2015
1665

2014 Registration Document

including the 2014 annual financial report and the corporate social responsibility report

SAINT-GOBAIN

350 REASONS TO BELIEVE IN THE FUTURE

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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 22, 2015, 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.

This English-language version of the Registration Document is a translation of the original French text. It is not a binding document. In the event of a conflict of interpretation, reference should be made to the French version which is the authentic text. The auditors' report applies to the French version of the Management Report and the financial statements.

4 questions for Pierre-André DE CHALENDAR

The French and Eurozone markets are stagnating. How has the Group managed to withstand this serious crisis?

Saint-Gobain's markets showed contrasting trends in 2014 and, with the exception of France and Germany, business activity has gone forward in all geographic regions, with strong growth in the emerging regions, as well as in certain European countries such as the United Kingdom. With this background, the Group's sales were up 2.2% like-for-like, with growth in all activities, the Innovative Materials Sector being the most dynamic with growth of 3.9%. More than ever innovation is driving our growth. In 2014, one year ahead of schedule, the Group achieved its goal for new solutions, with 25% of products sold by the Group's industrial Sectors having entered the market less than five years ago.

Overall, 2014 was in line with our expectations, despite a second half that was affected by the favorable weather experienced in the first half.

Like-for-like (excluding Verallia North America), the Group increased its operating income by 7%. At the same time, net income grew 60% to €953 million. I am grateful to all the Group's employees, who contributed to this progress.

Saint-Gobain focuses on the sustainable habitat markets. Specifically, what opportunities are given to the Group by taking such a position?

Sustainable habitat, a market in which Saint-Gobain seeks to be the reference, will offer considerable growth opportunities in the years to come, particularly in countries with developed and mature markets. In 2015, during the events organized in connection with the climate negotiations in Paris (COP 21), we will have the opportunity to confirm our commitment, and to foster and take part in inter-company dialogue and talks with decision makers from around the world, especially at the Business and Climate Summit organized in May. The best response to environmental challenges, particularly climate change, is greater energy efficiency, which in every country involves programs on a massive scale for the thermal renovation of buildings. However, a sustainable habitat is above all a comfortable habitat. Everywhere the need for comfort is increasing. Saint-Gobain's Multi-Comfort approach (thermal, acoustic, visual, modular comfort and air quality) will allow us to satisfy these increasing demands. In every country, Saint-Gobain remains close to its customers and is at the same time developing transversal offerings best suited to local needs.

Being the reference in our businesses is a responsibility we take very seriously. We are the drivers behind the responsible development of our activities, in terms of environmental friendliness, health, personal safety, compliance, and solidarity with the communities around us. Every day we strive to maintain that balance.

Sika, Verallia: what is Saint-Gobain's strategy for these two subjects?

Sika, a global leader in construction chemicals, is a superb company that is totally in line with the Group's strategic objectives, in a spirit of true industrial logic. The synergies we will develop with Saint-Gobain will enhance the growth potential of both Sika and Saint-Gobain.

Like Saint-Gobain, Sika has a strong culture of innovation, a long tradition of commitment to its employees and stakeholders, and a decentralized organization.

We have also launched a competitive process to sell Verallia, which has the resources to continue to grow autonomously. Both these moves will help the Group to accelerate the implementation of its strategy.

In 2015, Saint-Gobain celebrates its 350th anniversary, what does that mean?

Saint-Gobain is 350 years old and I am very proud to be at the head of a company with such a heritage. I am one of the links in a chain of leaders who, like me, were committed to developing the Group in accordance with its strong values: attention to our employees and partners, a spirit of innovation and a passion for entrepreneurship, while at the same time working in solidarity with one another. My mission in this regard, like that of my predecessors, is to pass on these values to the Group's leaders of tomorrow, and to see Saint-Gobain included among the major players in sustainable development, based on the ten principles of the United Nations Global Compact. These 350 years are an opportunity and a promise for the future. It is by continually reinventing itself that Saint-Gobain has evolved through 350 years of history. It is a strength that unites us internally and that we use to serve our customers. Celebrating an anniversary means making plans. Our 350th anniversary confirms our business plan: invent solutions to improve our habitat and daily life. It is the reason why we are celebrating 350 years, as one of many reasons for believing in the future.

Key figures

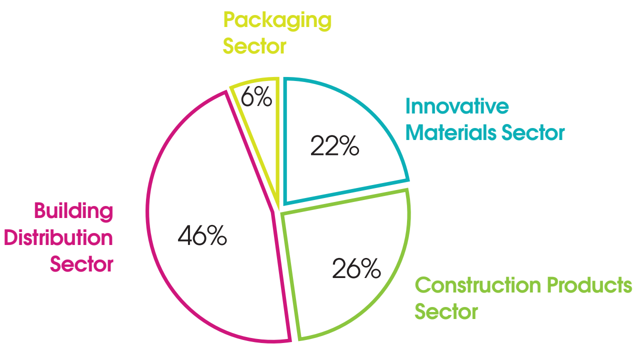
FINANCE

Net Sales

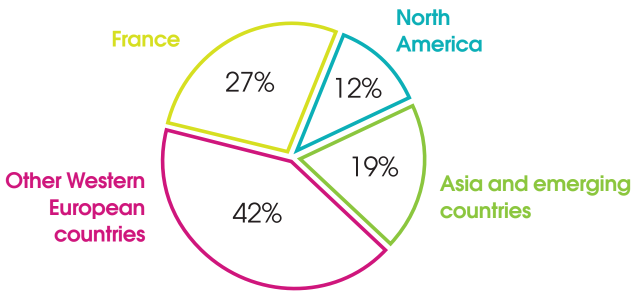
€41,054 M

Recurring net income

€1,103 M



NET SALES BY SECTOR



NET SALES BY GEOGRAPHICAL AREA

R&D

7 CROSS-SECTOR R&D SITES

MORE THAN **350** PATENTS FILED IN 2014

3,700 EMPLOYEES

EMPLOYEES

181,742

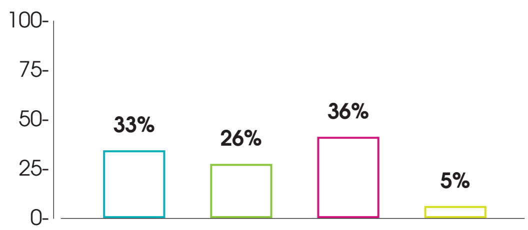
TOTAL EMPLOYEES

7.5%
Proportion of Group capital held by employees [(1)]

