were not fully met, and 8,800 rights were forfeited due to the grantees leaving the Group. No lock-up period will apply.

- **A performance share plan for eligible employees and officers of the Group outside France, authorized by the Board of Directors on November 22, 2012.** The shares are subject to service and performance conditions.

This plan consists of a total of **542,370** performance share rights, 720 of which were delivered in advance. The vesting period will end on November 21, 2016 and the shares will be delivered on November 22, 2016. No lock-up period will apply.

- **A performance share plan for eligible employees and officers of the Group outside France, authorized by the Board of Directors on November 21, 2013.** The shares are subject to service and performance conditions.

This plan consists of a total of **541,655** performance share rights, 250 of which were delivered early. The vesting period will end on November 20, 2017, and the shares will be delivered on November 21, 2017. No lock-up period will apply.

- **A performance share plan for eligible employees and officers of the Group outside France, authorized by the Board of Directors on November 20, 2014.** The shares are subject to service and performance conditions.

This plan consists of a total of **530,240** performance share rights, 200 of which were delivered early. The vesting period will end on November 19, 2018, and the shares will be delivered on November 20, 2018. No lock-up period will apply.

- **A performance share plan for eligible employees and officers of the Group outside France, authorized by the Board of Directors on November 26, 2015.** The shares are subject to service and performance conditions.

This plan consists of a total of **500,910** performance share rights. The vesting period will end on November 25, 2019, and the shares will be delivered on November 26, 2019. No lock-up period will apply.

The change in the total number of performance share rights is as follows:

	Number of rights
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2013	**3,017,486**
performance share rights granted in November 2014	530,240
vested shares created/delivered during the period	(1,196,844)
rights forfeited or cancelled during the period	(248,591)
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2014	**2,102,291**
performance share rights granted in November 2015	500,910
vested shares created/delivered during the period	(237,810)
rights forfeited or cancelled during the period	(13,510)
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2015	**2,351,881**

The following table shows the expected dates when vested performance shares will be issued/delivered under the five plans, except in the case of the grantee's death or disability, and service and performance conditions remaining to be fulfilled:

		End of the vesting period					
Date d'attribution	Number of rights at 12/31/2015	End-March 2016	End March 2017	End Nov. 2017	End Nov. 2018	End Nov. 2019	Type of shares
Nov. 24, 2011	237,876	237,876					new shares
Nov. 22, 2012	541,650		541,650				existing shares
Nov. 21, 2013	541,405			541,405			existing shares
Nov. 20, 2014	530,040				530,040		existing shares
Nov. 26, 2015	500,910					500,910	existing shares
TOTAL	**2,351,881**	**237,876**	**541,650**	**541,405**	**530,040**	**500,910**	

10.6 Performance unit plans

Performance unit plans have been set up since 2012. The units are subject to service and performance conditions. The units will not give rise to the allocation of new or existing shares of the Company, but will entitle grantees to deferred cash compensation determined by reference to the Company's share price.

As of December 31, 2015, four performance unit plans were outstanding:

- **A long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 22, 2012.** This plan consists of 536,400 performance units which may be exercised from November 22, 2016 to November 21, 2022, subject to service and performance conditions. At the end of 2015, 14,550 performance units had been exercised in advance.

- **A long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 21, 2013.** This plan consists of 588,535 performance units which may be exercised from November 21, 2017 to November 20, 2023, subject to service and performance conditions. At the end of 2015, 17,450 performance units had been exercised in advance.

- **A long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 20, 2014.** This plan consists of 598,400 performance units which may be exercised from November 20, 2018 to November 19, 2024, subject to service and performance conditions. At the end of 2015, 950 performance units had been exercised in advance.

- **A long-term incentive plan involving the award of performance units, for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 26, 2015.** This plan consist of 556,340 performance units, which may be exercised from November 26, 2019 to November 25, 2025, subject to service and performance conditions.

10.7 Compagnie de Saint-Gobain Group Savings Plan (PEG)

The Group Savings Plan ("PEG") is an employee stock purchase plan open to all Group employees in France and most other countries where the Group does business. Eligible employees must have completed a minimum of three months' service with the Group. Eligible employees are able to invest in Saint-Gobain shares at a preferential subscription price. These shares are held either directly or through the employee saving plan's mutual funds, depending on local legislation; they are subject to a mandatory five or ten years lock-up, except following the occurrence of certain events. The subscription price of the shares is set by the Chairman and Chief Executive Officer of Compagnie de Saint-Gobain duly authorized by the Board of Directors. It corresponds to the average of the first opening prices quoted for Saint-Gobain share listed on Euronext Paris in the twenty trading sessions of the stock market preceding the date of the decision, with the application of a 20% discount, in accordance with applicable laws, with the Shareholders' Meeting resolutions and with the deliberations of the Board of Directors.

In 2015, 4,449,939 new shares with a par value of €4 were issued to employees under the PEG at an average subscription price of €32.44 (2014: 4,303,388 shares at an average price of €33.89), representing a share capital increase of a global amount of €144 million (€145 million in 2014).

10.8 Potential number of shares

At the **Annual General Meeting of June 5, 2014,** shareholders authorized the Board of Directors of Compagnie de Saint-Gobain to:

- grant stock options exercisable for new or existing shares, subject to performance conditions, representing up to 1% of the share capital on the day the AGM was held, with a sub-limit of 10% of this limit for corporate Directors of Compagnie de Saint-Gobain, i.e., 5,608,225 options, including a maximum of 560,822 options for corporate Directors (13th resolution / 26-month authorization commencing June 5, 2014). In 2015, the Board of Directors made partial use of this authorization on November 26, 2015, by granting 224,950 options (including 50,000 for corporate Directors) (see section 10.4).

At the **Annual General meeting of June 4, 2015,** shareholders authorized the Board of Directors of Compagnie de Saint-Gobain to:

- issue, on one or several occasions, up to 112,500,000 new shares or stock warrants, with preferential subscription rights for existing shareholders of Compagnie de Saint-Gobain and debt securities without preferential subscription rights for existing shareholders but with a compulsory priority period for subscription for such shareholders (12th to 16th resolutions/ 26-month authorization commencing June 4, 2015);
- issue, on one or several occasions, up to 11,250,000 new shares to members of the Group savings plan (17th resolution, to be deducted from the ceiling of 112,500,000 shares referred to above / 26-month authorization commencing June 4, 2015).
- Grant free existing performance shares, subject to performance conditions, representing up to 0.8% of the share capital on the day the AGM was held, with a sub-limit of 10% of this limit for corporate Directors of Compagnie de Saint-Gobain, i.e. 4,533,200 performance shares, including a maximum of 453,320 performance shares for corporate Directors (18th resolution / 26-month authorization commencing June 4, 2015). The limit of 0.8% and sub-limit of 10% are being set off against the limits specified under the 13th resolution of the Annual General meeting of June 5, 2014 regarding stock options. In 2015, the Board of Directors made partial use of this authorization on November 26, 2015, by granting 500,910 performance shares (including 0 for corporate Directors) (see section 10.5).

If all outstanding stock options were to be exercised with the issue of new shares, this would potentially have the effect of increasing the number of shares outstanding to 572,783,172 shares. In addition, if the authorizations described above were to be used in full by the Board of Directors, this would potentially have the effect of increasing the number of shares outstanding to 689,400,747 shares.

NOTE 11 - OTHER EQUITY

Non-voting participating securities

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their conversion to euros in 1999.

A certain number of these securities have been bought back over the years. At December 31, 2015, 606,883 were outstanding with an aggregate face value of €92.5 million.

Interest on the securities ranges from 75% to 125% of the average corporate bond rate (TMO), based on the Group's consolidated income. Interest paid in 2015 amounted to €3.61 per security.

In April 1984, 194,633 non-voting participating securities were issued with a face value of ECU 1,000, now €1,000.

A certain number of these securities have been bought back over the years. At December 31, 2015, 77,516 were outstanding with an aggregate face value of €77.5 million.

Interest on these securities comprises (i) a fixed portion of 7.5% per year applicable to 60% of the security, and (ii) a variable portion applicable to the remaining 40% of the security, which is linked to consolidated net income of the previous year and to the Libor EUR 6 month reference rate +7/8%. The amount paid per security in 2015 totaled €59.28, paid in two installments (€28.45 + €30.83).

None of these securities are redeemable and the remuneration paid to investors is qualified as interest expense.

NOTE 12 - PROVISIONS

(in EUR thousand)	At January 1, 2015	Charge for the year	Write-backs of utilized provisions	Write-backs of surplus provisions	Other (transfers)	At December 31, 2015
Untaxed provisions						
Reinvested capital gains	6,427		(3,180)			3,247
Other	11		(11)			0
	6,438	**0**	**(3,191)**	**0**	**0**	**3,247**
Provisions for contingencies						
Provisions for taxes	99,716	4,198			7,669	111,583
Provisions for stock option plan costs	0					0
Provisions for other contingencies	2,103	1,194	(111)		(660)	2,526
	101,819	**5,392**	**(111)**	**0**	**7,009**	**114,109**
Provisions for charges						
Provisions for pensions and other post-employment benefit obligations [1]	116,804	7,099	(1,195)	(9,020)	(858)	112,830
Provisions for performance share and performance unit plan costs	44,701	20,920				65,621
Provisions for other charges	569	1,076	(2)		(79)	1,564
	162,074	**29,095**	**(1,197)**	**(9,020)**	**(937)**	**180,015**
Provisions for impairment						
Investments in subsidiaries and affiliates	30,079					30,079
Other investment securities	98	3				101
Doubtful receivables	0					0
Marketable securities	0					0
	30,177	**3**	**0**	**0**	**0**	**30,180**
Impact on operating income		**7,109**	**(1,197)**	**(9,020)**	**(858)**	
Impact on net financial income		**4**				
Impact on exceptional items		**27,378**	**(3,302)**		**6,930**	

[1] The Company's obligations with respect to supplementary pension plans and other post-employment benefits are measured using the actuarial method of projected unit credits based on end-of-career salaries and employees' vested rights at the measurement date.

Actuarial gains and losses arising in the year under defined-benefit retirement plans are recognized immediately and in full in the income statement.

The discount rate used was 2.40% in 2015, and 1.90% in 2014.

NOTE 13 - DEBT AND PAYABLES

Total debt and payables (€14,413 million) recorded a net increase of €893 million, which is largely explained by the increase of €1,075 million in other borrowings, the reduction of €444 million in bond debt, and the increase of €236 million in other debts, tax and social debts and income posted in advance.

Analysis of debt and payables

		Due	
(in EUR thousand)	Gross	Within 1 year	Beyond 1 year
Bonds [1]	8,531,127	1,759,489	6,771,638
Bank Borrowings [1] and [2]	33,770	33,770	
Other borrowings [1] and [3]	5,494,465	5,494,465	
SUB-TOTAL DEBT	**14,059,362**	**7,287,724**	**6,771,638**
Tax and social charges payable	86,425	86,425	
Other payables [3]	266,616	266,616	
Deferred income	226	226	
TOTAL DEBT AND PAYABLES [4]	**14,412,629**	**7,640,991**	**6,771,638**
(1) New debt for the year	500,000		
Debt repaid during the year	1,000,000		
(2) of which:			
- debt with original maturity of up to two years	33,770		
- debt with original maturity of more than two years	0		
(3) of which:			
- shareholders' loans	nil		
- new loans from subsidiaries*	1,391,693		
- loans from subsidiaries repaid during the year	89,767		
(4) Debt due beyond five years	3,505,390		

** Including net charge of current accounts with Group entities.*

Long- and short-term debt

(in EUR thousand)	2015	2014
Medium- and long-term debt		
Long-term portion		
Due between January 1 and December 31:		
2016		1,085,159
2017	1,488,148	1,484,428
2018	828,101	832,946
2019	950,000	950,000
2020		
2021 and beyond	3,472,869	3,429,624
No fixed maturity	32,520	32,520
TOTAL LONG- AND MEDIUM-TERM DEBT EXCLUDING SHORT-TERM PORTION	**6,771,638**	**7,814,677**
SHORT-TERM PORTION	**1,759,786**	**1,160,278**
TOTAL	**8,531,424**	**8,974,955**
Short-term debt		
Borrowings from Group entities	5,491,052	4,415,237
Bank overdrafts and other short-term borrowings	33,770	8,765
Other	3,116	3,918
TOTAL	**5,527,938**	**4,427,920**
TOTAL LONG- AND SHORT-TERM DEBT	**14,059,362**	**13,402,875**

Long-term debt can be analyzed as follows by currency:

(in EUR thousand)	2015	2014
Euro	7,246,724	7,756,232
Pounds sterling	1,165,723	1,098,498
Norwegian krone	80,491	85,491
Yen	38,486	34,734
TOTAL	**8,531,424**	**8,974,955**

Note that the amortization of expenses in respect of borrowing placements is prorated over the life of the borrowings in question. This is shown on the "Deferred charges" line on the balance sheet (see Note 9, deferred charges).

13.1 Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued 25,000 perpetual bonds each with a face value of €5,000, to the amount of €125 million.

As at December 31, 2015, 18,496 perpetual bonds had been bought back and canceled, and 6,504 perpetual bonds were outstanding, representing a total face value of €33 million.

The bonds bear interests at a variable rate (average of interbank rates offered by five reference banks for euro six-month deposits). The amount paid per security in 2015 was €18.94.

The bonds are not redeemable and interest on them is classified as a component of finance costs.

13.2 Main changes in bond debt in 2015

On March 13, 2015, Compagnie de Saint-Gobain issued a private placement of €500 million, maturing in September 2016, with a variable coupon of EURIBOR 3 months + 0.27%. This transaction optimizes the Group's average financing cost.

On September 30, 2015, Compagnie de Saint-Gobain redeemed the €1 billion bond that had reached maturity.

13.3 Financing programs

The Group has a number of medium- and long-term financing programs (Medium-Term Notes) and short-term financing programs (Commercial Paper and *Billets de Trésorerie*).

At December 31, 2015, issuance under these programs was as follows:

(in EUR million)	Maturities	Authorized program at Dec.31, 2015	Outstanding issues at Dec.31, 2015	Outstanding issues at Dec.31, 2014
Medium Term Notes		15 000	7 719	8 219
US Commercial Paper	up to 12 months	919 *	0	0
Euro Commercial Paper	up to 12 months	919 *	0	0
Billets de Trésorerie	up to 12 months	3 000	0	0

** Equivalent to USD 1,000 million based on the exchange rate at December 31, 2015.*

In accordance with market practices, *Billets de Trésorerie,* Euro-Commercial Paper and US Commercial Paper are generally issued with maturities of one to six months. They are treated as variable-rate debt because they are rolled over at frequent intervals.

Syndicated lines of credit

Compagnie de Saint-Gobain has various syndicated lines of credit that are intended to provide a secure source of financing for the Group (including as additional backing for its US Commercial Paper, Euro-Commercial Paper and *Billets de Trésorerie* programs). They include:

- an initial €1.5 billion syndicated line of credit expiring in December 2017 which was obtained in December 2012. This facility was renegotiated in December 2013 and rolled over until December 2018;
- a second €2.5 billion syndicated line of credit expiring in December 2018, with two one-year rollover options, which was obtained in December 2013. As part of the first rollover option, this syndicated line of credit was extended in December 2014 by one additional year, bringing its maturity to December 2019. In the second rollover option, this syndicated line of credit was extended in December 2015 for an additional year, extending its maturity to December 2020.

Based on Saint-Gobain Group's current credit rating for long-term debt issues, the two facilities are not subject to any hard covenant.

Neither of these lines of credit was drawn down at December 31, 2015.

NOTE 14 - RELATED PARTY TRANSACTIONS

14.1 Transactions with related companies

(in EUR thousand)	Net amount concerning related companies [1] subsidiaries	[2] other related companies	Other companies	Net balance sheet amount at 12/31/2015
Balance sheet items:				
Investments in subsidiaries and affiliates	13,035,666			13,035,666
Loans and advances to subsidiaries and affiliates	11,498,119			11,498,119
Other investment securities	21,854	33		21,887
Loans	1,322,987		278,646	1,601,633
Other receivables	1,227,350		270,017	1,497,367
Marketable securities	38,776		3,930,428	3,969,204
Cash and cash equivalents			478,822	478,822
Bonds			8,531,126	8,531,126
Bank borrowings			33,770	33,770
Other borrowings	5,489,512	1,836	3,117	5,494,465
Tax and social charges payable			86,425	86,425
Other payables	236,574		30,042	266,616
Income statement items:				
Income from investments in subsidiaries and affiliates	736,458			736,458
Income from loans and other investments	428,909		1,351	430,260
Other interest income			6,417	6,417
Interest expense	5,298	17	382,504	387,819

[1] *Fully consolidated companies.*
[2] *Companies that are not fully consolidated.*

14.2 Transactions with other related parties

There are no material transactions with other related parties not entered into on arm’s length terms.

NOTE 15 - INVESTMENT PORTFOLIO

	Country	Net book value	% interest	Number of shares
SPAFI	France	5,768,287	100.00	251,014,613
Partidis	France	2,065,919	100.00	78,262,892
Saint-Gobain Matériaux de Construction	France	2,123,712	100.00	112,145,608
Vertec	France	891,512	100.00	11,790,698
Saint-Gobain Benelux	Belgium	812,344	100.00	3,296,475
Saint-Gobain do Brasil	Brazil	220,001	55.31	78,404,824
Saint-Gobain Cristaleria	Spain	211,220	16.35	3,659,866
Saint-Gobain Building Distribution Deutschland	Germany	194,609	100.00	100,000,000
Saint-Gobain Innovative Materials	Belgium	132,080	15.00	1,667,698
Saint-Gobain Isover G+H AG	Germany	153,815	99.91	3,197,111
Saint-Gobain PPL Isofluor GmbH	Germany	153,764	100.00	23,008,200
Saint-Gobain Glass Deutschland GmbH	Germany	86,660	60.00	119,999,970
Saint-Gobain Autoglas GmbH	Germany	72,833	60.00	120,000,000
Saint-Gobain Diamant Werkzeuge GmbH	Germany	61,151	100.00	20,000,000
SEPR	France	53,310	25.73	407,600
Saint-Gobain PAM	France	30,733	8.10	360,255
SCI Île-de-France	France	3,428	94.00	22,560
Miscellaneous French companies		–	–	–
Miscellaneous foreign companies		288	–	–
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES		**13,035,666**		
Cie de Saint-Gobain (treasury stock)	France	–	–	–
Cie de Saint-Gobain (treasury stock held for cancellation)	France	21,854	–	–
Miscellaneous French companies		33	–	–
OTHER INVESTMENT SECURITIES		**21,887**		
TOTAL		**13,057,553**		

NOTE 16 - INFORMATION ABOUT DIRECT INVESTMENTS IN SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT REPRESENTING OVER 1% OF THE COMPANY'S CAPITAL STOCK

COMPANIES *(in thousand euros: EUR k or local currency)*	Capital stock	Reserves	% interest	Book value of shares held Gross EUR k	 Net EUR k	Loans and advances granted by the Company EUR k	Guarantees given by the Company EUR k	2015 net sales	2015 net income (loss)	Dividends received by the Company in 2015 [1] EUR k
1 - SUBSIDIARIES At least 50%-owned by the Company										
SPAFI 18. avenue d'Alsace 92400 Courbevoie	EUR k 3,012,175	EUR k 3,851,798	100.00	5,768,287	5,768,287	–		EUR k 102	EUR k 366,980	529,641
Partidis 18. avenue d'Alsace 92400 Courbevoie	EUR k 1,193,509	EUR k 119,814	100.00	2,065,919	2,065,919	1,470,000		EUR k 4,544	EUR k (330,346)	40,697
S.G. Matériaux de Construction 18. avenue d'Alsace 92400 Courbevoie	EUR k 476,619	EUR k (17,931)	100.00	2,123,712	2,123,712	4,666,500		EUR k 30,614	EUR k (74,563)	–
Vertec 18. avenue d'Alsace 92400 Courbevoie	EUR k 188,651	EUR k 758,132	100.00	891,512	891,512	–		EUR k –	EUR k 654,177	106,942
S. G. Benelux Bouleverd de la Plaine 5 B 1050 Bruxelles	EUR k 812,345	EUR k 176,010	100.00	812,345	812,345	–		EUR k –	EUR k 13,471	–
Saint-Gobain Building Distrib Deutsch Hanauer Landstrasse. 150 D-60314 Frankfurt am Main	EUR k 100,000	EUR k 94,600	100.00	194,609	194,609	–		EUR k 1,396,250	EUR k 3,888	3,888
S. G. Isover G+H AG 1 Burgermeister-Grünzweig-Strasse D-67059 Ludwigshafen	EUR k 82,000	EUR k 11,426	99.91	153,815	153,815	–		EUR k 344,351	EUR k (15,283)	(15,283)
S. G. PPL Isofluor GmbH Bicheroux Strasse 61 D-52134 Herzogenrath	EUR k 23,008	EUR k 139,936	100.00	153,764	153,764	–		EUR k 8,343	EUR k 37,528	37,528
S. G. Glass Deutschland GmbH Viktoria-Allee 3-5 D-52066 Aachen	EUR k 102,258	EUR k 32,899	60.00	87,197	86,660	–		EUR k 355,669	EUR k (10,594)	(12,869)
S G Do Brasil 482. avenida Santa Marina Agua Branca 05036-903 São Paulo-SP (Brazil)	BRL k 1,417,564	BRL k 734,418	55.31	220,001	220,001	–		BRL k 3,161,174	BRL k 114,281	–
Saint-Gobain Autoglas GmbH Viktoria-Allee 3-5 D-52066 Aachen	EUR k 102,258	EUR k 19,130	60.00	72,833	72,833	–		EUR k –	EUR k 31,073	31,072
Saint-Gobain Diamant Werkzeuge GmbH Viktoria - Allee 3-5 D-52066 Aachen	EUR k 10,226	EUR k 50,925	100.00	61,151	61,151	–		EUR k 47,110	EUR k (17,153)	(17,153)

COMPANIES *(in thousand euros: EUR k or local currency)*	Capital stock	Reserves	% interest	Book value of shares held Gross EUR k	 Net EUR k	Loans and advances granted by the Company EUR k	Guarantees given by the Company EUR k	2015 net sales	2015 net income (loss)	Dividends received by the Company in 2015 [(1)] EUR k
2 - AFFILIATES 10% - to 50% - owned by the Company										
S. G. Cristalería Edificio Ederra Centro Azca Paseo de la Castellana 77 28046 Madrid	EUR k 134,512	EUR k 431,836	16.35	211,220	211,220	320,000		EUR k 344,760	EUR k 470,907	0
S. G. Innovative Materials Rue des Glaces Nationales. 169 B-5060 Sambreville	EUR k 390,566	EUR k (74,239)	15.00	160,880	132,080			EUR k 112,896	EUR k 5,838	0
SEPR 18. avenue d'Alsace 92400 Courbevoie	EUR k 63,361	EUR k 10,656	25.73	53,310	53,310	10,000		EUR k 147,267	EUR k (2,452)	12,371
OTHER COMPANIES										
Subsidiaries (over 50%-owned)										
Total French companies				3,428	3,428					72
Total foreign companies				260	260					(13)
Affiliates (10%- to 50%-owned)										
Total French companies										
Total foreign companies										
OTHER INVESTMENTS [(2)]				**31,636**	**30,793**	**680,000**				**19,579**
TREASURY STOCK										
TREASURY STOCK HELD FOR CANCELLATION				**21,854**	**21,854**					
TOTAL				**13,087,733**	**13,057,553**	**7,146,500**	**0**			**736,472**

(1) The amount shown for subsidiaries of the German branch corresponds to 2015 profit or loss transferred under the tax consolidation system.

(2) Including €19.1million dividend received from Saint-Gobain Emballage in Mai 2015.

NOTE 17 - OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments given on behalf of consolidated companies

Off-balance sheet commitments given on behalf of consolidated companies	Date	Counterparty	2015 amount *(EUR k)*	2014 amount *(EUR k)*
Commitment related to the project of acquisition of Schenker Winkler Holding AG [(1)]	2016	Schenker Winkler Holding AG shareholders	2,383,009	2,292,716
Guarantee issued in connection with the planned lease of the new Saint-Gobain headquarter following its completion	04/06/16	SCI Iris La Défense	25,836	
Guarantee given on behalf of Saint-Gobain Isover (electricity purchases)	12/31/2025	Exeltium	25,410	27,950
Guarantee issued in connection with disputes between members of the tax group and the French tax authorities	indefinite	Tax authorities	10,466	10,466
Commitments towards other members of economic interest groupings (GIE)	indefinite	GIE counterparts	4,060	3,155
Rent guarantee (Les Miroirs headquarters building)	06/30/2023	Miroirs A & B	3,000	3,000
Guarantee given to French companies whose employees have received performance units	multiple	multiple	2,416	343
Commitment given to employees of the Company who have received performance units	multiple	multiple	1,883	233
Commitment to employees of the German companies in the Group (early retirement plan)	06/30/2017	Sparkasse Aachen	1,597	3,115
Commitment towards the Saint-Gobain Initiatives foundation	01/31/2015	SG Initiatives counterparts		1,000
Other commitments given	multiple	multiple	96	63

(1) On December 5, 2014, Compagnie de Saint-Gobain signed an agreement to purchase the company Schenker-Winkler Holding AG, which holds 16.97% of the share capital and 52.92% of the voting rights of the company SIKA as of December 31st 2015.

On December 22, 2014, Compagnie de Saint-Gobain signed an agreement to transfer to its direct subsidiary SPAFI the benefits and obligations of the agreement mentioned above.

The payment of the purchase price, which amounts to 2.83 billion Swiss francs, fully hedged for an equivalent amount of €2.38 billion, is guaranteed by Compagnie de Saint-Gobain.

Financing-related off-balance sheet commitments

Financing-related off-balance sheet commitments given	Date	Counterparty	2015 amount *(EUR k)*	2014 amount *(EUR k)*
Liquidity agreement guarantee	January 2016	Exane	601	175
Euro equivalent of forward currency sale contracts	multiple	multiple	1,352,725	5,705,898
Euro equivalent of forward currencies payable under currency swaps	multiple	multiple	7,393,640	1,792,809
Equity swaps acquired as hedges of performance units	multiple	multiple	707	2,061

Financing-related off-balance sheet commitments received	Date	Counterparty	2015 amount (EUR k)	2014 amount (EUR k)
Liquidity agreement guarantee	January 2016	Exane	601	176
Euro equivalent of forward foreign currency purchase contracts	multiple	multiple	1,352,352	5,706,040
Euro equivalent of foreign currencies receivable under currency swaps	multiple	multiple	7,388,543	1,793,715
2013 / 2020 undrawn line of credit	12/17/2020	multiple	2,539,000	2,539,000
2012 / 2018 undrawn line of credit	12/07/18	multiple	1,461,000	1,461,000
Equity swaps acquired as hedges of performance units	multiple	multiple	7,068	1,965

Financing-related off-balance sheet commitments given and received	Date	Counterparty	2015 amount (EUR k)	2014 amount (EUR k)
Interest-rate swaps Fixed-rate borrower / Fixed-rate lender	multiple	multiple	340,623	320,965
Interest-rate swaps Variable-rate borrower / Fixed-rate lender	multiple	multiple	95,000	95,000
Commodity swaps Fixed-price buyer / Variable-price seller	multiple	multiple	8,662	9,311
Commodity swaps Variable-price buyer / Fixed-price seller	multiple	multiple	8,662	9,311

Operations-related off-balance sheet commitments: None.

As part of tax litigations which are duly provided for in the balance sheet, and in exchange for a stay of payment of the additional tax claimed, Compagnie de Saint-Gobain has obtained tax bonds from its banks in the amount of €10,466 thousand and the tax administration has also been granted liens on assets in its favor in the amount of €10,592 thousand. In addition, Compagnie de Saint-Gobain has granted a lien on assets totaling €5,681 thousand in connection with a tax dispute involving a member of the tax group.

In some cases, Compagnie de Saint-Gobain, or other Group Companies may grant seller's warranties to the buyers of divested businesses. A provision is recognized whenever a risk is identified and the related cost can be estimated reliably.

NOTE 18 - INFORMATION ON FEES PAID TO THE STATUTORY AUDITORS

Total fees (excluding VAT) paid and payable to the auditors for 2015, as reflected in the income statement, may be broken down as follows:

- statutory audit fees of €1.4 million;
- fees for audit-related advice and services of €1.3 million.

NOTE 19 - INFORMATION ON EMPLOYEES

Number of employees

	2015	2014
Paris Head Office (Les Miroirs, La Défense)		
Managers	164	165
Supervisors	37	37
Administrative staff	8	8
TOTAL	**209**	**210**
of which, employees under fixed-term contracts	5	7

	2015	2014
German branch (Aachen)		
Managers	79	82
Supervisors	121	116
Administrative staff	1	1
TOTAL	**201**	**199**
of which, employees under fixed-term contracts	7	2

Individual training leave

In accordance with the March 5, 2014 Act relating to lifelong professional training, individual training entitlement has been replaced by the individual training account, directly managed by the authorized joint collecting training bodies (OPCA)

Management compensation

Direct and indirect compensation and benefits paid in 2015 to members of the Group's senior management by the French and foreign companies in the Group amounted to €15.7 million (2014: €14.7 million), including €4.5 million (2014: €4.2 million) in variable compensation and €1.5 million in termination, retirement or other benefits (2014: €1.5 million).

Provisions for pensions and other post-employment benefits (defined-benefit obligations in respect of retirement bonuses and pensions) accruing to Group's officers totaled €55.8 million at December 31, 2015 (December 31, 2014: €60.6 million).

Attendance fees paid to members of the Board of Directors for 2015 totaled €1.1 million, a €0.3 million increase compared to the previous year.

NOTE 20 - LITIGATION

The legal risks to which the Group is most exposed are risks of asbestos-related litigation, in France and the United States, and competition-related risks.

The lawsuits described below involve Group subsidiaries and the related costs and provisions are recorded in the accounts of the subsidiaries concerned.

20.1 Asbestos-related litigation

Asbestos-related litigation in France

- Inexcusable fault lawsuits

In France, further individual lawsuits were filed in 2015 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM - which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases they have or had. As at December 31, 2015, a total of 796 such lawsuits had been issued against the two companies since 1996 with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect.

As of December 31, 2015, 736 of these 796 lawsuits had been completed in terms of both liability and quantum. In all these cases, the employers were held liable on the grounds of "inexcusable fault".

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled approximately €1.5 million.

Concerning the 60 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2015, the merits of two have been decided but the compensation awards have not yet been made, pending Appeal Court rulings. A further 23 of these 60 lawsuits have been completed in terms of both liability and quantum, but liability for the payment of compensation has not yet been assigned.

Out of the 35 remaining lawsuits, at December 31, 2015 the procedures relating to the merits of 34 cases were at different stages, with five in the process of being investigated by the French Social Security authorities and 29 pending before the Social Security courts. The last action has been canceled but the plaintiff may request its restoration at any time within a two-year period.

In addition, as of December 31, 2015, 212 similar suits had been filed since the outset of the litigation by current or former employees of thirteen other French companies of the Group (excluding suits against companies that are no longer part of the Group), in particular by current or former employees who used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2015, 152 lawsuits had been completed. In 79 of these cases, the employer was held liable for inexcusable fault.

The compensation definitively paid by these companies totaled approximately €1.33 million.

With regard to the 60 suits outstanding at December 31, 2015, one case was still at the investigation stage by the French Social Security authorities, 41 were being investigated - including 28 pending before the Social Security courts, 12 before the Appeal Courts and one before the Court of Cassation.– In addition, 13 suits had been completed in terms of liability but are still pending with regard to the quantum or liability for paying the compensation, of which 10 were pending before the Appeal Courts and 2 before the Court of Cassation. The 5 remaining suits have been canceled but the plaintiffs may request their restoration at any time within a two year period.

- Anxiety claims

Eight of the Group's French companies, including six that operate or have operated facilities classified as containing asbestos, are subject of damages claims that are different from those described above.

"Facilities classified as containing asbestos" are defined as industrials facilities, that have been closed or are still operating, which previously manufactured materials containing asbestos or used protection and insulation equipment containing asbestos and are included by ministerial decree on the official list of facilities whose current or former employees are entitled to the early-retirement benefits paid to asbestos workers (ACAATA).

At December 31, 2015, a total of 822 suits had been brought by current or former employees claiming compensation for various damages suffered as a result of their alleged exposure to asbestos. None of these plaintiffs were suffering from an asbestos-related disease and some of them were not receiving the ACAATA benefit. Of these 822 suits, 499 have been terminated. Three plaintiffs had their claims dismissed, while 496 others were recognized as having been exposed to an asbestos risk, and their claims were accepted, leading to payment of total compensation of €5.394 million. Of the remaining 323 suits, 61 are pending before the competent Appeal Courts, 129 before the competent labor tribunals (*"bureau de jugement du Conseil des prud'hommes"*), five are pending before the Court of Cassation and 119 have been canceled but the plaintiffs may request their restoration at any time during a period of two years. Finally, six suits have been dismissed by the competent labor tribunals and three plaintiffs have withdrawn the action they initiated.

It should be clarified that the figures above do not take into account suits filed against companies that are no longer part of the Group.

Asbestos-related litigation in the United States

In the United States, several companies that once manufactured products containing asbestos such as asbestos cement pipes, roofing products, specialized insulation or gaskets, are facing legal action from persons other than their employees or former employees. These claims for compensatory – and in some cases punitive – damages, are based on alleged exposure to these products, although in many instances the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The vast majority of these claims are made simultaneously against many other non-Group entities which have been manufacturers, distributors, installers or users of products containing asbestos.

- Developments in 2015

About 3,200 new claims were filed against CertainTeed in 2015, compared to 4,000 in 2014 and 4,500 in 2013. Over the last few years the number of new claims has remained relatively stable.

Almost all of the claims against CertainTeed are settled out of court or dismissed. Approximately 4,600 of the pending claims were resolved in 2015, compared to 6,500 in 2014 and 4,500 in 2013. Taking into account the 37,000 outstanding claims at the end of 2014 and the new claims having arisen during the year, as well as claims settled, around 35,600 claims were outstanding at December 31, 2015. A large number of these pending claims were filed more than five years ago by individuals without any significant asbestos-related impairment, and it is likely that many of these claims ultimately will be dismissed.

- Impact on the Group's financial statements

The Group recorded a €90 million charge in 2015 to cover future developments in relation to claims. This amount is similar to the amount recorded in 2014 and 2013. At December 31, 2015, the Group provision for asbestos related claims against CertainTeed in the United States amount to €533 million (USD 581 million), compared to €470 million (USD 571 million) at December 31, 2014 and €407 million (USD 561 million) at December 31, 2013.