23.9 hours
Average annual number of training hours per employee

Over 460,000
Number of indirect jobs

4.5
Total recordable accident rate (TRAR)
(Lost-time and non-lost-time rate)

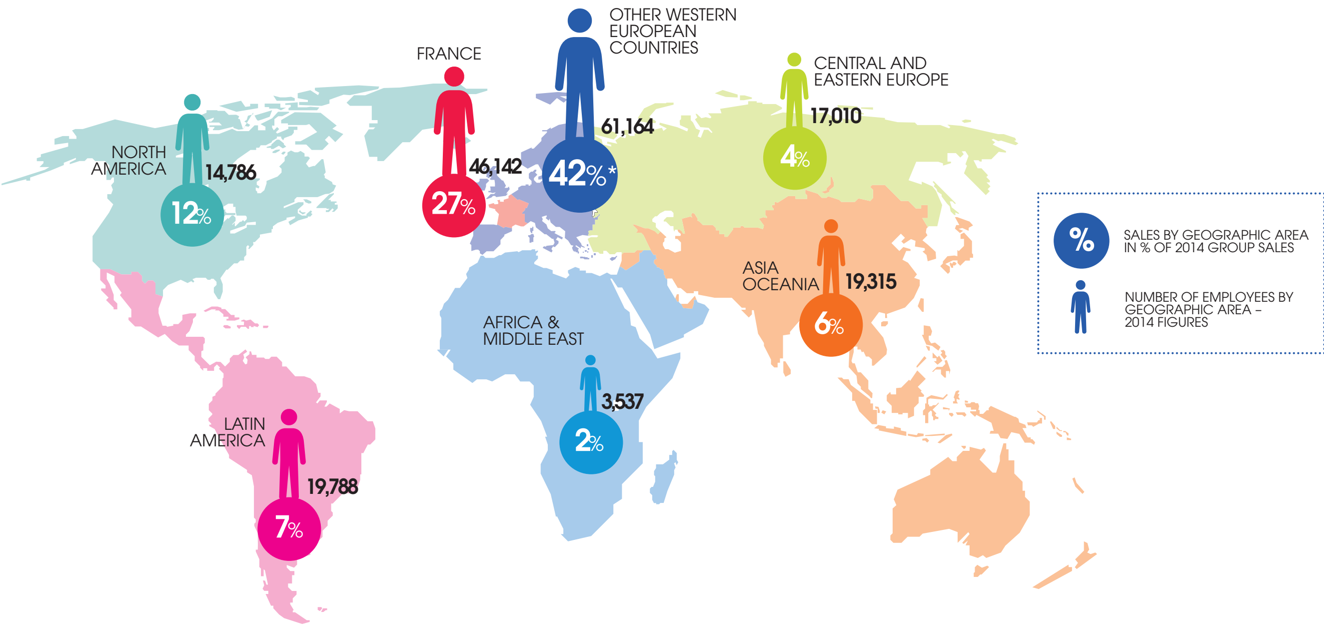


EMPLOYEES BY SECTOR

- Innovative Materials
- Construction Products
- Building Distribution
- Packaging

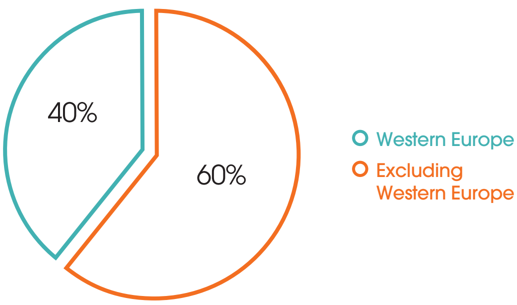
[(1)] *Through French mutual investment funds (Fonds Communs de Placement d'Entreprise – FCPE).*

Geographic breakdown of Group net sales and employees



** This figure is explained by the fact the Building Distribution Sector, representing 46% of Saint-Gobain's sales, is mostly located in Europe.*

The Group's industrial assets

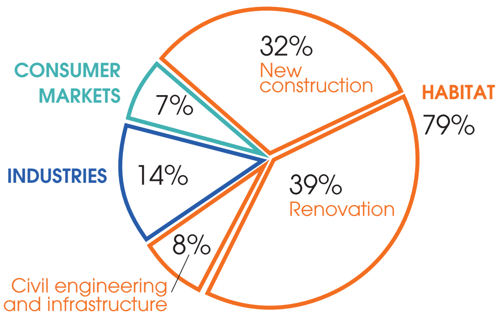


2014

Industrial assets of the Materials and Construction Products Sectors

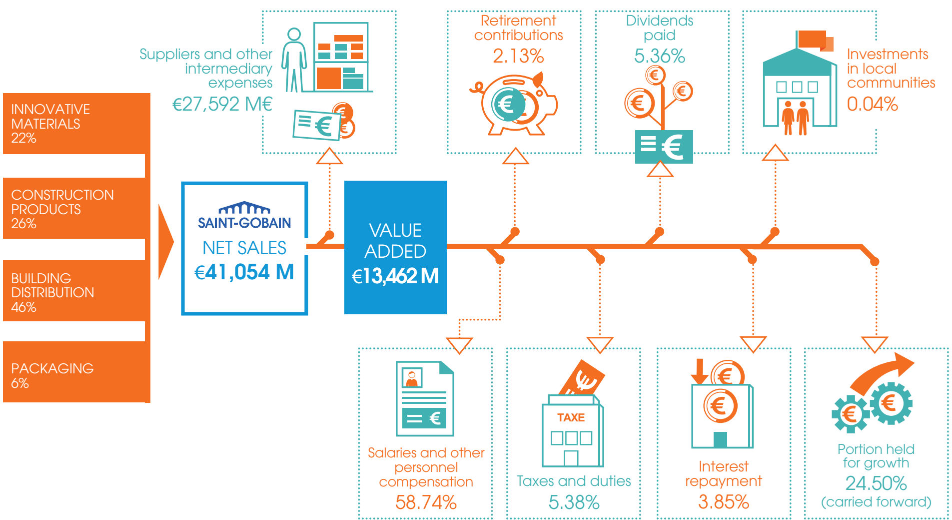
Group markets

in % of net sales



Source: Saint-Gobain – data 2013

Breakdown of net sales and added value by stakeholder



Strategic summary

Reference in the sustainable habitat and construction markets

Saint-Gobain has made the strategic decision to become the reference in the sustainable habitat and construction markets. In a context of rapid growth in the world population, increasingly concentrated in cities, the Group develops high value-added construction solutions. The growing need for housing and infrastructure, particularly in Asia and Africa, is stimulating demand for affordable product lines suited to local conditions. With the emergence of a new middle class in high-growth countries, Saint-Gobain offers sustainable solutions to improve urban residential life.