- Cash-flow impact

Compensation paid in respect of these claims against CertainTeed, including claims settled prior to 2015 but only paid out in 2015, and those fully resolved and paid in 2015, and compensation paid (net of insurance) in 2015 by other Group businesses in connection with asbestos-related litigation, amounted to €59 million (USD 65 million), compared to €51 million (USD 68 million) in 2014 and €66 million (USD 88 million) in 2013.

Situation in Brazil

In Brazil, former employees of Group companies suffering from asbestos-related occupational illness linked to asbestos are offered, depending on the case, solely financial compensation, or otherwise lifetime medical assistance combined with financial compensation; only a small number of former employee litigants or their legal successors were outstanding at December 31, 2015, and they do not present a material risk for the subsidiaries concerned.

20.2 Competition law and related proceedings

Investigation by the Swiss Antitrust Commission in the sanitary products wholesale

In November 2011, the Swiss Antitrust Commission *(Commission Suisse de la Concurrence)* opened an investigation for anti-competitive practices in the sanitary products wholesale sector. In May 2014, the Commission Secretariat issued a notification of complaints against Sanitas Troesch and against other wholesalers in the sector. According to this notification, the Secretariat requested the Commission to declare a fine of approximately CHF 117 million on Sanitas Troesch, on grounds that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

The Commission stated in a press release dated July 3, 2015 that the total fine decided against all the companies involved will be CHF 80 million. For Sanitas Troesch, the fine is CHF 28.5 million. The decision itself will only be available in a few months' time. Sanitas Troesch continues to firmly refute the claims made; however a provision for litigation was recognized at December 31, 2015 for €27 million.

Investigation by the French Competition Authority in the building insulation products Sector

On August 6, 2014, Saint-Gobain Isover and Compagnie de Saint-Gobain (as the parent company of Saint-Gobain Group) received a notice of complaints from the French Competition Authority *(Autorité de la Concurrence Française)*. The only complaint made was of having exchanged allegedly strategic and confidential information, between 2002 and 2007, relating to a certification request lodged by Actis before the Versailles Commercial Court for one of its products, and in relation to a dispute between Actis and the mineral wool manufacturers' association (FILMM), of which Saint-Gobain Isover was a member.

Saint-Gobain Isover and Compagnie de Saint-Gobain are challenging this complaint and submitted their statement of defense on November 6, 2014. After receiving the report of the Competition Authority on August 10, 2015, the two companies issued their pleadings in response on October 29, 2015 and are now waiting for a hearing date before the board.

In the civil law area, in March 2013 Actis served a civil liability writ on Saint-Gobain Isover, the *Centre Scientifique et Technique du Bâtiment,* and the FILMM before the Paris Civil Court *(Tribunal de Grande Instance)* for the adverse consequences of facts forming the subject of the investigation by the Competition Authority. In an order dated December 16, 2014, the pre-trial judge declared a stay of proceedings while waiting for the decision from the Competition Authority.

Investigation by the Anti-trust Division of the United States Department of Justice in the United States drywall industry

In July 2015, the Anti-trust division of the United States Department of Justice opened a criminal investigation into potential anti-competitive practices, specifically a price agreement, in the United States drywall industry. This investigation followed complaints filed in late 2012 in the form of class actions in the civil courts against eight drywall manufacturers in the sector, including CertainTeed, by some of their customers.

On the basis of testimony and documents submitted in the civil proceedings, CertainTeed and its attorneys have not identified any element that might create liability for CertainTeed, and as a result filed a motion for summary judgment in May 2015 in order to end the civil proceedings. This application was accepted on February 18, 2016 by the competent court. An appeal against this decision is still possible.

20.3 Other proceedings and disputes

Some of the Group's companies may also be the subject of other claims made by their employees or by the tax authorities. Apart from the proceedings and litigation described above, to the best of the Company's knowledge no other government, court or arbitration proceedings exist (including pending proceedings or proceedings where the Company and/or the Group might be threatened) which could have or which has had, in the last twelve months, a significant impact on the financial or profit position of the Company and/or Group.

NOTE 21 - SUBSEQUENT EVENTS

No material events have occurred since the balance sheet date.

4. Statutory Auditors' report on the parent company financial statements

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2015

To the Shareholders of Compagnie de Saint-Gobain S.A.

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying financial statements of Compagnie de Saint-Gobain;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matter:

As described in Note 1 to the financial statements on accounting principles and methods (Investments in subsidiaries and affiliates, other investment securities and other financial investments), the Company carries out impairment tests on a yearly basis for its financial investments and investments in subsidiaries and affiliates. Based on the information available at the time of our audit, we assessed the approach used by the Company and ensured that the estimates made by the Company at December 31, 2015 were reasonable.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code *(Code de commerce)* relating to remuneration and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris La Défense, February 25, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit Department of KPMG S.A.	
Pierre Coll	Cécile Saint-Martin	Jean-Paul Thill	Philippe Grandclerc

5. Management report

Compagnie de Saint-Gobain annual financial statements *

Compagnie de Saint-Gobain's corporate net income totaled €1,070.9 million in 2015 (2014: €1,129.4 million). This income consisted largely of financial income from subsidiaries and shareholdings (dividends and income transfers from subsidiaries of the German branch) totaling €736.5 million in 2015 (2014: €978.1 million), and of a capital gain on the disposal of the shares held in Saint-Gobain Emballage and Saint-Gobain Vidros, as part of the sale of the Packaging Sector by the Group.

Shareholders' equity before allocation of income for the year totaled €17,326 million at December 31, 2015 (December 31, 2014: €17,064 million).

Significant events during the year

Transactions involving shareholders' equity

The main changes in shareholders' equity included:

- an increase in shareholders' equity on May 18 of €143.6 million, due to the subscription of 4,449,939 shares at a price of €32,44 under the Group Savings Plan;
- distribution of the company dividend on July 3 totaling €695.0 million. Following the option offered to shareholders to elect for payment of a share of 50% of this dividend in stock, an increase in shareholders' equity of €239.7 million was posted on the same day through the subscription of 6,559,204 shares at a price of €36.62;
- a reduction in shareholders' equity of €357.4 million on October 5, and of €154.3 million on November 30, following the cancellation of 9,000,000 and 4,000,000 shares respectively.

Plan to acquire Schenker Winkler Holding AG

On December 5, 2014, Compagnie de Saint-Gobain signed an agreement to acquire the company Schenker Winkler Holding AG (SWH), which holds 16.97% of the share capital and 52.92% of the voting rights of the company SIKA as of December 31, 2015. On December 22, 2014, Compagnie de Saint-Gobain signed an agreement with its direct subsidiary SPAFI transferring to the latter the benefits and obligations of the contract mentioned above. The payment of the purchase price, which amounts to 2.83 billion Swiss francs, fully hedged for an equivalent amount of €2.38 billion, is guaranteed by Compagnie de Saint-Gobain.

This transaction is subject to clearances from the competent anti-trust authorities, which were all obtained on December 2, 2015.

Saint-Gobain has noted the decisions of Sika shareholders' meetings of April 14, 2015 and July 24, 2015, after the Board has decided, for some resolutions, to limit the voting rights of SWH at 2.6%. Saint-Gobain had anticipated these decisions by extending the term of the agreement to acquire SWH until June 2016. On this date, Saint-Gobain will have the possibility of extending it for an additional period.

Sale of Verallia (Packaging Sector)

As part of the sale of Verallia (Packaging Sector) by the Group, Saint-Gobain Emballage and Saint-Gobain Vidros have been sold on October 29, 2015, to funds managed by affiliates of Apollo Global Management, LLC and BPI France.

The capital gain recorded by Compagnie de Saint-Gobain on the disposal of its shares in these two companies amounted to €179.4 million.

Future Saint-Gobain headquarters

On April 16, 2015, Compagnie de Saint-Gobain signed with the Company "SCI Iris La Défense" an off-plan lease regarding the occupation of its future head-quarters. This off-plan lease is subject to conditions precedent which had not yet been lifted as of December 31, 2015.

Financing activities

On March 13, 2015, Compagnie de Saint-Gobain issued a private placement of €500 million, maturing in September 2016, with a variable coupon of EURIBOR 3 months + 0.27%. This transaction optimizes the Group's average financing cost.

On September 30, 2015, Compagnie de Saint-Gobain redeemed the €1 billion bond that had reached maturity.

Other required information

Pursuant to Article D 441-4, the breakdown of its debt to suppliers by maturity date, at the close of the last two fiscal years, is the following:

(in EUR thousand)	2015	2014
Suppliers	8,764	14,466
- Expired	271	2,775
- Total not expired	8,493	11,691
0 to 60 days	8,487	11,689
more than 60 days	6	2

Compagnie de Saint-Gobain settles its debts by their given due dates. The only invoices not settled by their due dates are those subject to litigation and classified as awaiting decision, and invoices that were received late.

** Figures given in accordance with French accounting standards / see Annual Financial Statements.*

6. Five year **financial summary**

(in EUR thousand)	2015	2014	2013	2012	2011
1 - Capital stock at year-end					
Share capital	2,243,774	2,247,582	2,220,707	2,124,503	2,142,255
Number of common shares outstanding	560,943,439	561,895,566	555,176,790	531,125,642	535,563,723
2 - Results of operations					
Net sales	176,004	166,988	176,945	175,675	176,302
Income before tax, depreciation, amortization and provisions	967,838	1,045,415	775,752	630,125	962,144
Income tax	147,122	165,867	201,647	135,663	145,386
Income after tax, depreciation, amortization and provisions (Net income)	1,070,854	1,129,366	915,758	761,733	1,085,384
Dividends	(1) 693,462	(2) 695,017	(3) 684,560	(4) 654,065	(5) 646,300
3 - Earnings per share *(in EUR)*					
Income before tax, depreciation, amortization and provisions	1.73	1.86	1.40	1.19	1.80
Income after tax, depreciation, amortization and provisions (Net income)	1.91	2.01	1.65	1.43	2.03
Net dividend per share	1.24	1.24	1.24	1.24	1.24
4 - Employee information (6)					
Average number of employees during the year	209	210	222	231	224
Total payroll for the year	32,165	28,431	29,350	28,122	29,664
Total benefits for the year	14,573	12,911	13,781	22,892	17,276

(1) *Estimated amount based on 560,943,439 shares (capital stock at December 31, 2015) less 1,699,679 treasury shares held at January 31, 2016 i.e. 559,243,760 shares.*

(2) *Based on 561,895,566 shares (capital stock at December 31, 2014) less 1,397,640 treasury shares held on the ex-dividend date, i.e. 560,497,926 shares.*

(3) *Based on 555,176,790 shares (capital stock at December 31, 2013) less 3,112,210 treasury shares held on the ex-dividend date, i.e. 552,064,580 shares.*

(4) *Based on 531,125,642 shares (capital stock at December 31, 2012) less 3,653,495 treasury shares held on the ex-dividend date, i.e. 527,472,147 shares.*

(5) *Based on 535,563,723 shares (capital stock at December 31, 2011) less 9,540,000 canceled shares as of May 31, 2012 and 4,813,883 treasury shares held on the ex-dividend date, i.e. 521,209,840 shares.*

(6) *Employee numbers only include staff at the Company's head office and exclude the German branch.*

7. Statutory Auditors' special report on Related party agreements and commitments

(Annual General Meeting for the approval of the financial statements for the year ended December 31, 2015)

This is a free translation into English of the Statutory Auditors' special report on related party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of the Compagnie de Saint-Gobain

In our capacity as Statutory Auditors of Compagnie de Saint-Gobain, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions of agreements and commitments, and the reasons put forward for their benefit to the company that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING ON JUNE 2, 2016

We were not informed of any agreement or commitment to be submitted for approval at the Annual General Meeting in accordance with article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in previous years

a) which were implemented during the year

Pursuant to article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved in previous years by the Annual General Meeting, were implemented during the year.

Nature and date of approval by the Annual General Meeting	Person(s)/entity(ies) concerned	Implementation in the year ended December 31, 2015
Agreements authorized as part of the initial public offering of Verallia on the regulated market of NYSE Euronext in Paris and the postponement of the initial public offering **Approved by the Annual General Meeting of:** June 7, 2012 (Statutory Auditors' special report of March 9, 2012)	Chairman and Chief Executive Officer of Compagnie de Saint-Gobain and Chairman of the Board of Directors of Verallia: Pierre-André de Chalendar* ** At the date of the agreement approval*	The nature and terms of such contracts and agreements and co-contractors are presented in the appendix to this report.
Agreement with Wendel, a shareholder of Compagnie de Saint-Gobain **Approved by the Annual General Meeting of:** June 7, 2012 (Statutory Auditors' special report of March 9, 2012)	Wendel, shareholder with an interest of over 10% in Compagnie de Saint-Gobain. Directors: Frédéric Lemoine, Chairman of the Management Board of Wendel and Bernard Gautier, member of the Management Board of Wendel.	These agreements, which were entered into on May 26, 2011 for a ten-year term, and which set out the principles and objectives of the long-term cooperation between Wendel and Saint-Gobain, have not given rise to any payment and mainly concern corporate governance, voting rights and changes in Wendel's interest in the capital of the Company.

Nature and date of approval by the Annual General Meeting	Person(s)/entity(ies) concerned	Implementation in the year ended December 31, 2015
Group health and personal risk insurance contract for employees and corporate officers **Approved by the Annual General Meeting of:** June 5, 2014 (Statutory Auditors' special report of March 24, 2014)	Chairman and Chief Executive Officer: Pierre-André de Chalendar	On the recommendation of the Appointments, Remuneration and Governance Committee, at its meeting on March 20, 2014, the Board of Directors decided that Pierre-André de Chalendar would continue to benefit in full from the Group health and personal risk insurance contracts entered into with GAN and Mutuelle Malakoff Médéric respectively. Payment of €6,866 made by the Company for Pierre André de Chandelar's insurance coverage in respect of 2015.

b) which were not implemented during the year

Furthermore, we were informed that the following agreements and commitments, already approved by an Annual General Meeting in previous years, remained in force but were not implemented during the year.

Commitments given to Pierre-André de Chalendar concerning the compensation and benefits potentially due, in certain cases, on the termination of his duties as Chairman and Chief Executive Officer

- Nature and date of approval by the Annual General Meeting

On recommendation of the Appointments, Remuneration and Governance Committee, at its meeting of March 20, 2014, the Board of Directors authorized the renewal of benefits payable to Pierre-André de Chalendar on the termination of his duties as Chairman and Chief Executive Officer ("compensation for termination of office") of Compagnie Saint-Gobain (the "Company"). The terms and conditions of this compensation for termination of office are as follows:

1. The compensation for termination of office will be paid in the event of the forced termination of Pierre-André de Chalendar's duties as Chairman and Chief Executive Officer, irrespective of the form of termination, resulting from a change in control or strategy, if and only if:
   a. he is removed from office or his appointment as Chairman and Chief Executive Officer is not renewed, other than at his own initiative or as a result of gross or willful misconduct (by reference to case law relating to employment matters) or serious misconduct not related to his duties as Chief Executive Officer (in accordance with the case law definition), or
   b. he is forced to resign within the twelve months following:
      - the date of approval by the shareholders of a merger or demerger affecting the Company, or
      - the date on which a third party or group of third parties acquires control of the Company (in accordance with article L.233-3 of the French Commercial Code), or
      - the announcement by the Company's management bodies of a significant shift in the Group's strategy leading to a major change in its business.
2. No compensation for termination of office will be due if Pierre-André de Chalendar leaves the Company (i) at his own initiative in circumstances other than those described in 1. above, or (ii) in one of the circumstances described in 1. above, if he would have been eligible to retire during the following twelve months and to receive a pension under the SGPM supplementary benefit plan for engineers and managers.
3. The amount of the compensation for termination of office will be equal to no more than twice the amount of Pierre-André de Chalendar's total gross annual compensation as Chairman and Chief Executive Officer, defined as the sum of the fixed portion of the annual compensation of the Chairman and Chief Executive Officer received as of the date of termination of his duties, and the average annual variable bonus of the Chairman and Chief Executive Officer received or receivable in respect of his last three years in office (this total gross annual compensation is defined hereinafter as the "Reference Compensation"). In any case, the sum of the compensation for termination of office and of the non-compete agreement compensation (defined hereinafter) will not exceed two times the amount of the Reference Compensation.
4. Payment of the compensation for termination of office will be subject to fulfilment of a performance condition evidenced by the Board of Directors' decision to award him an average bonus for the last three full years ended before the termination of his duties as Chairman and Chief Executive Officer at least equal to one half of the average maximum bonus.

   Payment of the compensation for termination of office will be dependent on the Board of Directors' acknowledgement, under the conditions set out by the legislation in force, of the fulfilment of this performance condition as of the date his duties are terminated.

On the recommendation of the Appointments, Remuneration and Governance Committee, at its meeting on March 20, 2014, the Board of Directors authorized the renewal of a firm and irrevocable non-compete agreement between Pierre-André de Chalendar and the Company for a period of one year from the date on which his functions as Chairman and Chief Executive Officer are terminated in circumstances qualifying him for the compensation for termination of office. In consideration for this commitment, Pierre-André de Chalendar will receive a compensation ("non-compete agreement compensation") equal to the Reference Compensation, it being specified that the amount of the compensation for termination of office due to Pierre-André de Chalendar will, if necessary, be reduced so that the sum of the non-compete agreement compensation and the compensation for termination of office amount to no more than two times the Reference Compensation.