Investment in sustainable construction is a major challenge. The impact of the energy bill on the purchasing power and the need to preserve natural resources are universal concerns. Throughout the world, construction sector regulations are evolving toward increased energy efficiency, with priority given to renovating the existing building stock. In Saint-Gobain's view, a sustainable building must, above all, be "multi-comfort": it must address not only energy savings requirements but, even more importantly, it must serve the needs of users living in it. In both new construction and renovation, both residential and commercial, the Group's construction solutions offer thermal, acoustic, health and visual comfort – by using natural lighting and esthetic solutions – that meet safety requirements and the desire for modular space.

Saint-Gobain is an active ambassador for sustainable construction and is committed to more closely addressing stakeholder expectations and participating in the development of building regulations. Cross-business Habitat organizations, present in 38 countries, ensure linkage and coordination between the various Saint-Gobain brands, with the goal of developing a common and transversal product offering centered on housing. These structures foster dialogue among the research and marketing teams, and support the implementation of joint projects between Activities. The Group's retail brand network ensures a close relationship with customers, which is essential to anticipating their needs. This involves, in particular, a wide range of training programs in sustainable construction techniques and the Group's solutions.

Another revolution in the construction sector is digital integration. With home automation, the "wired home", tailored to each person's needs, will become a comfort standard. 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 real-time inventory checks by customers, the organization of logistics networks, and speed of product delivery.

Saint-Gobain is active in 64 countries, with Europe as its leading global market in terms of net sales. The Group's development strategy is aimed at ensuring a global geographic presence. Saint-Gobain is seeking to expand into new emerging markets, specifically through joint ventures with local players. To support its global geographic presence, solutions have been created adapted to specific regional needs, including climate constraints and level of economic development.

High performance for high-tech markets

Saint-Gobain's mission is to improve our habitat and daily life. The Group has positioned itself in a unique way: with complementary strategies in construction material and high performance technologies. The Innovative Materials Sector designs high value-added solutions for a wide range of high-tech applications in both construction and industry. It provides advanced expertise in a number of technologies, allowing the Group to take better advantage of the synergy between three families of materials (mineral ceramics, high-performance polymers and glass fiber yarn). Through its innovation potential, its network of application engineers and its expertise in materials transformation processes, Saint-Gobain offers solutions specifically tailored to the dynamic automotive, aerospace, health and energy markets, developed in close collaboration with its customers.

The automotive market is stimulated by increased demand for vehicles that consume less energy, are lighter, and are less subject to temperature changes. With its glass for the automotive market, as well as other equipment solutions (bearings, seals, abrasive products, etc.), Saint-Gobain is able to meet increasingly high-tech builder requirements, for optimal passenger comfort and safety. In the booming aerospace industry, the Group's solutions (radomes, polymer films and components, ceramics, etc.) contribute to reducing fuel consumption and providing highly reliable materials.

Biopharmacy has become an expanding market for Saint-Gobain, particularly with the development of single-use plastic solutions, replacing current techniques that use stainless steel tanks and pipes. In the energy sector, which requires new developments in manufacturing, specifically due to advances in renewable energy, the Group is creating tailored applications: ceramic proppants, marine-based wind farm seals, incinerator lining refractories, etc.

The combination of joint development, research and innovation is an important lever in the growth of the Group's sales and profits and Saint-Gobain's strategy aimed at standing out in these markets.

Saint-Gobain's strength: Research and Innovation at the heart of the Group's strategy

Ongoing measures to develop the culture of innovation are bearing fruit. For the fourth 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. 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, dedicated to external innovation and responsible for its relations with start-ups. Saint-Gobain also maintains a number of partnerships with scientific and academic institutions. In October 2014, for instance, the Group inaugurated, together with the French National Center for Scientific Research (CNRS) and the Japanese Institute of Materials Science (NIMS), the laboratory LINK (Laboratory for Innovative Key Materials and Structures) in Japan.

Saint-Gobain's unique positioning

SAINT-GOBAIN

AN UNRIVALLED PORTFOLIO
of energy-efficient products and solutions

AN OUTSTANDING POTENTIAL FOR INNOVATION
supported by unique industrial and distribution expertise and a commitment to materials research

HIGH VALUE-ADDED SOLUTIONS
for a wide range of state-of-the-art applications in construction as well as manufacturing which are suitable for joint development

A DEEP UNDERSTANDING OF THE NEEDS OF
building professionals, acquired through daily contacts with customers, necessary to adapt the Group's solutions to highly specific customer requirements

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 SOLID SET OF TESTED 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

WORLDWIDE OR EUROPEAN LEADER
in all of its activities, with local solutions tailored to the needs of each market

Values and commitments

5 PRINCIPLES OF CONDUCT

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

are the fundamental values uniting management and employees and represent the Principles of Conduct of each employee.

4 PRINCIPLES OF ACTION

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

guiding 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 Labour 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.

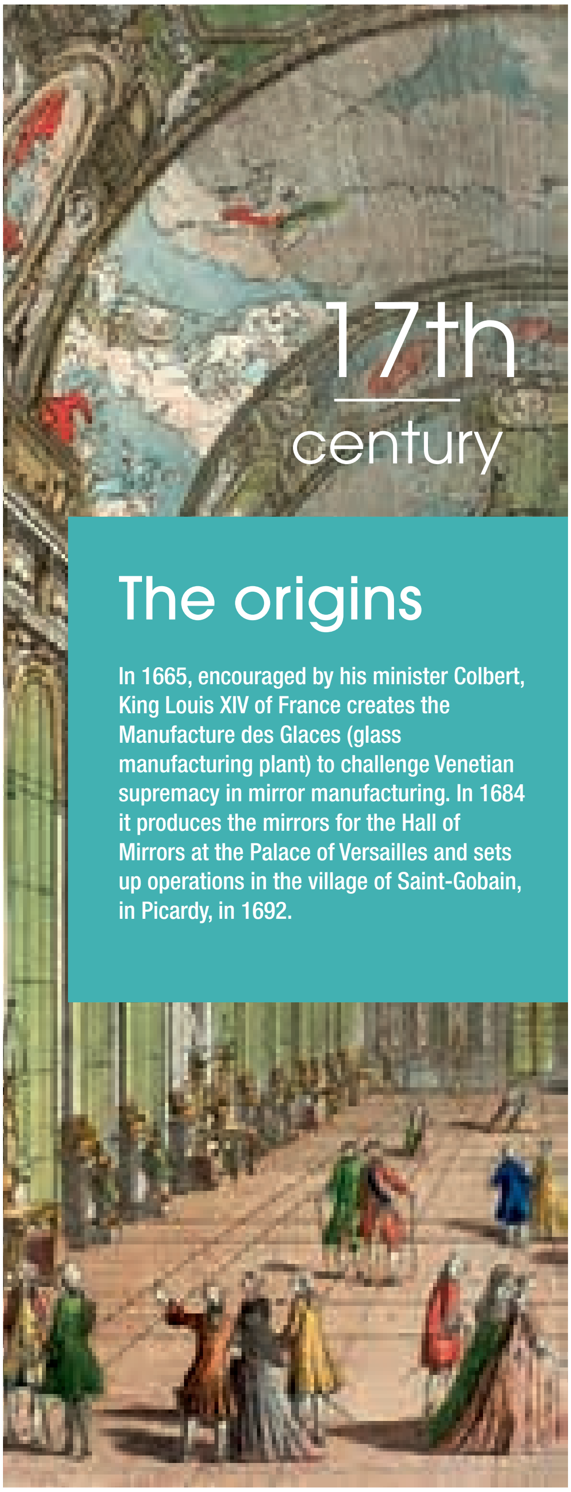
THE GLOBAL COMPACT
WE SUPPORT

Since 2003, Saint-Gobain has been a part of the United Nations Global Compact. This commitment witnesses the Group's approach to corporate social responsibility (CSR), 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.

The Group
and its activities

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

1.1 INDUSTRIAL ASSETS BUILT OVER A 350-YEAR HISTORY



17th century

The origins

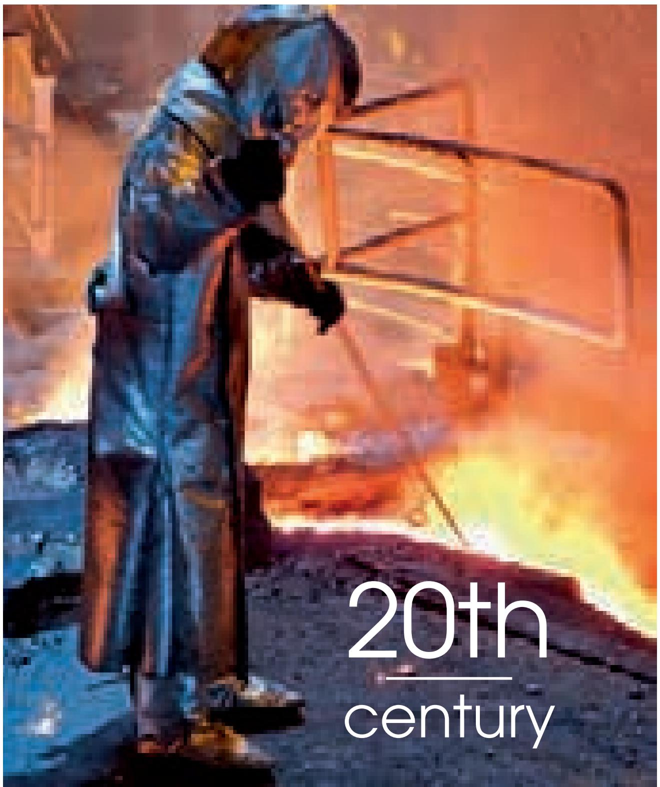
In 1665, encouraged by his minister Colbert, King Louis XIV of France creates the Manufacture des Glaces (glass manufacturing plant) to challenge Venetian supremacy in mirror manufacturing. In 1684 it produces the mirrors for the Hall of Mirrors at the Palace of Versailles and sets up operations in the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

18th and 19th centuries

Emergence and development 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.



Development of the current group

FROM THE GLASS COMPANY TO A MULTINATIONAL ORGANIZATION

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

In 2015, Saint-Gobain celebrates its 350th anniversary, an occasion to assert the Group's strategy and values, and to recall the strength represented by 350 years of history and innovation. This experience gives Saint-Gobain the long-term perspective, the serenity, and the flexibility to adapt to the changes taking place in the world. The Group's history is proof that the business has been able to push back its limits and meet the technological challenges it faces. Saint-Gobain is convinced that there are many reasons to believe in the future. The Group is therefore optimistic in celebrating its anniversary, with a determined focus on the future and on innovation.

The Group is organizing a great number of events in 2015 throughout the world. A virtual exhibition on a dedicated website, in five languages, is displaying over 700 documents and archival films tracing the history of Saint-Gobain since 1665. A gallery of architectural innovations and a 3D re-creation of the Manufacture des Glaces in operation in 1785 are accessible, as well as a number of other topics.

An anniversary book connected to the virtual exhibition was published by Éditions Albin Michel in March 2015. It explains Saint-Gobain's deep-rooted identity, depicting the men of yesterday and today, places, know-how and products, the key moments in its history, and the distinct language and terms used by the Group.