On the recommendation of the Appointments, Remuneration and Governance Committee, at its meeting on March 20, 2014, the Board of Directors decided that, in the event of termination of his duties as Chairman and Chief Executive Officer under circumstances qualifying him for the compensation for termination of office, it reserves the right, on the proposal of the Appointments, Remuneration and Governance Committee, to choose whether or not to maintain all or some of Pierre-André de Chalendar's rights to Saint-Gobain stock options, performance shares and performance units granted to him as of the date of termination that have not been delivered as of this date or for which the exercise period has not expired, as the case may be, provided that, where applicable, the performance condition(s) set out in the plans concerned have been fulfilled.

Approved by the Annual General Meeting of: June 5, 2014
(Statutory Auditors' special report of March 24, 2014).

- Person concerned

Pierre-André de Chalendar - Chairman and Chief Executive Officer

Pension plan for Pierre-André de Chalendar in his capacity as non-salaried executive corporate officer

- Nature and date of approval by the Annual General Meeting

On the recommendation of the Appointments, Remuneration and Governance Committee, at its meeting on March 20, 2014, the Board of Directors decided, in accordance with article 17 of the rules and regulations of the SGPM supplementary pension plan for engineers and managers, that Pierre-André de Chalendar would continue to benefit in full from the provisions of said rules and regulations under the same conditions as those applicable to all members of the pension plan.

Approved by the Annual General Meeting of: June 5, 2014
(Statutory Auditors' special report of March 24, 2014).

- Person concerned

Pierre-André de Chalendar - Chairman and Chief Executive Officer

Neuilly-sur-Seine and Paris La Défense, February 25, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit Department of KPMG SA	
Pierre Coll	Cécile Saint-Martin	Jean-Paul Thill	Philippe Grandclerc

Nature and Purpose	Co-contracting parties	Main terms and conditions of implementation at December 31, 2015
Transitional Services Agreement and its amendment	Compagnie de Saint-Gobain acting in its name and on its behalf as well as in the name and on behalf of other companies of the Saint-Gobain Group (hereinafter collectively referred to as "Saint-Gobain") on the one hand, and Verallia and the companies in the Packaging sector (hereinafter collectively referred to as "Verallia") on the other hand	These agreements set out the conditions under which Saint-Gobain will continue to provide Verallia with services during a transitory period. The duration of this period varies according to the type of services concerned: financial, human resources, IT and telecommunications, legal, tax and insurance and real-estate services. The annual compensation or the compensation per assignment were set out in the agreements for each service and each beneficiary. The compensation is revised every year subject to a mutual agreement. Under this agreement, Saint-Gobain billed Verallia €8,308 thousand between January 1st, 2015 and October 29th, 2015, the date of packaging sector's disposal, including €252 thousand in the name of Compagnie de Saint-Gobain.
Technical and Research Agreement and its amendment	Compagnie de Saint-Gobain acting in its name and on its behalf as well as in the name and on behalf of other companies of the Saint-Gobain Group (hereinafter collectively referred to as "Saint-Gobain") on the one hand, and Verallia and the companies in the Packaging sector (hereinafter collectively referred to as "Verallia") on the other hand	This agreement sets out the conditions under which Verallia will continue to benefit from (i) the development of certain entities of the Saint-Gobain Group responsible for technical development and research in glassmaking, (ii) the implementation of the cross-licensing between Saint-Gobain and Verallia of the trademarks necessary for the performance of their activities, and (iii) the right to participate in Saint-Gobain's cross-cutting strategic research and development programs. This agreement has a five-year term which began on June 1, 2011. Under this agreement, Saint-Gobain billed Verallia €3,879 thousand between January 1st, 2015 and October 29th, 2015, the date of packaging sector's disposal. Compagnie de Saint-Gobain did not bill any amounts in its own name.
Trademark License Agreement and its amendment	Compagnie de Saint-Gobain on the one hand, and Verallia and the companies in the Packaging sector (hereinafter collectively referred to as "Verallia") on the other hand	This agreement sets out the conditions under which Verallia will continue to benefit from its right to the free use of the Saint-Gobain brand for its company names, material, property, plant and equipment, and domain names as well as the trademarked abbreviation "SG" and for a transitory period from the date on which Compagnie de Saint-Gobain no longer holds, directly or indirectly, more than 50% of Verallia's capital or voting rights.

9 ADDITIONAL INFORMATION AND CROSS-REFERENCE TABLES

1. **Additional** information

1.1 PRINCIPAL STATUTORY PROVISIONS AND INTERNAL RULES OF THE BOARD OF DIRECTORS

1.1.1 Principal statutory provisions

The main provisions of Saint-Gobain Compagnie's bylaws are summarized below.

A complete version of the bylaws may be consulted on the Company's website (www.saint-gobain.com). A copy may also be obtained upon request from the Clerk of the Commercial Court of Nanterre and at the Company's headquarters.

- Corporate name, form, corporate headquarters and duration (Articles 1, 2, 4 and 5)

A French société anonyme governed by the provisions of Articles L.210-1 et seq. of the French Commercial Code, Compagnie de Saint-Gobain maintains its corporate headquarters at Les Miroirs, 18, avenue d'Alsace, 92400 Courbevoie (tel.: +33 (0)1 47 62 30 00). It is registered with the Trade and Companies Register of Nanterre under No. 542 039 532.

The Company was founded in 1665 and registered with the Trade and Companies Register on July 21, 1954 for a period that will expire December 31, 2040, unless it is subject to early dissolution or extension.

- Corporate purpose (Article 3)

The Company's corporate purpose is, in summary form, to conduct and manage, in France and internationally, any and all industrial, commercial, financial, securities and real estate transactions related to its manufacturing and contracting activities, through French or foreign subsidiaries or affiliates or otherwise.

- Fiscal year (Article 19)

Its fiscal year runs from January 1 to December 31.

- Share capital and disclosure thresholds (Articles 6 and 7)

At December 31, 2015 the share capital was set at €2,243,773,756, divided among 560,943,439 shares with a par value of €4 each, entirely paid in and all of the same type.

The bylaws (Article 7.4) require shareholders to disclose to the Company within five trading days any direct, indirect or joint interest representing at least 0.50% of the capital or voting rights, or any multiple of this percentage.

The same disclosure requirement applies when a direct, indirect or joint holding falls below any of these thresholds.

Failure to comply with these disclosure rules may result in the undisclosed shares exceeding this percentage being stripped of voting rights for a period of two years from the date when the non-disclosure is remedied, at the request of one or more shareholders representing at least 3% of the capital or voting rights, as recorded in the minutes of the General Meeting.

In addition, the Company may request disclosure of information about its ownership structure and ownership of its securities pursuant to the relevant laws and regulations.

- Share rights (Article 8)

Each share entitles the owner to ownership of corporate assets and liquidation proceeds in an equal proportion to the share capital it represents.

Whenever it is necessary to hold a certain number of shares in order to exercise a right, it is for the owners who do not possess such number to assume responsibility, as necessary, to create the corresponding grouping up to the required number of shares.

Each share entitles the holder to vote at the General Meetings under the conditions stipulated in the bylaws (see Article 18 below).

Share ownership automatically requires compliance with the Company's bylaws and the decisions taken by the General Meeting.

- Company Management (Articles 9 to 12 and 14)

The Company is administered by a Board of Directors comprised of at least three members and no more than eighteen members, subject to the exceptions provided for by law in the event of a merger.

Directors are elected for a maximum four-year term which is renewable, subject to the age limits for holding office which is 70 for a Director and 68 for the Chairman of the Board. The Board may decide to combine the functions of Chairman of the Board and Chief Executive Officer, in which case the holder's title shall be Chairman and Chief Executive Officer. The age limit for holding office as Chairman and Chief Executive Officer is 65 (the same as for the Chief Executive Officer and Chief Operating Officers).

A Director representing employee shareholders shall be appointed at the General Meeting, upon proposal of the Board of Directors, among the members of the supervisory boards of the corporate mutual funds of the Company's Group Savings Plan. Such Director will be subject to all legal and statutory provisions applicable to Directors appointed by the General Meeting.

One or two employee Directors shall be appointed by the Group Works Council (Comité de Groupe) of the Company. If the number of Directors appointed by the General Meeting is less than or equal to twelve, one employee Director shall be appointed by the Group Works Council. If the number of Directors appointed by the General Meeting is or becomes greater than twelve, a second employee Director shall be appointed by the Group Works Council (provided that this number remains higher than twelve on the date of the appointment). If the number of Directors appointed by the General Meeting becomes less than or equal to twelve, the terms of each of the two employee Directors shall continue up to the expiration of their term. The appointment of the employee Director or Directors by the Works Council shall occur within six months of the General Meeting. The Director representing employee shareholders, appointed by the General Meeting, is not taken into account for the purpose of determining the number of employee Directors to be appointed.

G4-3. G4-5. G4-7. G4-28

The duties of the members of the Board of Directors and the Chairman of the Board of Directors (whether or not he is Chairman and Chief Executive Officer) shall end upon completion of the Annual General Meeting called to approve the financial statements for the year during which they reach the age limit. The duties of an employee Director shall also terminate in the event of termination of his or her employment contract, on the date of the termination, subject to intra-group transfer. If the conditions for application of the law are not met, the term of office of the employee Director or Directors shall end upon completion of the meeting of the Board of Directors that confirms the Company's exit from the scope of application of the law.

The Board of Directors determines the Company's overall business strategy and examines any issues related to the efficient operation of business.

The Board's activities are organized and led by the Chairman of the Board.

Board meetings may be held using videoconferencing or other interactive telecommunication technology, under the conditions stated by law.

Each Director appointed by the General Meeting is required to hold at least 800 shares.

- General management (Articles 13 and 15)

At the choice of the Board of Directors, the Company's General Management is assumed either by the Chairman of the Board of Directors, in this case in his capacity as Chairman and Chief Executive Officer, or by the Chief Executive Officer.

The Chief Executive Officer, chosen by the Board of Directors, whether or not from among its own members, is vested with the broadest authority to act under any circumstances in the name of the Company within the limits of the corporate purpose and subject to such powers as the law expressly attributes to General Meetings and to the Board of Directors. He represents the Company in its relations with third parties.

- General Meetings and voting rights (Article 18)

Any shareholder may participate in General Meetings in person or by proxy, provided that his/her/its shares have been formally recorded in the accounts, subject to the applicable legal provisions.

Where decided by the Board, shareholders may be convened to and vote at a General Meeting by any form of electronic communication. All shareholders may give proxy to another person or entity to represent them at a General Meeting, subject to the applicable legal provisions. Legal entities shareholders are represented at a General Meeting by their legal representative or by any person designated by such legal representative.

At all General Meetings, voting rights are exercisable by the beneficial owner of the shares. Each shareholder has a number of voting rights corresponding to the number of shares held, without limitation.

However, double voting rights are allocated to fully paid-up shares registered in the name of the same holder for at least two years.

In addition, in the case of a capital increase through capitalization of reserves, profits or share premiums, registered shares allocated free of charge to a shareholder carry double voting rights from the date on which they are issued on the basis of shares already held by the shareholder carrying such entitlement.

Double voting rights are forfeited when the shares are converted to bearer form or sold. However, double voting rights are not forfeited when title is transferred by way of an inheritance or as a result of the liquidation of the marital estate or an inter vivos donation to a spouse or a relative in the direct line of succession, and the transfer is not taken into account for the purpose of calculating the two-year qualifying period.

Shareholders may vote by mail in accordance with applicable laws and regulations.

- Allocation and appropriation of net income (Article 20)

Each year, 5% of net income for the year less any losses carried forward from prior years is credited to the legal reserve, until such time as the legal reserve represents 10% of the share capital. If the share capital is increased, the same transfer requirement applies until the legal reserve represents 10% of the new share capital.

Distributable income corresponds to net income for the year less any losses carried forward from prior years and less any amounts to be credited to reserves in application of the law or the Company's bylaws, plus retained earnings.

The General Meeting may appropriate this distributable income as follows:

1. All or part of this amount to any contingency or special reserves or to retained earnings, based on a recommendation of the Board of Directors.

2. If these appropriations do not absorb the total amount of distributable income, shareholders are paid a non-cumulative first dividend equal to 5% of the paid-up par value of shares, without being entitled to claim such payment from appropriations from the distributable income of subsequent years.

3. If any funds remain after paying these appropriations, they are used to pay a second dividend.

The Annual General Meeting approving the financial statements for the fiscal year may decide to offer shareholders the option of receiving all or part of the dividend (or any interim dividend) in cash or in shares.

1.1.2 Internal Rules of the Board of Directors

The Compagnie de Saint-Gobain's Internal Rules of the Board of Directors, in force at February 1, 2016, describe the Board's organization and functioning. The provisions of the Board of Director's internal rules are reproduced in their entirety below, except for the provisions that concern Board Committees, which are set out in Chapter 5, Section 1.2.3. (b).

The internal rules aim to set out the organization and functioning of Compagnie Saint-Gobain's Board of Directors.

They are to be applied in conjunction with the rules and duties laid out in those applicable legal and regulatory provisions and the Company's bylaws which have not been reproduced below.

They implement the recommendations published by the AFEP-MEDEF code.

- I. Meetings of the Board of Directors

The Board holds at least seven scheduled meetings each year. At each year end an annual work program is drafted and distributed to Directors for the following year. The draft minutes of each meeting are sent to the Directors at the same time as the agenda for the next meeting. They are approved at that meeting and the final minutes are then sent with the agenda for the following meeting.

Except for meetings held to approve the annual financial statements of the Company and the annual consolidated financial statements and the management report, Directors who take part in a Board meeting using videoconferencing or other telecommunication technology without any break in transmission, enabling them to be identified and to participate actively in the discussion, are deemed to be present for calculation of the quorum and voting majority.

- II. Prior and permanent information for Directors

Each time a meeting is called, Directors are provided with a selection of financial analyses and a range of press articles concerning the Saint-Gobain Group published in the period since the last Board meeting.

The text of explanations and presentations scheduled on the agenda for a meeting is sent to the Directors prior to the meeting.

The draft annual report for the Saint-Gobain Group and the draft Group and Company annual and interim financial statements are sent to the Directors prior to the meeting at which they are to be considered.

The information file handed out to the Directors at each meeting includes, among other things, an analysis of the Saint-Gobain Group's operating income and its net debt at the previous month-end, as well as details of Saint-Gobain's share performance compared with the CAC 40 and an industry index.

One Board meeting is held at a different Saint-Gobain Group site each year, to give the Directors an opportunity to also visit the site concerned.

Between meetings, the Directors receive copies of all press releases issued by the Company, along with any relevant information about events or transactions that are material for the Saint-Gobain Group.

Directors have the right to ask for any other documents that they consider necessary in order to make an informed contribution to the Board's discussions; the request is made to the Chairman and Chief Executive Officer, who may submit the request to the Board for a decision.

Directors may also ask to meet senior executives of the Saint-Gobain Group and to request that no executive Directors are present; in the latter case, notice shall first be given to the Chairman and Chief Executive Officer, who may submit the request to the Board for a decision.

- III. Decisions of the Board

The Board examines all issues that fall within its remit, as specified in the applicable laws and regulations and the Company's bylaws, particularly on the following subjects:

The Board meets annually to review and approve the budget for the Saint-Gobain Group.

A meeting is held at least once a year to review and decide on the Saint-Gobain Group's overall strategy.

All capital expenditures, restructuring, disposals, acquisitions and financial investment and divestment projects each individually representing over €150 million must be submitted to the Board for prior approval, along with any material transactions that fall outside the Group's stated strategy.

For urgent matters where there is not enough time to call a Board meeting, the Chairman and Chief Executive Officer provides the Directors with all relevant information by the most efficient method in order to obtain their opinion.

The Board's practices are reviewed during at least one meeting each year and a formal assessment of its organization and practices is conducted periodically on the initiative of the Nomination, Remuneration and Governance Committee; the results of this assessment are reviewed at the next Board of Directors' meeting.

Every year, the Board also reviews each Director's situation in relation to the independence criteria set out in the AFEP-MEDEF enterprise governance code for publicly traded companies, based on a report prepared by the Nomination, Remuneration and Governance Committee. The results of the review are reported to shareholders in the annual report.

Non-executive Directors may meet during or after a Board meeting, without the executive Directors being present, so that they can assess the performance of the executive Directors and consider the future line-up of Saint-Gobain Group's senior management.

- IV. Board committees

Three Board committees exclusively composed of Directors – the Audit and Risk Committee, the Nomination, Remuneration and Governance Committee, and the Strategy and Corporate Social Responsibility Committee – prepare the Board's tasks and deliberations in their respective areas.

Committee members may participate in meetings either by videoconference or telephone, enabling them to be identified, ensuring their effective participation in the meetings and shall thus be deemed present at such committees.

For the purposes of carrying out their duties, these committees may commission technical studies by outside experts at Compagnie Saint-Gobain's expense, and consult Group executives after notifying the Chairman and Chief Executive Officer, who may submit the request to the Board for decision. They report to the Board on the opinions and information obtained.

The Board's internal rules also cover, among other things, the respective duties and areas of the three Board committees. A description of these duties and areas is provided in Chapter 5, Section 1.2.3 in the section on each committee.

- V. Directors' duties

Under French financial markets legislation and regulations, Directors are qualified as "permanent insiders" and as such are required to comply with the laws and regulations concerning insider trading.