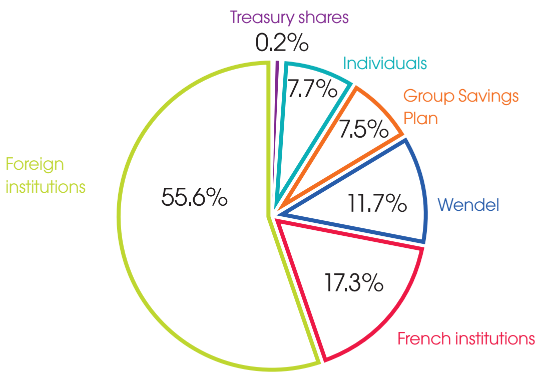
Four Saint-Gobain travelling pavilions, magical in appearance and futuristic in design, will offer a unique experience in 2015 when set up in four major cities in Asia (Shanghai), America (São Paulo and Philadelphia) and Europe (Paris). Entry to these pavilions will be free of charge to all.

A smartphone app game called "World 350" is to be launched in 2015. Finally, Saint-Gobain's anniversary will be celebrated on October 15 at all the Group's facilities throughout the world.

1.2 SOLID FINANCIAL FOUNDATIONS

1.2.1 Stable shareholder base

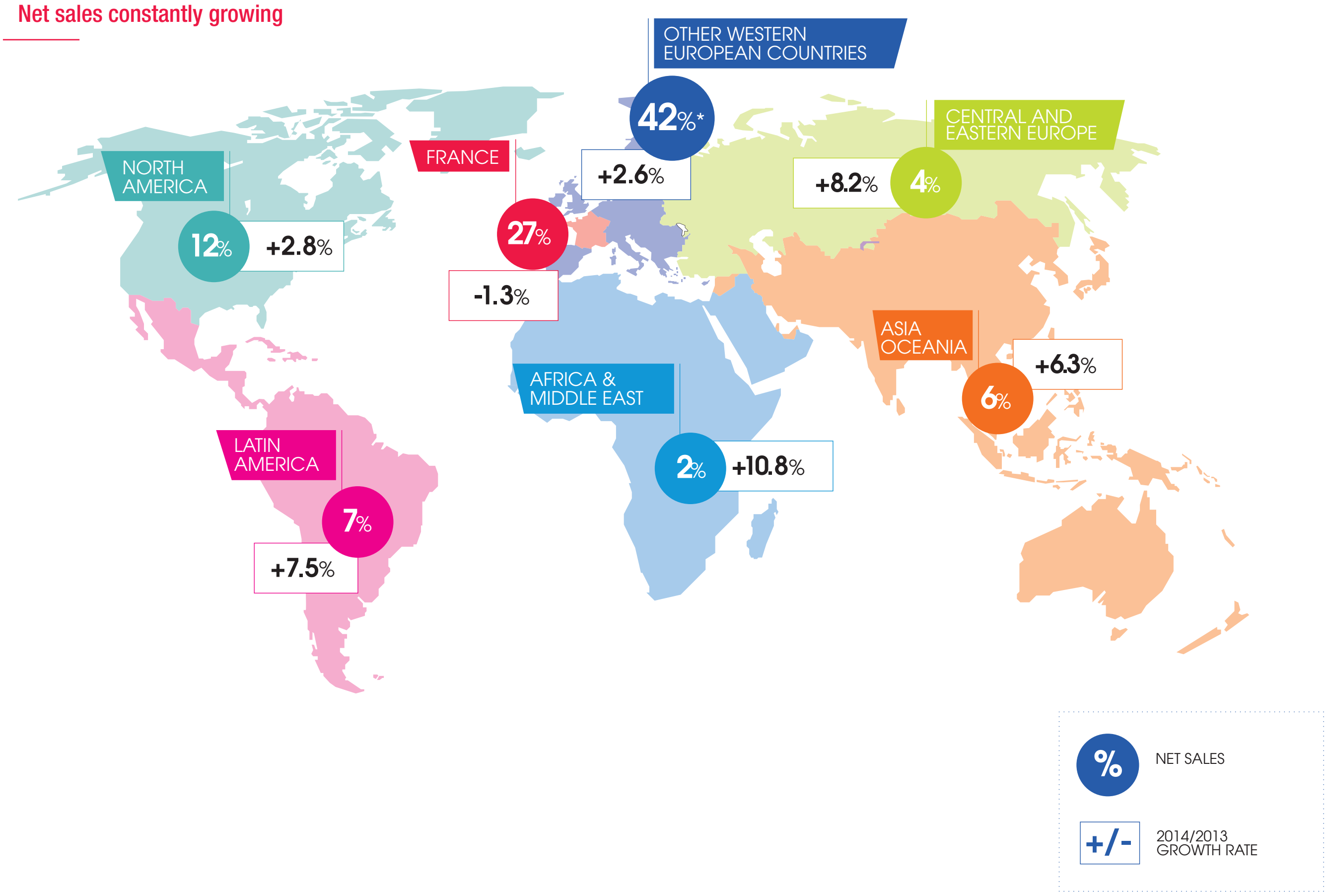
Capital structure at 31/12/2014



1.2.2 Encouraging financial results

Net sales	€41,054M	**Earnings per share**	€1.97
Operating income	€2,797M	**Total investment**	€1,532M
Income before minority interest	€1,000M	**Shareholders' equity**	€18,013M
Recurring net income	€1,103M	**Net debt**	€7,221M
Recurring earnings per share	€1.98	**Non-current assets**	€28,584M
Net income	€953M	**Working capital**	€4,191M

Net sales constantly growing



** This figure is explained by the fact the Building Distribution Sector, representing 46% of Saint-Gobain's sales, is mostly located in Europe.*

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 2014, Saint-Gobain was a component of the STOXX® Global ESG Leaders, MSCI Global Sustainability, 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 GOVERNANCE

1.3.1 Board of Directors

at January 1, 2015

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
Former French Secretary of State for Foreign Trade, Consultant

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

Gérard MESTRALLET
Chairman and Chief Executive Officer of GDF Suez

Jacques PESTRE
Senior Vice President of the POINT.P group, Chairman of the Supervisory Board of the Saint-Gobain PEG France corporate mutual fund and Director representing employee shareholders

Olivia QIU
Chief Strategy and 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
Chairman of Michelin

Philippe VARIN
Chairman of the Management Board of Directors of Areva

Board Secretary:

Antoine VIGNIAL
Corporate Secretary of Compagnie de Saint-Gobain

1.3.2 A decentralized organization

Saint-Gobain is a decentralized group, with activities organized into four Sectors: Innovative Materials (Flat Glass and High-Performance Materials), Construction Products, Building Distribution and Packaging.
Each Sector is responsible for its global strategy. 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. Compagnie de Saint-Gobain includes the following functional departments: Human Resources, Finance, Research and Development, Planning, Legal and Tax Affairs, Communications, Auditing and Internal Control, and Marketing.

SENIOR MANAGEMENT

1• Pierre-André de CHALENDAR
Chairman and Chief Executive Officer

2• Benoît BAZIN
Senior Vice President in charge of the Building Distribution Sector

3• Jean-Claude BREFFORT
Senior Vice President in charge of International Development

4• John CROWE
Senior Vice President, General Delegate for North America

5• Jean-Pierre FLORIS
Senior Vice President in charge of the Packaging Sector and oversight of the Innovative Materials Sector

6• Laurent GUILLOT
Chief Financial Officer

7• Peter HINDLE
Senior Vice President in charge of sustainable habitat and General Delegate for the United Kingdom, Republic of Ireland, South Africa, Mozambique, Namibia and Zimbabwe

8• Claude IMAUVEN
Senior Vice President in charge of the Construction Products Sector

9• Claire PEDINI
Senior Vice President in charge of Human Resources

10• Jean-François PHÉLIZON
Senior Vice President in charge of Internal Audit and Internal Control

11• Antoine VIGNIAL
Corporate Secretary in charge of Corporate Social Responsibility

FUNCTIONAL DEPARTMENTS

Sophie CHEVALLON
Vice President, Communications

Fabrice DIDIER
Vice President, Marketing

Delphine GENY-STEPHANN
Vice President, Planning and Strategy

Didier ROUX
Vice President, Research & Development and Innovation

SECTOR MANAGEMENT

Benoît BAZIN
President, Building Distribution Sector

Patrick DUPIN
President, Flat Glass Sector (Innovative Materials)

Jean-Pierre FLORIS
President, Packaging Sector

Benoit d'IRIBARNE
President, High Performance Materials Sector (Innovative Materials)

Claude IMAUVEN
President, Construction Products Sector

GENERAL DELEGATES

at Janurary 1, 2015

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

John CROWE
General Delegate for North America

Hartmut FISCHER
General Delegate for Central Europe

Javier GIMENO
General Delegate for the Asia-Pacific Region

Peter HINDLE
General Delegate for the United Kingdom, Republic of Ireland, South Africa, Mozambique, Namibia and Zimbabwe

Thierry FOURNIER
General Delegate for Brazil, Argentina and Chile

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 and Romania

Gonzague de PIREY
General Delegate for Russia, Ukraine and the CIS

Ricardo de RAMÓN GARCÍA
General Delegate for Spain, Portugal, Morocco, Algeria and Tunisia

Tomáš ROSÁK
General Delegate for the Czech Republic, Slovakia, Hungary and the Eastern Adriatic countries

Gianni SCOTTI
General Delegate for Italy, Greece, Egypt, Turkey and Libya

SAINT-GOBAIN GROUP COMMITTEES

EXECUTIVE COMMITTEE

Pierre-André de CHALENDAR
Chairman and Chief Executive Officer

Laurent GUILLOT
Chief Financial Officer

Claire PEDINI
Senior Vice President in charge of Human Resources

Antoine VIGNIAL
Corporate Secretary in charge of Corporate Social Responsibility

The Executive Committee meets once a week.

SENIOR MANAGEMENT COMMITTEE

Pierre-André de CHALENDAR
Chairman and Chief Executive Officer

Benoît BAZIN
Senior Vice President in charge of the Building Distribution Sector

Jean-Claude BREFFORT
Senior Vice President in charge of International Development

John CROWE
Senior Vice President, General Delegate for North America

Benoit d'IRIBARNE
President, High-Performance Materials Sector (Innovative Materials)

Fabrice DIDIER
Vice President, Marketing

Patrick DUPIN
President, Flat Glass Sector (Innovative Materials)

Jean-Pierre FLORIS
President, Packaging Sector

Delphine GENY-STEPHANN
Vice President, Planning and Strategy

Laurent GUILLOT
Chief Financial Officer

Peter HINDLE
General Delegate for the United Kingdom, Republic of Ireland, South Africa, Mozambique, Namibia, Zimbabwe

Claude IMAUVEN
President, Construction Products Sector

Claire PEDINI
Senior Vice President in charge of Human Resources

Jean-François PHÉLIZON
Senior Vice President in charge of Internal Audit and Internal Control

Didier ROUX
Vice President, Research & Development and Innovation

Antoine VIGNIAL
Corporate Secretary in charge of Corporate Social Responsibility

The Senior Management Committee meets once a month.

LIAISON COMMITTEE

Pierre-André de CHALENDAR
Chairman and Chief Executive Officer

Members of the Senior Management Committee

GENERAL DELEGATES:
Dominique Azam, John Crowe, Hartmut Fischer, Javier Gimeno, Peter Hindle, Thierry Lambert, Anand Mahajan, François-Xavier Moser, Gonzague de Pirey, Ricardo de Ramón García, Tomáš Rosák, Gianni Scotti

Heads of the following Activities:
Saint-Gobain Glass (Houchan Shoeibi), Saint-Gobain Sekurit (Patrick Dupin), Glassolutions (Jean-Marie Vaissaire), Abrasives (Patrick Millot), Ceramic Materials (Guillaume Texier), Performance Plastics (Thomas Kinisky), Pipe Systems (Vincent Legros), Gypsum (Claude-Alain Tardy), Insulation (Emmanuel Normant), Industrial Mortars (Jean-Luc Gardaz), POINT.P (Patrice Richard), Lapeyre (Patrick Bertrand), SGBD UK & Ireland (Mark Rayfield), SGBD Deutschland (Udo Brandt), SGBD Nordics (Kare O. Malo).