Periods known as "negative windows" are also set each year, during which Directors are prohibited from trading directly or indirectly and from derivative transactions in Compagnie de Saint-Gobain's shares.

These abstention periods cover the 30 days preceding the Board meetings at which the annual and interim consolidated financial statements are reviewed, the 15 days preceding the publication of quarterly sales figures, and the day following these meetings. The exact schedule of "negative windows" is sent each year to the Directors by the Board secretary. The Group's senior management, as well as employees with access to sensitive information, are also subject to these "negative windows".

Under current provisions, Directors must declare to the French Financial Markets Authority *(Autorité des marchés financiers)* any trades they have executed involving Compagnie de Saint-Gobain shares.

Directors hold their Compagnie de Saint-Gobain shares in registered form.

Beyond the obligation of discretion as provided for by law, Directors are bound by a general duty of confidentiality with regard to the documents and information communicated to them before or during the meetings, as well as on the deliberations of the Board of Directors, until such time as they have been made public.

They must seek to avoid any actual or potential conflict of interest, whether direct or indirect, and if any such conflict of interest should arise, they must inform the Chairman and Chief Executive Officer and refrain from participating in discussions and votes on the concerned topics.

The Chairman and Chief Executive Officer must consult the Board before accepting any new appointment in a publicly traded company.

- VI. Attendance fees and reimbursement of expenses

The attendance fees approved by shareholders at the General Meeting are allocated by the Board of Directors among its members.

The Chairman and Chief Executive Officer does not receive any attendance fees.

For Directors who are elected or retire/resign from the Board during the year, the fixed fee is paid pro rata to the actual period served.

The fees are paid in two half-yearly installments in arrears, with any balance available from the annual amount distributed at the beginning of the next year based on variable parts allocated to each Director depending both under his/her participation to Board meetings and Committees meetings held during the prior fiscal year.

Directors may be reimbursed, once they have submitted the necessary supporting documents, for travel expenses, and any expenses incurred within the course of carrying out their duties as Directors of the Company.

- VII. Other provisions

If he or she considers it necessary, each Director may receive additional training about the Saint-Gobain Group's specific characteristics, businesses and operating segments.

Those appointed to the Audit and Risk Committee may, if they consider it useful, receive training in the accounting, financial and operational aspects of the Group's activities.

Unless impeded, Directors attend General Meetings.

1.2 PUBLICLY AVAILABLE DOCUMENTS

For the lifetime of this Registration Document, the following documents (or a copy of them) relating to the Company may be consulted through the Financial Communications Department at the Company's corporate headquarters, at Les Miroirs, 18, avenue d'Alsace, 92400 Courbevoie (France), and may be viewed online at www.saint-gobain.com:

- this Registration Document, which may also be consulted on the French Financial Markets Authority *(Autorité des marchés financiers)* website (www.amf-france.org);
- the Company bylaws; and
- any reports, letters and other documents, historical financial information, assessments and statements prepared by an outside expert at the Company's request, a part of which is included in or referred to in this Registration Document.

1.3 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.3.1 Appointment of the person responsible for the Registration Document

Pierre-André de Chalendar, Chairman and Chief Executive Officer of Compagnie de Saint-Gobain.

1.3.2 Statement by the person responsible for the Registration Document including the annual financial report

I hereby declare, after having taken all reasonable care to ensure that such is the case, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and of all the companies included in the consolidation scope, and that the information provided in the management report contained in this Registration Document and listed in the Cross-reference Table in Chapter 9, Section 3.2 provides a true and fair view of the evolution of the business, results and financial position of the Company and of all the companies included in the consolidation scope, as well as a description of the main risks and uncertainties to which they are exposed.

I obtained a completion letter from the Statutory Auditors in which they state that they have audited the information relating to the financial position and the financial statements included in this Registration Document, and that they have read this Registration Document in its entirety.

The Statutory Auditors have established a report on the consolidated financial statements for the fiscal year ended on December 31, 2015 presented in this Registration Document, which can be found on pages 228 and 229, and which contains no comment.

The Statutory Auditors have established a report on the consolidated financial statements for the fiscal year ended on December 31, 2014 presented in the registration document prepared for fiscal year 2014 and filed with the French Financial Markets Authority *(Autorité des marchés financiers)* on April 22, 2015 under number D.15-0389. Such report included a comment on the changes in the accounting method made with effect from January 1, 2014, which can be found on pages 237 and 238.

The Statutory Auditors have established a report on the consolidated financial statements for the fiscal year ended on December 31, 2013 presented in the registration document prepared for fiscal year 2013 and filed with the French Financial Markets Authority on March 27, 2014 under number D.14-0224. Such report included a comment on the changes in the accounting method made with effect from January 1, 2013, which can be found on pages 181 and 182.

Courbevoie, April 4, 2016

Pierre-André de Chalendar
Chairman and Chief Executive Officer

1.4 INFORMATION ON THE STATUTORY AUDITORS

1.4.1 Statutory Auditors and Substitute Auditors

As at December 31, 2015, the Statutory Auditors of the Company are:

- PricewaterhouseCoopers Audit [1], 63 rue de Villiers 92208 Neuilly-sur-Seine, represented by Mr. Pierre Coll and Mrs. Cécile Saint-Martin. Its mandate was renewed on June 3, 2010 for a period of six years, and expires at the 2016 Annual General Meeting;

- KPMG Audit, a Division of KPMG S.A.[1], Tour Eqho, 2 avenue Gambetta, CS 60055, 92066 Paris La Défense, France represented by Mr. Jean-Paul Thill and Mr. Philippe Grandclerc. Its mandate was renewed on June 7, 2012 for a period of six years, and expires at the 2018 Annual General Meeting.

The Substitute Auditors are:

- Mr. Yves Nicolas, 63 rue de Villiers 92208 Neuilly-sur-Seine, appointed on June 3, 2010. His mandate will expire at the 2016 Annual General Meeting;

- Mr. Fabrice Odent, Tour Eqho, 2 avenue Gambetta, CS 60055 - 92066 Paris La Défense (France), appointed on June 7, 2012. His mandate will expire at the 2018 Annual General Meeting.

1.4.2 Statutory Auditors' Fees

Fees of the Statutory Auditors and members of their networks paid by the Group for fiscal year 2015

	PricewaterhouseCoopers				KPMG			
	Amount before tax		%		Amount before tax		%	
(in EUR million)	2015	2014	2015	2014	2015	2014	2015	2014
AUDIT								
Statutory Auditors, certification, examination of individual and consolidated accounts								
Issuer	0.7	0.7	6%	6%	0.8	0.8	8%	8%
Fully consolidated subsidiaries	9.4	9.5	81%	85%	9.1	9.1	87%	88%
SUBTOTAL	**10.1**	**10.2**	**87%**	**91%**	**9.9**	**9.9**	**94%**	**95%**
Other duties and services directly linked to the Statutory Auditors' assignment								
Issuer	1.1	0.2	9%	2%	0	0	0%	0%
Fully consolidated subsidiaries	0.2	0.6	2%	5%	0.4	0.4	4%	4%
SUBTOTAL	**1.3**	**0.8**	**11%**	**7%**	**0.4**	**0.4**	**4%**	**4%**
Other services performed by the networks for fully consolidated subsidiaries								
Legal, tax	0.2	0.2	2%	2%	0.1	0.1	1%	1%
Other (specify if > 10% of audit fees)	0	0	0%	0%	0.0	0	0%	0%
SUBTOTAL	**0.2**	**0.2**	**2%**	**2%**	**0.1**	**0.1**	**1%**	**1%**
TOTAL	**11.6**	**11.2**	**100%**	**100%**	**10.4**	**10.4**	**100%**	**100%**

[1] *Members of the Versailles branch of the French Regional Auditors' Association.*

1.5 INFORMATION ON SUBSIDIARIES AND ASSOCIATES

Principal Subsidiaries by country and Delegation

All subsidiaries are wholly owned, unless otherwise specified.

The conversion rates used are the average rates for 2015.

FRANCE

Saint-Gobain Glass France: flat glass and flat glass products. Sales: €259.9 million. Employees: 812. Subsidiaries:

- Sovedys, Sivaq, SGGS Menuisiers Industriels, SG Glass Solutions Paris Centre Normandie, SG Glass Solutions Grand Ouest, SG Glass Solutions Sud-Ouest, SG Glass Solutions Nord-Est, Le Vitrage du Midi (LVM), Gobba Vitrage, Vitrages Isolants d'Auvergne, Alp'Verre, Verrerie Aurys, Pierre Pradel, Vetrotech Saint-Gobain France, Vetrotech SG Atlantique. Construction glass products companies. Employees of the manufacturing subsidiaries: 2,320.
- Saint-Gobain Sovis: tempered glass for household appliances, industrial and scientific optics, anti-radiation glass. Employees: 68.
- Verrerie de Saint-Just: decorative glass. Employees: 34.
- Saint-Gobain Sully: flat glass for the railroad and aircraft industries. Employees: 495.
- Saint-Gobain Glass Logistics: transport.
- Saint-Gobain Recherche (34.5% owned by SG Glass, which is wholly owned by the Group): glass and building materials research center. Employees: 439.
- Samin: quarry operator. Employees: 86.

Eurofloat (50%): flat glass and flat glass products.
Employees: 208.

Saint-Gobain Sekurit France: automotive glass products. Sales: €218.6 million. Employees: 792. These figures include Société Verrière d'Encapsulation: encapsulated automotive glass. Subsidiary:

- Saint-Gobain Autover: automotive glass products manufacturing and distribution. Sales: €33.6 million. Employees: 87.

Société Européenne des Produits Réfractaires: fused-cast refractory products used mainly for glass furnaces and various special ceramic products (pellets, grains and powders). Sales: €121.5 million. Employees: 646. Subsidiaries:

- Savoie Réfractaires: manufacture of special refractories. Sales: €32.8 million. Employees: 153.
- Saint-Gobain Cristaux et Détecteurs: optical crystals and artificial monocrystals for chemical analyses.
Sales: €24 million. Employees: 106.
- Saint-Gobain Matériaux Céramiques: seeded gel abrasives.
Sales: €14.5 million. Employees: 24. Subsidiary: Saint-Gobain Coating Solutions. Sales: €11.5 million. Employees: 29.
- Saint-Gobain Centre de Recherche et d'Études Européennes (40% owned by SEPR wholly owned by the Group): ceramics research center. Employees: 201.
- Valoref SA.: recycling.

Saint-Gobain Performance Plastics Europe: holding company. Subsidiaries:

- Saint-Gobain Quartz S.A.S: manufacture of silica parts for the chemical industry, silica crucibles and reactor tubes for the semi-conductor industry, silica wool and yarn for the aerospace industry, Micaver insulating materials, piezoelectric ceramics. Sales: €16.6 million. Employees: 71.
- Saint-Gobain Performance Plastics France: manufacture and sale of high-performance plastics. Sales: €47.2 million.
Employees: 326.
- Saint-Gobain Adfors France: Sales: €16.4 million.
Employees: 12.

Saint-Gobain Abrasifs: production of coated abrasives, grinding wheels and super-abrasives. Sales: €140.8 million. Employees: 474.

Saint-Gobain Isover: production and processing of glass and stone wool insulation products. Sales: €355.3 million. Employees: 971. Subsidiaries:

- Saint-Gobain Eurocoustic: stone wool insulation products and roof tiles. Sales: €69.3 million. Employees: 191.
- Saint-Gobain Ecophon SA: acoustic ceilings. Sales: €5.1 million. Employees: 38.
- Plafométal: metal ceilings. Sales: €18 million. Employees: 91.

Placoplatre SA: production and distribution of plaster, plasterboard, insulation products and ceiling tiles. Sales: €486.7 million. Employees: 1,533.

Saint-Gobain Matériaux de Construction: holding company. Subsidiary:

- Saint-Gobain Weber: production of industrial mortars.
Sales: €2.2 billion. Employees: 9,008. These figures include Weber and Maxit's subsidiaries in 52 countries, including countries listed below in this document.

Saint-Gobain PAM: ductile cast iron pipes and hydraulic connectors for water supply, irrigation and sewer networks; cast iron products for the building industry. Sales: €783.2 million. Employees: 2,367. Subsidiary:

- Saint-Gobain Seva: industrial equipment, molds, fiberglass plates for insulation, door fittings. Sales: €65.3 million. Employees: 285.

Partidis: holding company for building materials distribution activities. Sales: €7.4 billion. Employees: 27,417. Subsidiaries:

- Saint-Gobain Distribution Bâtiment France: distribution of construction materials through:
  - 11 regional companies (Brittany, Central France, Eastern France, Paris (Île-de-France), Loire, Languedoc Midi-Pyrénées, Northern France, Normandy, Provence-Alpes-Côte d'Azur, Rhône-Alpes, Southwest France);
  - 8 national companies (DSC, DAI, Asturienne, DMBP, PUM Plastiques, DMTP, Eurobéton, Décocéram);
  - 2,016 sales outlets in France.
- La Plateforme du Bâtiment: 59 Plateforme du Bâtiment outlets in France.
- Lapeyre: distribution of home improvement products under the following brands: Lapeyre and K PAR K. 130 sales outlets (127 in France and three in Switzerland).

Spafi: holding company.

Vertec: holding company.

CENTRAL EUROPE

GERMANY

Saint-Gobain Glass Deutschland GmbH: flat glass and flat glass products. Sales: €355.9 million. Employees: 991.

Saint-Gobain Deutsche Glas GmbH: holding company controlling various subsidiaries active in construction glass products. Sales: €232.6 million (including subsidiaries). Employees: 1,501 (including subsidiaries).

Saint-Gobain Sekurit Deutschland Beteiligungen GmbH: management company for Saint-Gobain Sekurit Deutschland KG and other equity interests. Subsidiaries:
- Saint-Gobain Autover Deutschland GmbH, which owns Freudenberger Autoglas GmbH.
- Faba Autoglas Technik GmbH: automotive glass products.
- Freeglas GmbH & Co KG.

Saint-Gobain Sekurit Deutschland KG: production of automotive glass. Sales: €243.2 million. Employees: 1,237. These figures include those of Faba Autoglas Technik KG: production of tempered glass.

Saint-Gobain Autover Deutschland: distribution of automotive replacement glass. Sales: €56.3 million. Employees: 132.

Saint-Gobain Performance Plastics Isofluor GmbH: specialist in the manufacture of fluoropolymer pipes. Sales: €8.3 million. Employees: 64. Subsidiaries:
- Saint-Gobain Performance Plastics Pampus GmbH: manufacture and sale of high-performance plastics for the medical and automotive industries, and sundry industrial equipment. Sales: €89.6 million. Employees: 358. Subsidiaries:

  - Saint-Gobain PPL MG Sil: sales: €15.6 million. Employees: 140.
  - Saint-Gobain PPL L+S GmbH: sales: €31.8 million. Employees: 268.

Saint-Gobain IndustrieKeramik Roedental: manufacture of high-performance refractory products. Sales: €42.5 million.
Employees: 372.

Saint-Gobain Ceramic Materials GmbH: sales: €41.1 million. Employees: 44.

Saint-Gobain Diamantwerkzeuge GmbH: Subsidiaries:
- Saint-Gobain Abrasives GmbH and Supercut Europe GmbH: production and distribution of industrial superabrasives and molds.

Sales for all three companies: €131.7 million. Employees for all three companies: 657.

Saint-Gobain Isover G+H AG: production and distribution of mineral fibers and foams for thermal, cooling and acoustic insulation and fireproofing. Sales: €345.8 million. Employees: 1,099. These figures include Superglass Dämmstoffe GmbH: insulating materials distribution.

Saint-Gobain Rigips GmbH: production and distribution of plaster, plasterboard, insulation products and ceiling tiles. Sales: €258.1 million. Employees: 812.

Saint-Gobain PAM Deutschland GmbH: sales of pipe systems for the building industry. Holding company. Sales: €109.4 million. Employees: 298. Subsidiary:
- Saint-Gobain HES GmbH: ductile cast iron pipes. Sales: €21.6 million. Employees: 27.

Saint-Gobain Building Distribution Deutschland GmbH: building materials distribution (220 sales outlets). Sales: €2 billion. Employees: 5,010.

Schäfer: roofing materials distribution.

AUSTRIA

Eckelt Glas GmbH: flat glass products. Sales: €32.7 million. Employees: 200.

Glas Ziegler. sales: €19.5 million. Employees: 86.

Saint-Gobain Adfors Austria GmbH: production of paintable wall coverings. Sales: €13.1 million. Employees: 72.

Saint-Gobain Isover Austria GmbH: production and distribution of insulating materials. Sales: €33.7 million. Employees: 136.

Rigips Austria GmbH: production and distribution of plaster, plasterboard, insulation products and ceiling tiles. Sales: €61.1 million. Employees: 220.

BELGIUM

Saint-Gobain IM Belgium Benelux: flat glass storage and products, silicon carbide processing, manufacture and sale of high performance plastics, and corundum for the abrasive and refractive industries. Sales: €118.4 million. Employees: 286. Subsidiary:
- Saint-Gobain Glass Solutions Belgium: sales: €59.4 million. Employees: 315.

Saint-Gobain Sekurit Benelux SA: Subsidiary:
- Saint-Gobain Autover Distribution SA : sales: €91.3 million. Employees: 91.

Saint-Gobain Construction Products Belgium: production and distribution of plaster, plasterboard and insulation products. Sales: €133.6 million. Employees: 223.

Saint-Gobain Pipe Systems Belgium: sales: €30.9 million. Employees: 24.

LUXEMBOURG

Saint-Gobain Abrasives SA: production and sale of diamond-tipped tools, disks and drills. Asphalt cutters for the construction and civil engineering industries.
Sales: €10.6 million. Employees: 80.

NETHERLANDS

Koninklijke Saint-Gobain Glass Nederland: construction glass products manufacturing and distribution. Sales: €66.6 million. Employees: 276 (including subsidiaries).

Saint-Gobain Autover International BV: replacement automotive glass distribution. Sales: €23.1 million. Employees: 45.

Saint-Gobain Construction Products Nederland BV: manufacture and distribution of plaster, plasterboard, insulation products, acoustic ceilings and glass veilings. Sales: €140.5 million. Employees: 378.

Saint-Gobain Cultilène BV: glass wool and stone wool products for hydroponic (soil-less) cultivation. Sales: €34.7 million. Employees: 56.

Saint-Gobain Distribution The Netherlands BV: building materials distribution in the Netherlands (44 sales outlets). Sales: €420.5 million. Employees: 1,057.

Saint-Gobain Nederland Beheer BV: holding company. Subsidiary:
- Saint-Gobain Abrasives BV: production of fine grinding wheels and applied abrasives. Sales: €140.4 million. Employees: 247.

NORDIC COUNTRIES AND BALTIC STATES

DENMARK

€1 = DKK 7.45867

Saint-Gobain Glass Nordic A/S: glass products and distribution for the construction industry. Sales: €28.9 million. Employees: 142.

Saint-Gobain Isover A/S: manufacture and distribution of insulation products. Sales: €51.5 million. Employees: 182.

Saint-Gobain Ecophon A/S: production of acoustic products. Sales: €8.9 million. Employees: 87.

Gyproc A/S: manufacture of plasterboard and ceiling tiles. Sales: €41.3 million. Employees: 139.

FINLAND

Saint-Gobain Glass Finland Oy: construction and automotive glass products manufacturing and distribution. Sales: €22 million. Employees: 140.

Saint-Gobain Construction Products Finland: production and distribution of plaster, insulation products and acoustic products, pipe systems and production of industrial mortars. Sales: €204.9 million. Employees: 666.

NORWAY

€1 = NOK 8.94217

Saint-Gobain Bockmann A/S: production of insulating glass and distribution of replacement glass. Sales: €28.7 million. Employees: 128.

Saint-Gobain Ceramic Materials A/S: manufacture and sale of silicon carbide products. Sales: €44.9 million. Employees: 204.

Gyproc A/S: production and distribution of plaster and plasterboard. Sales: €28.9 million. Employees: 71.

Saint-Gobain Byggevarer A/S: distribution of pipe systems and industrial mortars. Sales: €94.5 million. Employees: 226.

SWEDEN

€1 = SEK 9.35465

Saint-Gobain Emmaboda Glas AB: glass products for the construction industry. Sales: €21.4 million. Employees: 107.

Saint-Gobain Sekurit Scandinavia AB: automotive glass products. Sales: €85.3 million. Employees: 261.

Saint-Gobain Autover Direktglas AB: distribution of automotive replacement glass. Sales: €12.3 million. Employees: 55.

Saint-Gobain Abrasives AB: abrasives. Sales: €21.1 million. Employees: 32.

Gyproc AB: production and distribution of plaster and plasterboard products. Sales: €54.6 million. Employees: 120.

Scanspac: production and distribution of plaster. Sales: €32.9 million. Employees: 55.

Saint-Gobain Isover AB:manufacture and distribution of insulation products. Sales: €97.3 million. Employees: 368.

Saint-Gobain Ecophon AB: production and distribution of acoustic ceilings. Sales: €195 million. Employees: 343.

Saint-Gobain Distribution Nordic AB: holding company for plumbing, heating and construction materials distribution activities under the Dahl and Optimera brands in Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania and Romania (443 sales outlets). Sales: €3.8 billion. Employees: 7,782.

ESTONIA

Saint-Gobain Glass Eesti A/S: production of replacement windshields, construction glass products. Sales: €66 million. Employees: 543.

Saint-Gobain Ehitustooted Eesti A/S: distribution of insulation products, plasterboard and industrial mortars.
Sales: €29 million. Employees: 56.

LATVIA

SIA Saint-Gobain Celtniecibas Produkti: distribution of insulation products, plasterboard and industrial mortars.
Sales: €10.2 million. Employees: 24.

LITHUANIA

UAB Saint-Gobain Statybos Gaminiai: distribution of insulation products, plasterboard and industrial mortars.
Sales: €13.7 million. Employees: 44.

POLAND, BULGARIA, ROMANIA AND TURKEY

POLAND

€1 = PLN 4.18275

Saint-Gobain IM Polska Sp Zoo: production, processing and distribution of flat glass, and glass products for household appliances. Sales: €443.2 million. Employees: 2,681. Subsidiary:
- Saint-Gobain Polska Sp Zoo: construction and furniture glass products. Sales: €95.5 million. Employees: 878.

Saint-Gobain HPM Polska Sp Zoo: production and distribution of glass veil, high-performance plastics and abrasive grinding wheels. Sales: €113 million. Employees: 824.

Saint-Gobain Construction Products Polska: production of plaster, plasterboard, insulation products, ceiling tiles, piping systems and industrial mortars. Sales: €164.3 million. Employees: 856.

Saint-Gobain Polska: distribution of building products (59 sales outlets). Sales: €103.4 million. Employees: 631.

BULGARIA

€1 = BGL 1.95580

Saint-Gobain Construction Product Eood: production of plaster, plasterboard, insulation products and industrial mortars.
Sales: €12.2 million. Employees: 95.

ROMANIA

€1 = RON 4.44510

Saint-Gobain Glass Romania SRL: flat glass products.
Sales: €72.1 million. Employees: 254.

Saint-Gobain Construction Products Romania SRL: production and distribution of plaster, plasterboard and stone wool; piping systems distribution; production and distribution of industrial mortars.
Sales: €73.4 million. Employees: 484.

TURKEY

€1 = TRY 3.02174

Izocam Ticaret VE Sanayi A.S. (47.5%): production of glass wool and stone wool. Sales: €126.6 million. Employees: 451.

Saint-Gobain Rigips Alci: production and distribution of plaster.
Sales: €45.4 million. Employees: 214.

Saint-Gobain Weber Yapi: production of industrial mortars.
Sales: €63.8 million. Employees: 309.

CZECH REPUBLIC, SLOVAKIA, HUNGARY AND EASTERN ADRIATIC COUNTRIES

CZECH REPUBLIC

€1 = CZK 27.28565

Saint-Gobain Sekurit CR Spol S.R.O.: production of laminated glass for the automotive industry. Sales: €93.4 million. Employees: 644.

Saint-Gobain Adfors CZ S.R.O: sales: €238.2 million.
Employees: 1,679.

Saint-Gobain Construction Products CZ S.R.O.: flat glass products for the building industry, production and distribution of plaster, plasterboard, insulation products, stone wool insulation materials and ceiling tiles, distributor of abrasive products. Sales: €183 million. Employees: 1,008.

Saint-Gobain PAM CZ S.R.O.: foundry. Sales: €26.3 million. Employees: 154.

Saint-Gobain Building Distribution CZ Spol S.R.O.: distribution of building materials, tiles and sanitary ware (53 sales outlets). Sales: €97.7 million. Employees: 534.

SLOVAKIA

Saint-Gobain Construction Products Slovakia: flat glass products for the building industry, production of plaster, plasterboard, insulation products and ceiling tiles, pipe systems distribution, production and distribution of industrial mortars. Sales: €68.5 million. Employees: 376.

HUNGARY

€1 = HUF 309.88442

Saint-Gobain Construction Products Hungaria: distribution of replacement automotive glass, production and distribution of plaster, plasterboard, insulation products and industrial mortars. Sales: €42.2 million. Employees: 207.

Saint-Gobain Distribution of Construction Materials Hungary: building materials distribution (32 sales outlets). Sales: €54.6 million. Employees: 333.

RUSSIA, UKRAINE AND CIS COUNTRIES

RUSSIA

€1 = RUB 68.03208

Saint-Gobain Construction Products Russia: production and distribution of plaster, plasterboard, insulation products and industrial mortars. Sales: €158.5 million. Employees: 913.

Zao Zavod Minplita: sales: €17.8 million. Employees: 297.

UKRAINE

€1 = UAH 24.29063

Saint-Gobain Construction Products Ukraine: distribution of plaster and plasterboard products. Sales: €6.3 million. Employees: 42.

MEDITERRANEAN

SPAIN

Saint-Gobain Cristaleria S.L.: flat glass products for the construction and automotive industries, insulation products (glass and stone wool). Sales: €312.4 million. Employees: 881. Subsidiaries:

- Saint-Gobain Autover: distribution of replacement automotive glass.
- Industrias del Cuarzo (Incusa): sand quarry. Sales: €15 million. Employees: 45.
- La Veneciana: flat glass products and mirror glass manufacturing, distribution and installation. Sales: €49.4 million. Employees: 319.

Saint-Gobain Abrasivos: production of abrasive grinding wheels. Sales: €31.7 million. Employees: 117.

Saint-Gobain Performance Plastics España: manufacture and sale of high-performance plastics. Sales: €5.9 million. Employees: 44.

Saint-Gobain Adfors España: sales: €11.8 million. Employees: 67.

Saint-Gobain Placo Iberica: production of plasterboard. Sales: €130.1 million. Employees: 475.

Saint-Gobain Transformados: mineral wool production and products for the acoustic and hydroponics markets.
Sales: €19.1 million. Employees: 42.

Saint-Gobain PAM España SA: ductile cast-iron pipes. Sales: €90.9 million. Employees: 226. Subsidiary:

- Saniplast: distribution of pipes and accessories.

Sales: €34.3 million. Employees: 113.

ITALY

Saint-Gobain Glass Italia S.p.a.: flat glass products. Sales: €101.4 million. Employees: 274.

Saint-Gobain Sekurit Italia: automotive glass products. Sales: €86.1 million. Employees: 271. Subsidiaries:

- S.G. Autover Italia S.R.L: distribution of replacement automotive glass.
- Sicurglass Sud S.R.L.: automotive glass products. Combined sales of the two subsidiaries: €39.6 million. Employees: 207.

Saint-Gobain Euroveder Italia S.p.a.: tempered glass for household appliances. Sales: €28 million. Employees: 137.

Saint-Gobain Abrasivi S.p.a.: production of abrasive grinding wheels. Sales: €70.6 million. Employees: 277.

SEPR Italia S.p.a.: fused-cast refractory products. Sales: €27.8 million. Employees: 139.

Saint-Gobain PPC Italia S.p.a.: manufacture of insulation and sealing products (roofing materials, glass-veil siding), production of plaster, plasterboard, ceiling tiles and industrial mortars. Sales: €223.5 million. Employees: 612.

Saint-Gobain PAM Italia S.p.a.: ductile cast-iron pipes. Sales: €52.4 million. Employees: 77.

Vemac S.R.L.: building materials distribution (10 outlets). Sales: €38.4 million. Employees: 136.

PORTUGAL

Saint-Gobain Glass Portugal Vidro Plano SA: production and processing of flat glass for the construction and household appliance industries. Sales: €26.8 million. Employees: 16. Subsidiaries:

- Covipor-CIA Vidreira do Norte, Covilis and EVI-Produção de Energia: construction glass products. Sales: €15.9 million. Employees: 66.

Saint-Gobain Sekurit Portugal Vidro Automovel SA: automotive glass products. Sales: €47.8 million. Employees: 157. Subsidiaries:

- Saint-Gobain Autover Portugal (60%): distribution of replacement automotive glass. Sales: €10.8 million. Employees: 119.

Saint-Gobain Abrasivos Lda: distributor of abrasive products. Sales: €11.6 million. Employees: 36.

Saint-Gobain PAM Portugal SA: pipe distribution. Sales: €25 million. Employees: 15.

GREECE

Autover Hellas: distribution of replacement automotive glass. Sales: €7.2 million. Employees: 34.

Saint-Gobain Hellas ABEE: production and distribution of plaster and distribution of pipe products. Sales: €10.4 million. Employees: 34.

MOROCCO

€1 = 10.81778 MAD

Saint-Gobain Abrasivos Lda (85%): abrasive products distribution. Sales: €12.3 million. Employees: 88.

UNITED KINGDOM AND REPUBLIC OF IRELAND

UNITED KINGDOM

€1 = GBP 0.72606

Saint-Gobain Glass UK Ltd: flat glass production and products, construction glass products. Network of 20 sites, including seven production facilities, throughout the United Kingdom. Sales: €240.2 million. Employees: 1,183.

Saint-Gobain Ceramics & Plastics Ltd: holding company. Subsidiaries:

- Saint-Gobain Industrial Ceramics Ltd: production and sale of high-temperature insulating fiber and refractory products. Sales: €8.3 million. Employees: 52.
- Saint-Gobain Performance Plastics Corby and Saint-Gobain Performance Plastics Tygaflor Ltd: production of heat-resistant tubing and bundles for beverage-dispensing applications. Sales: €21.2 million. Employees: 45.

Rencol Tolerance Rings Ltd: sales: €23.2 million. Employees: 136.

Saint-Gobain Abrasives Ltd: sales: €43 million. Employees: 148. Through various subsidiaries, produces bonded and coated abrasives and superabrasives.

British Plaster Board (BPB Plc): production of plasterboard, construction plaster, other specialty plasters, insulation products, acoustic products, ductile cast iron pipes and hydraulic connectors for water and sewer networks, hydraulic valves, cast-iron and steel municipal castings, cast-iron construction products, and industrial mortars. Sales: €838.3 million. Employees: 2,294 (including subsidiaries).

Celotex Group Ltd: Sales: €145 million. Employees: 223.

Saint-Gobain Building Distribution Ltd: holding for building materials distribution (1,000 sales outlets in the United Kingdom and the Republic of Ireland). Sales: €3.4 billion. Employees: 12,559 (including subsidiaries).

REPUBLIC OF IRELAND

Saint-Gobain Performance Plastics Ireland: PTFE and silicon-coated fabrics, adhesive tapes. Sales: €22.6 million. Employees: 87.

Saint-Gobain Construction Products Ireland Ltd: production of plaster, plasterboard and ceiling tiles, and production and distribution of insulation products. Sales: €70.4 million. Employees: 185.

SUB-SAHARAN AFRICA

SOUTH AFRICA

€1 = ZAR 14.15251

Saint-Gobain Abrasives Pty Ltd: production of coated abrasives, super-abrasives and grinding wheels. Sales: €3.1 million. Employees: 13.

Saint-Gobain Construction Products South Africa Ltd: production of plaster, plasterboard and ceiling tiles, production and distribution of insulation products, production of pipes and industrial mortars. Sales: €142.8 million. Employees: 1,020.

Donn South Africa Ltd (66.7%): production of plasterboard and ceiling tiles. Sales: €10.3 million. Employees: 94.

Saint-Gobain Pipelines South Africa: manufacture of cast iron parts. Sales: €9.9 million. Employees: 257.

EGYPT

€1 = EGP 8.55684

Saint-Gobain Glass Egypt (69%): flat glass and flat glass products. Employees: 300.

BPB Placo Egypt for Industrial Investments Sae: plaster production. Employees: 403.

OTHER EUROPEAN COUNTRIES

SWITZERLAND

€1 = CHF 1.06768

Vetrotech Saint-Gobain International AG: production and distribution of fireproof glass. Sales: €132.3 million. Employees: 313.

Saint-Gobain Isover SA: manufacture and distribution of insulation products, marketing of fiberglass reinforcements. Sales: €44.1 million. Employees: 153.

Rigips AG: production of plaster, plasterboard, insulation products and ceiling tiles. Sales: €75 million. Employees: 178.

KBS AG: production and distribution of industrial mortars. Sales: €36.2 million. Employees: 34.

Sanitas Troesch AG: distribution of fitted bathrooms and kitchens (32 sales outlets). Sales: €520.9 million. Employees: 968.

International Saint-Gobain: holding company.

NORTH AMERICA

UNITED STATES

€1 = USD 1.10967

Saint-Gobain Corporation: holding company.

CertainTeed Corporation: insulation products and building materials, including:

- Residential roofing shingles
- Commercial roofing products
- Siding
- Roofing granules
- PVC pipe and exterior products (fencing, decking and railings)
- Industrial reinforcement products

Subsidiaries:

- CertainTeed Ceilings: acoustic ceiling distribution.

Sales: €2.3 billion. Employees: 4,355. CertainTeed Corporation sales and employees include those of CertainTeed Glass Materials, CertainTeed Ceilings, CertainTeed Insulation, CertainTeed Roofing, and CertainTeed Siding.

Saint-Gobain Glass Corporation: holding company. Subsidiaries:

- HCS Corporation, Vetrotech Saint-Gobain North America Inc. Total sales by the sub-group: €20.4 million. Employees: 69.
- Sage Electrochromics Inc.: production of electrochromic glass. Employees: 205.

Saint-Gobain Autover Inc.: distribution of replacement automotive glass. Total sales by the sub-group: €13.9 million. Employees: 10.

Saint-Gobain Abrasives Inc.: production of bonded abrasives, coated abrasives and super-abrasives. Sales: €694.5 million. Employees: 2,873. These figures include Saint-Gobain Universal Superabrasives Inc. and its main abrasives subsidiaries in the United States, Canada, Mexico and New Zealand.