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

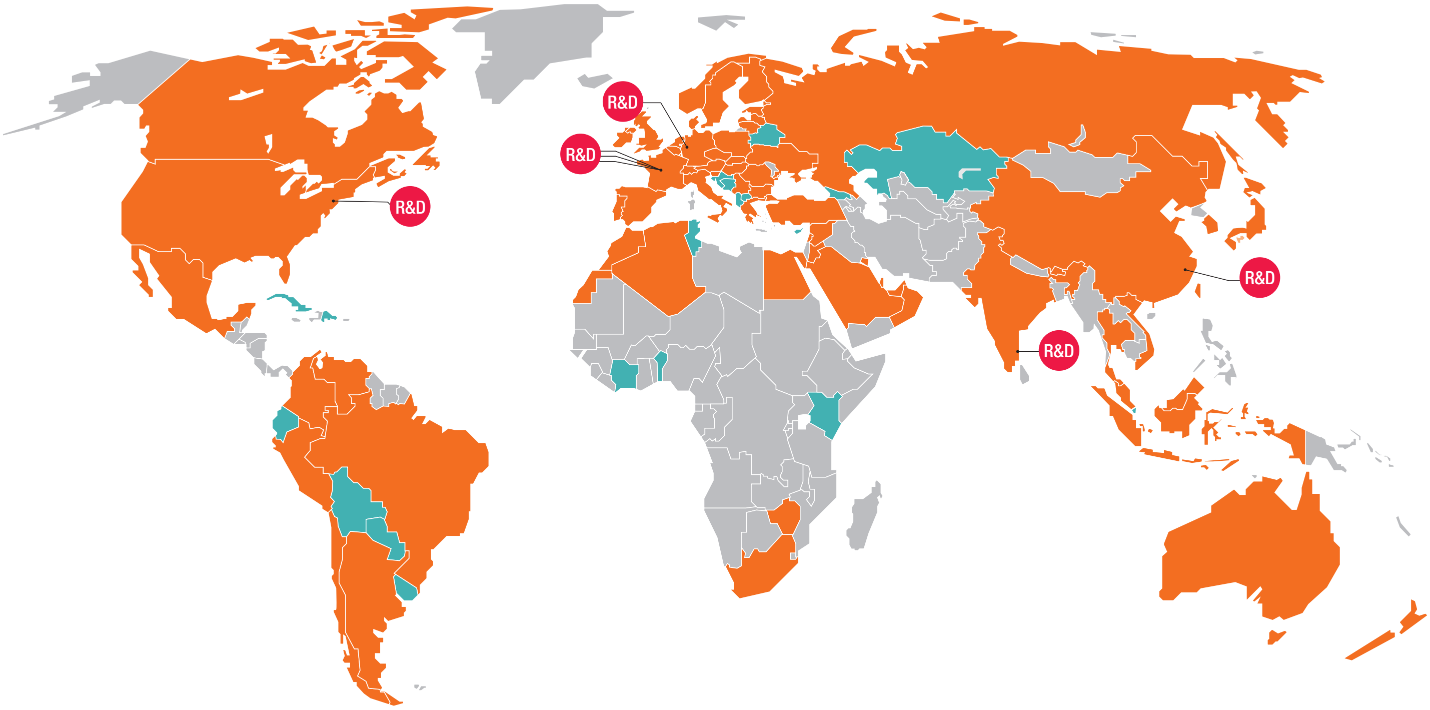
The Liaison Committee meets three times a year.

1.4 A GROUP WITH A STRONG GLOBAL PRESENCE

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

Saint-Gobain's sites worldwide

INDUSTRIAL AND COMMERCIAL SITES
COMMERCIAL SITES
CROSS-BUSINESS R&D CENTERS



Synergies through research and development

The Group also has seven 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 Centre (HRDC) – Herzogenrath – Germany
- Northboro Research & Development Center (NRDC) – Northboro – MA, United States
- Saint-Gobain Recherche (SGR) – Aubervilliers – France
- Saint-Gobain Research Shanghai (SGRS) – Shanghai – China
- Saint-Gobain Research India (SGRI) – Chennai – India

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

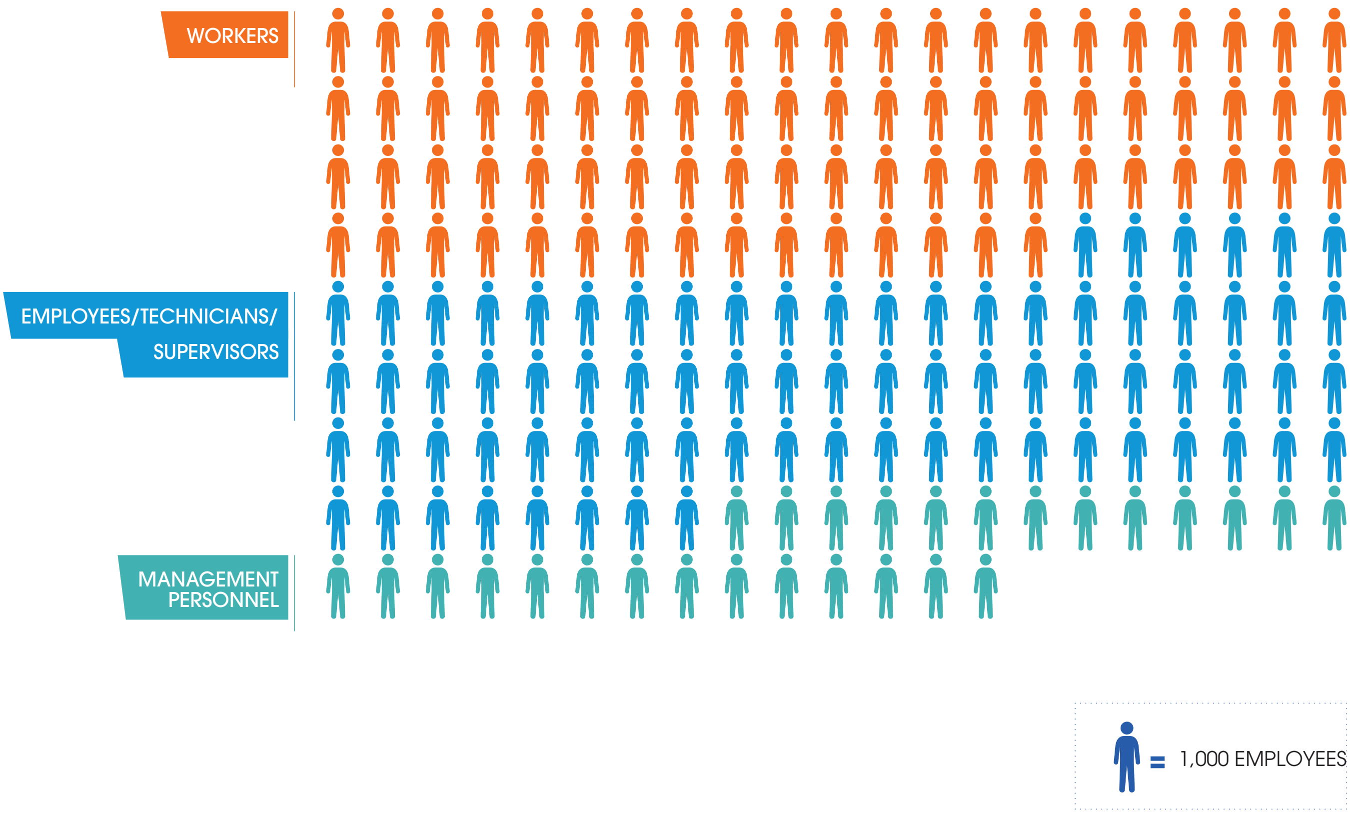
1.5 HUMAN CAPITAL, A MAJOR ASSET IN SAINT-GOBAIN'S BUSINESS MODEL