Saint-Gobain Ceramics & Plastics Inc.: produces technical ceramics, chemical process products, high-performance plastics, fused-cast refractory products, special ceramic grains and silicon carbide products (businesses conducted directly or through subsidiaries). Sales: €1.2 billion. Employees: 4,350.

CertainTeed Gypsum & Ceilings USA Inc.: production and distribution of plaster, plasterboard and ceiling tiles. Sales: €545.2 million. Employees: 991.

CANADA

€1 = CAD 1.41772

Saint-Gobain Adfors Canada Ltd: production and distribution of reinforcement mesh for exterior insulation systems. Sales: €19.3 million. Employees: 45.

Saint-Gobain Canada Inc.: production of abrasive grains. Sales: €15.3 million. Employees: 28.

Decoustics: acoustic products. Sales: €19.8 million. Employees: 101.

CertainTeed Gypsum Canada Inc.: production of plasterboard. Sales: €212.9 million. Employees: 563.

CertainTeed Insulation: production and distribution of insulation products. Sales: €37.3 million. Employees: 209.

MEXICO, COLOMBIA, ECUADOR, PERU, VENEZUELA AND CENTRAL AMERICA

MEXICO

€1 = MXN 17.59980

Saint-Gobain Glass México: flat glass and flat glass products, production of automotive glass and tempered glass for household appliances. Sales: €344.3 million. Employees: 1,719.

Saint-Gobain America (Mexico): production and marketing of textile fiberglass, insect screens, coated abrasives and high performance plastics. Sales: €97.1 million. Employees: 1,082.

Saint-Gobain Gypsum SA de CV: Sales: €9.3 million. Employees: 100.

COLOMBIA

€1 = COP 3.04323

Vidrio Andino (75.6%): flat glass and flat glass products for the construction and automotive industries. Sales: €64.5 million. Employees: 216.

Saint-Gobain Colombia SAS: production of coated abrasives and grinding wheels. Sales: €19.8 million. Employees: 94.

Fiberglass Colombia: production of glass wool for the building and manufacturing industries. Sales: €22.4 million. Employees: 190.

PAM Colombia SA: water supply pipe distribution. Sales: €3.2 million. Employees: 13.

VENEZUELA

€1 = VEF 57.82216

Saint-Gobain Abrasivos CA: production of coated abrasives and grinding wheels. Sales: €12.3 million. Employees: 76.

Saint-Gobain Materiales Ceramicos CA: production of silicon carbide. Sales: €7.1 million. Employees: 133.

BRAZIL, ARGENTINA AND CHILE

BRAZIL

€1 = BRL 3.69185

Saint-Gobain Do Brasil Ltda: construction and automotive glass and glass products, fiberglass insulation, reinforcement products, ceramic products, plastics, gains and powders, high-performance plastics, bonded and coated abrasives, refractory products, silicon carbide and tile adhesives. Sales: €845.7 million. Employees: 5,622. Subsidiary:

- Cebrace (50%): flat glass and flat glass products. Sales: €363.1 million. Employees: 1,125.

Placo Do Brasil (55%): production and distribution of plaster and plasterboard. Sales: €58.3 million. Employees: 218.

Saint-Gobain Canalização: manufacture of ductile cast iron pipes and connectors. Sales: €103.2 million. Employees: 951.

Saint-Gobain Distribuiçao Brasil Ltda: building materials distribution (43 sales outlets). Sales: €405.1 million. Employees: 3,587.

ARGENTINA

€1 = ARS 10.26095

Saint-Gobain Abrasivos Argentina et Abrasivos Argentinos: production and distribution of bonded and coated abrasives and masking tape. Sales: €67 million. Employees: 416.

Saint-Gobain Argentina SA: production and distribution of plaster and plasterboard, production of fiberglass insulation and reinforcement products, automotive glass products and distribution of pipe products and industrial mortars. Sales: €193.8 million. Employees: 557.

ASIA-PACIFIC

AUSTRALIA

€1 = AUD 1.47665

Saint-Gobain Abrasives Australia Pty Ltd : Sales: €60.9 million. Employees: 190.

CHINA

€1 = CNY 6.97325

Saint-Gobain Hanglas Sekurit Shanghai Co. Ltd: automotive glass products. Sales: €252.9 million. Employees: 1,003.

Saint-Gobain Glass Co. Ltd: sales: €18.4 million. Employees: 36.

Qingdao Saint-Gobain Hanglas Clfg Co. Ltd: sales: €55.2 million. Employees: 184.

Kunshan Yongxin Glassware Co. Ltd (60%): sales: €32.2 million. Employees: 316.

SEPR Beijing Refractories Co Ltd (87.8%): manufacture of fused-cast refractory products. Sales: €22.2 million. Employees: 281.

Saint-Gobain PPL Shanghai: Sales: €89 million. Employees: 432.

Saint-Gobain Abrasives Shanghai et **Saint-Gobain Abrasives Suzhou:** production of abrasive grinding wheels. Sales: €122.6 million. Employees: 609.

Saint-Gobain Proppants Guanghan Ltd: Sales: €28 million. Employees: 149.

Saint-Gobain Ceramic Materials (Zhengzhou): Sales: €28.8 million. Employees: 215.

Saint-Gobain Zirpro Handan Co Ltd: sales: €35.1 million. Employees: 198.

Saint-Gobain Gypsum (Changzhou): production and distribution of plaster. Sales: €33.4 million. Employees: 156.

Saint-Gobain Gypsum Materials Shanghai: production and distribution of plaster. Sales: €37.8 million. Employees: 170.

Saint-Gobain Pipelines Co. Ltd: ductile cast iron pipes. Sales: €174.2 million. Employees: 1,110.

DIP: ductile cast-iron pipes. Sales: €60.5 million. Employees: 409.

Saint-Gobain (Xuzhou) Pipe Co. Ltd (Xuzhou General Iron and Steel Works): liquid cast-iron production. Subsidiary:

- Xuzhou Everbright Ductile Iron Pipes Ltd: sales: €155.7 million. Employees: 1,338.

Saint-Gobain Pipelines (Xuzhou) Co. Ltd: sales: €217.9 million. Employees: 753.

SOUTH KOREA

€1 = KRW 1.25572

Hankuk Glass Industries Inc. (80.5%): company listed on the Seoul (South Korea) stock exchange. Production of flat glass. Sales: €163.5 million. Employees: 299. Subsidiaries:

- Hankuk Sekurit Limited (90.1%): automotive products. Sales: €192.3 million. Employees: 340.
- Hankuk Haniso: sales: €62.6 million. Employees: 101.

Saint-Gobain PPL Korea Co. Ltd: high-performance plastics. Sales: €32.8 million. Employees: 97.

INDONESIA

€1 = IDR 14,859.89706

PT Saint-Gobain Abrasives Diamas (75%): Sales: €14.4 million. Employees: 307.

JAPAN

€1 = JPY 134.28320

Saint-Gobain K.K.: distribution of automotive glass, superabrasives, technical ceramics and high-performance plastics. Sales: €108.9 million. Employees: 270.

Saint-Gobain TM K.K. (60%): production glass furnace refractories. Sales: €28.2 million. Employees: 160.

Mag-Isover K.K.: production of glass wool. Sales: €181.8 million. Employees: 415.

MALAYSIA

€1 = MYR 4.33164

Saint-Gobain Construction Products Malaysia Sdn: production and distribution of plaster. Sales: €42.3 million. Employees: 173.

SINGAPORE

€1 = SGD 1.52512

Saint-Gobain (SEA) Pte Ltd: Sales: €14.6 million. Employees: 54.

Rencol MMI Technology Pte Ltd (51%): high-performance plastics. Sales: €7.2 million. Employees: 22.

THAILAND

€1 = THB 37.99949

Saint-Gobain Sekurit Thailand (95%): automotive glass products. Sales: €73.3 million. Employees: 473.

Saint-Gobain Abrasives Thailand Ltd: sales: €11.9 million. Employees: 115.

Thaï Gypsum Products PLC (97.4%): production of plaster and plasterboard. Sales: €86.7 million. Employees: 419. Subsidiary:

- Bpb Asia Ltd.

VIETNAM

€1 = VND 24,326.44786

Saint-Gobain Construction Products Vietnam: production and distribution of plaster. Sales: €42.3 million. Employees: 146.

Vinh Tuong Industrial Corp. (57.4%): Sales: €77.3 million. Employees: 851.

INDIA, SRI LANKA AND BANGLADESH

INDIA

€1 = INR 71.17443

Saint-Gobain India Private (99%): flat glass and flat glass products, plaster and plaster board products. Sales: €482.9 million. Employees: 2,051.

Saint-Gobain Sekurit India Ltd (74.9%): company listed on the Mumbai stock exchange. Automotive glass products. Sales: €20 million. Employees: 192.

Grindwell Norton Ltd (51.6%): company listed on the Mumbai stock exchange. Production and distribution of abrasives, ceramics and high-performance plastics. Sales: €157.1 million. Employees: 1,726.

SEPR Refractories India Ltd: manufacture of fused-cast refractory products. Sales: €38.8 million. Employees: 599.

Saint-Gobain Crystals & Detectors India Ltd: sales: €8.3 million. Employees: 140.

MAIN ADDRESSES

COMPAGNIE DE SAINT-GOBAIN

France
Office of the Board and CEO

Head Office
Les Miroirs
18, avenue d'Alsace
92400 Courbevoie
France
Tel.: +33 (1) 47 62 30 00
www.saint-gobain.com

Innovative Materials

Flat Glass
Tel.: +33 (1) 47 62 34 00

High-Performance Materials
Tel.: +33 (1) 47 62 37 00

Construction Products
Tel.: +33 (1) 47 62 45 00

Building Distribution
Tel.: +33 (1) 47 62 53 00

CENTRAL EUROPE

General Delegation
Krefelder Straße 195
52070 Aix-la-Chapelle
Germany
Tel.: +49 (241) 400 20-0
www.saint-gobain.de

NORDIC COUNTRIES & BALTIC STATES

General Delegation
Robert Jacobsens Vej 62A
2300 Copenhagen
Denmark
Tel.: +45 70 300 688

UNITED KINGDOM AND REPUBLIC OF IRELAND

General Delegation
Saint-Gobain House
Binley Business Park
Coventry CV3 2TT
United Kingdom
Tel.: +44 (0) 2476 56 0700
www.saint-gobain.co.uk

POLAND, ROMANIA, BULGARIA AND TURKEY

General Delegation
Iris B
Ul. Cybernetyki 9
02-677 Warsaw
Poland
Tel.: +48 (22) 653 79 00
www.saint-gobain.pl

Office in Romania
Floreasca Park, Sos. Pipera 43
Building A, 3rd floor
Offices 25 - 41
Bucarest 2
Romania
Tel.: +40 21 207 57 00
www.saint-gobain.ro

CZECH REPUBLIC, SLOVAKIA, HUNGARY & EASTERN ADRIATIC REGION

General Delegation
Počernická 272/96
Prague 108 03
Czech Republic
Tel.: +420 296 411 758
www.saint-gobain.cz
www.saint-gobain.sk
www.saint-gobain.hu

RUSSIA, UKRAINE & CIS COUNTRIES

General Delegation
PREO 8 Business Center, 19th floor
8, Preobrazhenskaya ploschad
107061, Moscow
Russia
Tel.: +7 (495) 775 15 10
www.saint-gobain.ru

MEDITERRANEAN

General Delegation
Principe de Vergara 132
28002 Madrid
Spain
Tel.: +34 (91) 397 20 00
www.saint-gobain.es

SUB-SAHARAN AFRICA

General Delegation
No. 1 Shale Road
N1 Business Park
Cnr. Old Johannesburg and Tlokwa Roads
Kosmosdal Ext. 7
Samrand 0157
South Africa
Tel.: +27 12 657 2800

MIDDLE-EAST

General Delegation
Tayyar Center
Bloc B, 1st floor
De Gaulle Street
Sin El Fil
Beirut
Lebanon
Tel.: +901 1 510863-4

ASIA-PACIFIC

General Delegation
7F, Office Tower, Bund Center
222 Yan An East Road
Shanghai 200002
People's Republic of China
Tel.: +86 (21) 63 61 88 99
www.saint-gobain.com.cn

Office in Japan
Saint-Gobain Bldg
3-7 Kojimachi, Chiyoda-ku
102-0083 Tokyo
Japan
Tel.: +81 (3) 32 88 63 10
www.saint-gobain.co.jp

Office in South Korea
10F, KFAS Bldg.
211, Teheran-ro
Gangnam-gu
Seoul 135-915
South Korea
Tel.: +82 2 3706 9073
www.hanglas.co.kr

Office in Thailand
(Southeast Asia)
12F, Gypsum Metropolitan Tower
539/2, Si Ayutthaya Road
Thanonphayathai, Ratchathewi
Bangkok 10400
Thailand
Tel.: +66 2 640 8716

Office in Australia
15 Edgars Road
Thomastown
VIC 3074
Australie
Tel.: +61 3 93 58 61 00
www.saint-gobain.com.au

INDIA, SRI LANKA & BANGLADESH

General Delegation
Level 5, Leela Business Park
Andheri Kurla Road
Andheri (East)
Mumbai - 400059
India
Tel.: +91 (022) 40 21 21 21
www.saint-gobain.co.in

NORTH AMERICA

General Delegation
Saint-Gobain Corporation
20 Moores Road
Malvern, PA 19355
United States
Tel.: +1 610-893-5000
www.saint-gobain-northamerica.com

BRAZIL, ARGENTINA & CHILE

General Delegation
Avenida Santa Marina, 482
Agua Branca
SP 05036-903 São Paulo
Brazil
Tel.: +55 (11) 2246-7000
www.saint-gobain.com.br

MEXICO, CENTRAL AMERICA, COLOMBIA, VENEZUELA, ECUADOR & PERU

General Delegation
Horacio n° 1855-502
Colonia Polanco
Delegación Miguel Hidalgo
11510 Mexico DF
Mexico
Tel.: +52 (55) 52 79 16 00
www.saint-gobain.com.mx

2. CSR information

2.1 NOTE ON METHODOLOGY

The content of the CSR chapters of this document reflects broad consultation with internal and external stakeholders.

In-house, the Sectors, Activities, General Delegations and a number of corporate departments (human resources, responsible purchasing, financial communications, responsible development, EHS, etc.) have been asked to contribute, in order to enhance the report with examples.

Externally, stakeholders are regularly consulted on general policy or various specific aspects of Saint-Gobain's social responsibility. These consultations assist in developing the Group's CSR reporting and communications.

2.1.1 Reference bases

The reference bases used for social reporting and EHS reporting and the definition of indicators have been prepared in accordance with the United Nations' Global Compact and the French New Economic Regulations (NRE) Act of 2001, as well as with the 2012 Grenelle II law.

In order to have a global reference framework, since 2011 these reference bases follow GRI (Global Reporting Initiative) indicators. This report was prepared using version G4.

The Saint-Gobain Group's Social Affairs Department, which is responsible for social reporting, regularly collaborates and exchanges information with leading contributors of the Human Resources Department in order to improve doctrine and reporting processes.

For EHS reporting, working groups suggest evolvements in the new EHS indicators, monitor changes in international standards, and enhance feedback from the sites. These proposals are then discussed and validated at management committee level twice a year.

The data published on Saint-Gobain's CSR, following the GRI methodology, comes from three different Group reporting systems:

- the social reporting system, supported by the Enablon software, for employees report and annual social report;
- management and reporting system, PeopleGroup, for managerial staff;
- the EHS (Environment, Health, Safety) reporting system known as Gaïa.

2.1.2 Social reporting

a) Priorities

Scope of reporting

Social reporting had a total of 169 reporting entities and 609 Group companies at end 2015.

- The system used to count the number of employees (SIS), which is updated monthly, includes all companies controlled by the Group (including joint ventures in which the Company has an ownership interest of 50% or more). It is based on a consolidated calculation of the total number of employees, and the distribution of employees by gender, Sector, geographic region, socio-professional category and contract type.
- The annual social report, created in 2002 to account for the Group's social performance, is based on a more limited scope of reporting, representing 98.3% of the consolidated number of employees in 2015. All other social indicators are calculated based on this.

Newly integrated companies are accounted for in accordance with their financial integration, and companies sold during the past year are not included.

b) Reporting tool

The quantitative social data in this report was collected using two tools: Enablon and PeopleGroup. The data was consolidated for the Saint-Gobain Group as a whole.

Enablon HR is the Saint-Gobain Group's social reporting tool. It supports the system for counting the number of employees and the annual social reporting campaign.

PeopleGroup is the Saint-Gobain Group's employee management tool. It is organized around the individual personnel file of each Group employee. The processes for career management, annual interviews and manager compensation are also incorporated into this system.

PeopleGroup updates the Group's organizational data at the start of each month, based on changes in the scope of reporting applied to the social report.

Individual employee files are updated in two ways:

- either manually by the company HR teams;
- or by automated reporting from the local HR systems (covering over 88.0% of Group employees in 2015).

Human resources managers and their assistants have access to their scope of reporting in PeopleGroup so as to keep individual information up to date. Changes in manager positions are filed. The data needed for analysis and the publication of spreadsheets relating to manager is extracted using the Cognos reporting tool, attached to PeopleGroup.

All indicators of the PeopleGroup data base are identified as such in the social performance section.

The GRI-HR questionnaire is completed each year by the HR Departments of the General Delegations and Activities in France in order to collect qualitative indicators, and internal stakeholders are consulted when drafting the report.

G4-17. G4-22. G4-23

c) Ongoing improvement

The Saint-Gobain Group has taken a voluntary and progressive approach to enhancing the reliability of its social data, through:

- continuous exchanges of information with reporting contributors (800) to ensure proper understanding and application of the rules for calculating the social indicators defined in the Group's doctrine, available in French and in English;
- the choice of indicators, as part of a logic of stability to ensure as far as possible the reliability of comparisons over time;
- the annual submission of a selection of social data for external assessment;
- strengthening of the controls implemented at each collection and consolidation level;
- the multiplication of interfaces with payment systems for companies managed by shared service centers (SSC), to ensure the reliability of the transferred data.

d) Data consolidation

The reporting process is organized into five stages:

- updating of the Group scope of reporting. Each month, changes involving acquisition, sale, merger or changes of consolidation method require updating of the collection software parameters;
- collection of data in questionnaires, which is carried out by contributors at company level; certain indicators are pre-completed by interfacing with local payment systems;
- validation by the person in charge of human resources management; depending on the country, this is done either at the company level or at the General Delegation level;
- verification and consolidation within the Group's Social Affairs Department;
- the report allows spreadsheets to be generated as management tools for the Group's Human Resources Department.

e) Difficulties and restrictions

The main difficulty lies in the variety of countries in which the Group is active. The principles for calculating social reporting indicators are distributed each year to contributors, but the indicators are sometimes interpreted according to local contexts (national laws or practices). This is the case, for example, with the notions of training or permanent employment contracts. To make the training data report reliable, the Group redefined the principles for these indicators in 2014. In France, these new principles have the consequence of showing training hours for trainees as part of their academic course work.

In 2015, the sale of Verallia was included within the reporting scope for the whole year in the Enablon data, and from the date of sale (October 29, 2015) in the PeopleGroup data.

Further, data on local contexts is sometimes impossible to collect. Therefore certain indicators are calculated over a more limited scope of reporting than the scope of the annual social reporting campaign. This scope is defined each time.

2.1.3 EHS reporting

a) Priorities

Scope of reporting

The EHS report covers 1,511 entities corresponding to all the Group's facilities. All entities belonging to consolidated companies in which Saint-Gobain held a stake of 50% or more at balance sheet date are monitored, including, where possible, facilities that came on-stream or were acquired during the year and excluding facilities that were closed or sold.

The data is entered directly on the EHS data reporting system, called Gaïa, for all EHS entities. The various questionnaires sent, as well as their frequency, scope of reporting and content, are presented in the following table:

Questionnaire	Frequency	Scope of reporting	Content
Safety-On-Line	When needed	World, all categories of victims	Instant alert in case of accidents involving fatalities or lost-time
Safety	Monthly	World, all categories of victims	Accidents, numbers of days lost, hours worked, etc.
General & Health	Annually	World (all entities except certain offices or attached sites)	Certification, audit results, monitoring of health standards, etc.
Environment & Mines and Quarries	Annually	"Environmental concerned scope" sites + mines and quarries (excluding sites connected to plants) + other sites at the Sector's initiative	Output, raw materials, energy consumption, atmospheric emissions, water, waste, mitigation plan, etc.

The Safety, Health and Industrial Hygiene, General and Safety-On-Line (SOL) questionnaires are designed to cover all facilities and Saint-Gobain employees. Depending on the questionnaire, they also cover temporary employees and subcontractors (Safety and Safety Online questionnaires).

Safety data are reported on a monthly basis and comprise all accidents occurred during the month and their severity level. The system covers approximately 98% of the Group's employees. Full coverage is not achieved because of the maximum of two-years grace for newly acquired establishments to be included in Gaïa.

One-time reporting also allows establishments, through the Safety Online system, to systematically report any lost-time occupational accident, including fatal incidents, and to explain the circumstances.

The Industrial Health and Hygiene questionnaire and the General questionnaire are completed annually.

The Environment questionnaire is completed annually by 873 sites. The consolidated data from these entities corresponds to the “Group Scope. An “environmental scope” has also been established to focus efforts on establishments having the greatest impact, and to improve data legibility and progress toward goals. The Activities have therefore also validated certain criteria (energy and water consumption, quantity of non-recovered waste, etc.) enabling clear identification and monitoring. This scope includes 567 entities.

Data for concerned sites are presented using environmental sub-groups. Because of the wide range of Activities of the Group, not all the environmental indicators on the Gaïa EHS data reporting system are relevant for all Activities. These indicators are therefore consolidated by “batches” and allocated to groups of entities with the same environmental impacts and ratios (indicators corresponding to the production unit, in general full metric tons). These groups of entities are called “environmental sub- scope”, the main ones are the following:

- the Glass sub-scope, which includes Flat Glass Activities, Saint-Gobain Adfors (Innovative Materials Sector), the Insulation Activity (Construction Products Sector) which have a glass smelting facility (68 sites covered, across 71 entities);
- the Pipe Systems Activity sub-scope of the Construction Products Sector (20 concerned sites out of 22 entities);
- the “Other” sub-scope covering all entities not included in the previous sub-scopes (industrial mortars, Lapeyre factories, glass conversion subsidiaries, gypsum, etc.) (479 concerned sites out of 780 entities). This sub-scope includes also the 145 quarries.

One of the principle applied by the Group when calculating ratios is to use tons of finished products when relevant, rather than tons floated (for glass) or cast (for cast iron). The EvE standard for environmental events management identifies and manages events that could potentially occur at the sites.

EHS financial data (expenses and capital expenditure) are tracked in the SIF, the Group’s financial reporting tool, since 2013.

b) 2010-2025 and 2014-2016 objectives

The Group has set medium-term objectives, up to 2025, based on the 2010 results. To achieve them, intermediate objectives are established for a three-year period. The base year for the intermediate objectives is the year prior to the period start. The current period 2014-2016 therefore uses 2013 as its base year.

Based on the results of the base year, every three years the Group updates the scope of “concerned sites” for which environmental results are tracked for the next three years (2011-2013/2014-2016/2017-2019/2020-2022/2023-2025).

The published results for this scope therefore have a comparable scope for the three years following the period: sites closed or sold are removed from current year and baseline year but no acquisitions are taken into account. They are included in the subsequent period.

In addition, results are published using comparable production to the base year for the indicators tracking environmental objectives. This means that 2014-2016 emissions and consumption are recalculated based on 2013 production.

Progress achieved over these five three-year periods (between 2010 and 2025) will be cumulated to assess whether the 2025 objectives will be achieved based on the 2010 results.

c) Data consolidation

The EHS reporting protocol is available in French and English. The EHS reporting process (both monthly and annually) involves three stages:

- data input, performed by the EHS correspondent(s) at the reporting unit concerned;
- data verification, by EHS Directors of each Sector;
- data consolidation by the Group’s EHS Department Management.

d) Difficulties and limitations

Since the launch of the Group’s reporting tools, the quality of the reports has continuously improved thanks to effective feedback and better use of the systems by the specialized teams. These factors allow the Group to prevent potential errors such as differences in units of measurement between business and countries, difficulties in interpreting technical terms.

2.2 AUDITORS' OPINION

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated environmental, labour and social information presented in the management report

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

For the year ended December 31st, 2015

To the Shareholders,

In our capacity as Statutory Auditor of Compagnie de Saint-Gobain, appointed as an independent third party and certified by COFRAC under number 3-1060 , we hereby present to you our report on the consolidated environmental, labour and social information for the year ended December 31st, 2015, presented in the management report (hereinafter the "CSR Information"), in accordance with Article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

Responsibility of the company

The Board of Directors is responsible for preparing the company's management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code and with the with the procedures used by the company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French code of ethics governing the audit profession and the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

Responsibility of the Statutory Auditor

On the basis of our work, it is our responsibility to:

- attest that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express limited assurance that CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work was carried out by a team of about fifteen persons between the November 2015 and February 2016 and took around 18 weeks. We were assisted in our work by our specialists in corporate social responsibility.

We performed our work in accordance with the French professional auditing standards related to labour and environmental information falling within the scope of procedures directly related to the statutory audit engagement (NEP 9090), with the decree of 13 May 2013 determining the conditions in which the independent third party performs its engagement and with ISAE 3000 [2] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the Company's sustainable development strategy with respect to the labour and environmental impact of its activities and its social commitments and, where applicable, any initiatives or programmes it has implemented as a result.

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

For any consolidated Information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233-3 of the French Commercial Code within the limitations set out in the methodological information, presented in the management report.

Conclusion

Based on this work, we attest that the required CSR Information has been disclosed in the management report.

[1] *Whose scope is available at www.cofrac.fr.*
[2] *ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.*

G4-33

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around 10 interviews with the persons responsible for preparing CSR Information in the departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and comprehensibility, and taking into account best practices where appropriate ;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of CSR Information and reviewed the internal control and risk management procedures used to prepare CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of CSR Information with respect to the characteristics of the Company, the labour and environmental challenges of its activities, its sustainable development policy and best practices.

With regard to CSR Information that we considered to be the most important [3]:

- at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organisation, policy, action), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in concordance with the other information in the management report;
- at the level of a representative sample of entities/divisions/sites selected by us on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to ensure that procedures are followed correctly and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents on average 19% of headcount and between 18% and 40% of quantitative environmental data.

For the other consolidated CSR information, we assessed consistency based on our understanding of the company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgement, allow us to express limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot provide absolute assurance that CSR information disclosed is free of material misstatements.

Conclusion

Based on our work and subject to the qualifications detailed in Chapter 4 and in the methodological note of the Management Report, nothing has come to our attention that causes us to believe that CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Issued at Neuilly-sur-Seine, February 25th, 2016

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Pierre Coll	Cécile Saint-Martin	Sylvain Lambert
Partner	*Partner*	*Partner in charge of the Sustainable Development department*

[3] Most important information are listed in Appendix of this Report.

[4] Building Distribution Sector: 4 companies (France, Spain, Sweden, United-Kingdom).

- *Innovative Materials Sector: 11 sites (Brazil, Czech Republic, Germany, India, Italy, Korean Republic, Mexico, Poland, Spain, United States of America), for which social indicators were verified at company level.*
- *Construction Products Sector: 15 sites (Brazil, Canada, China, Czech Republic, France, Germany, Italy, Norway, Poland, Russia, South Africa, Sweden, United States of America), of which 13 were verified at company level for social indicators.*

Annex

List of the CSR Information considered as the most important

Quantitative social Information

- Total number of employees per socio-professional category
- Male/female workforce breakdown
- Recruitments and departures of managers and non managers per gender
- Managers' promotion per gender
- Managers on inter-activity mobility assignment
- Managers on inter-profession mobility assignment
- Managers on geographic mobility assignment
- Percentage of women among the Senior executives
- Average number of training hours per employee and per year in nine countries (Belgium, Brazil, France, Germany, Italy, North America, Portugal, Spain, United Kingdom)
- Number of employees who subscribed to the Group Savings Plan
- Ratio of lost-time accidents involving Group employees and temporary workers to the number of hours worked by Group employees and temporary workers (TF1)
- Ratio of declared accidents with or without absence from work involving Group employees and temporary workers to the number of hours worked by Group employees and temporary workers (TF2)
- Number of fatal accidents of Saint-Gobain employees and temporary workers

Qualitative social Information

- Training policy
- Measures taken in favor of the employment and the insertion of handicapped people

Quantitative environmental Information

- Direct and indirect CO_2 emissions coming from energy and raw material consumptions
- NOx emissions
- SO_2 emissions
- Energy use per type of energy
- Water input (withdrawn) per type of source
- Water discharges quantities (total, into surrounding environment, into municipal wastewater collection system)
- Amount of non-recovered waste
- Production (Net saleable production)

Qualitative environmental Information

- Measures taken to protect or develop biodiversity
- Greenhouse gases emissions

Informations sociétales quantitatives

- Saint-Gobain Foundation Initiatives :
  - number of projects received
  - number of projects accepted
  - number of signed sponsorship agreements
  - Funds granted for the projects
- Subcontracting and suppliers : Number of suppliers audited (initial audits)

Qualitative societal Information

Territorial, economic and social impact of the company activity in terms of employment and regional development

3. Cross-reference Tables

3.1 CROSS-REFERENCE TABLE FOR THE REGISTRATION DOCUMENT

For the convenience of readers of this Registration Document, the following table provides an index to the main disclosures required by Annex 1 of European Commission (EC) Regulation No. 809/2004.

Incorporation by reference

Pursuant to Article 28 of European (EC) Regulation No. 809/2004 of April 29, 2004, this Registration Document incorporates the following information by reference which the reader is invited to refer to:

- In relation to the fiscal year ended December 31, 2014: the management report, the consolidated financial statements, the annual financial statements, and the related reports of the Statutory Auditors, which are included in the registration document filed with the French Financial Markets Authority *(Autorité des marchés financiers)* on April 22, 2015 under number D.15-0389;
- In relation to the fiscal year ended December 31, 2013: the management report, the consolidated financial statements, the annual financial statements, and the related reports of the Statutory Auditors, which are included in the registration document filed with the French Financial Markets Authority *(Autorité des marchés financiers)* on March 27, 2013 under number D. 14-0224.

The information included in these two registration documents, other that the information referred to above, is replaced or updated by the information included in this Registration Document. These two registration documents are available at the head offices of the Company and on its website www.saint-gobain.com.

3.2 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

For the convenience of readers of the Annual Financial Report, the following table provides an index to the main disclosures required by Article L. 451-1-2 of the French Monetary and Financial Code.

3.3 CROSS-REFERENCE TABLE FOR SOCIAL AND ENVIRONMENTAL INFORMATION

3.3.1 GRI content index

The present report is "in accordance" with the GRI G4 guidelines - core option.

The content index is available on www.saint-gobain.com/fr/presse/publications

3.3.2 Grenelle II performance table

		Description	Ref. GRI	Item
Social information Employment	Employment	Total number of employees and distribution by sex, age and geographic region		IV-2.2.2 b) IV-2.2.2.e)
		Hirings and layoffs		IV-2.2.2.b)
		Compensation and changes in compensation		IV-2.2.2. f)
	Work structure	Organization of work hours		IV-2.2.2 b)
		Absenteeism		IV-2.2.2.a)
	Social relations	Organization of social dialog		III-6.2.3
		Outcome of collective agreements		IV-2.2.2c)
	Health and safety	Occupational health and safety conditions		III-6.1
		Outcome of agreements signed with union organizations in occupational health and safety		IV-2.2.2a)
		Frequency and severity of work accidents, occupational illnesses		IV-2.2.2.a)
	Training	Training policies implemented		IV-2.2.2.d) III-6.2.4
		Total number of training hours		IV-2.2.2.d)
	Equality of treatment	Measures taken to promote gender equality		IV-2.2.2 e)
		Measures taken to promote the employment and integration of the disabled		IV-2.2.2.e)
		Anti-discrimination policy		III-1.2 III-6.2.2
	Promotion of and compliance with stipulations of ILO agreements	Respect for freedom of association and right to collective bargaining		III-1.2
		Elimination of job and professional discrimination		III-1.2.
		Elimination of forced or compulsory labor		III-1.2.
		Effective abolition of child labor		III-1.2.

		Description	Ref. GRI	Item
Environmental information	General environmental policy	Environmental organization and certification		III-1.3 III-7
		Employee training and information measures relating to environmental protection		III-1.3. IV-2.2.2.d)
		Measures to prevent environmental and pollution risks		IV-2.2.1.a)
		Quantity of provisions and guarantees against environmental risks		VI-1.1.6 IV-2.2.1.a)
	Pollution and waste management	Measures to prevent, reduce and mitigate waste in the air, water and soil seriously affecting the environment		III-7 IV-2.2.1.b) et c)
		Waste prevention, reduction and mitigation measures		IV-2.2.1.b)
		Response to noise pollution and any other form of pollution specific to an activity		III-7.5
	Sustainable use of resources	Water consumption and supplies as a function of local restrictions		IV-2.2.1 d)
		Consumption of raw materials and measures taken to improve their efficient use		IV-2.2.1.b)
		Energy consumption and measures taken to improve energy efficiency and use of renewable energies		IV-2.2.1.c)
		Land use		III-7.4
	Climate change	Greenhouse gas emissions		IV-2.2.1.c)
		Adaptation to the consequences of climate change		III-7.2.4
	Protection of biodiversity	Measures taken to preserve or develop biodiversity		III-7.4.
Information on corporate commitments to promote sustainable development	Territorial, economic and social impact of the company's activity	Territorial, economic and social impact on employment and regional development		III-8.1 IV-2.2.3
		Territorial, economic and social impact on neighboring or local populations		III-8.2.
	Relations with persons or organizations affected by the company's activities, specifically integration associations, teaching establishments, environmental protection associations, consumer associations and neighboring populations	Conditions of dialog with these persons or organizations		II-1.1
		Partnership or sponsorship activities		III-1.5. III-8.1. III-8.2.
	Subcontracting and suppliers	Response in the purchasing policy to social and environmental challenges		III-1.4.
		Importance of subcontracting and application of social and environmental responsibility in relations with suppliers and subcontractors		III-1.2. III-1.4.
	Loyalty of practices	Anti-corruption measures		III-1.1. III-1.5.1.c)
		Measures taken to promote consumer health and safety		III-1.3 III-3.2.2.b)
		Other actions taken to promote human rights		Profil III-1.2.

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LES MIROIRS - 92096 LA DÉFENSE CEDEX
www.saint-gobain.com