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 discussion and innovation, develop a customer-centered culture and ensure continuance of the culture of operational excellence and technical expertise of 180,000 Saint-Gobain employees.

Presentation of Saint-Gobain employees

Total Group	181,742
Innovative Materials Sector	58,898
Construction Products Sector	46,358
Building Distribution Sector	63,345
Packaging Sector	9,710

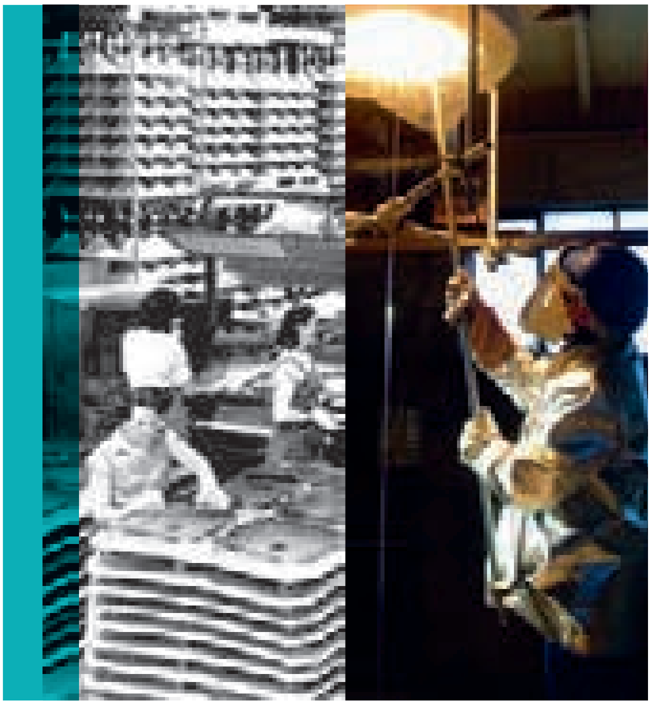
Breakdown of employees by professional status (workers, employees/technicians/supervisors, management personnel)



2. Sector **Activities**

SAINT-GOBAIN is organized into four Sectors

22% 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 and industry markets.

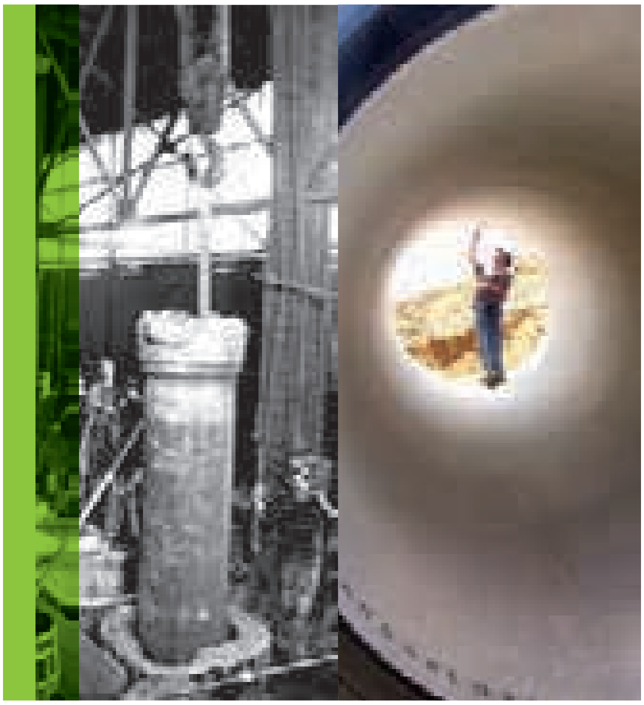
FLAT GLASS
No. 1 in Europe (1)
No. 2 worldwide (1)

- Presence: 42 countries
- Almost 32,000 employees

HIGH-PERFORMANCE MATERIALS
No. 1 worldwide (1)

- Presence: 44 countries
- Almost 27,000 employees

26% of net sales



CONSTRUCTION
Products

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

No. 1 worldwide (1)
> Ductile cast iron piping
> Plaster and plasterboard
> Insulation
> Tile adhesives

No. 1 in Europe (1)
> Wall facings

No. 2 in the United States (1)
> Siding

- Presence: 58 countries
- Almost 47,000 employees

(1) *Source: Saint-Gobain.*

46% of net sales

BUILDING
Distribution

The Building Distribution Sector contributes to the Group an intimate knowledge of customer needs: building professionals, private project owners and large enterprises. It serves the new construction, renovation and home improvement markets.

No. 1 in Europe [1]
> Distribution of building materials

- Presence: 27 countries
- More than 63,000 employees
- Almost 4,400 sales outlets

6% of net sales

Packaging
VERALLIA

Using the Verallia brand name, the Packaging Sector is a major producer of bottles for the wine and spirits markets and jars for food products. Verallia is also active in the beer, fruit juice, non-alcoholic beverages, mineral waters and oil markets.

No. 3 worldwide [1]
> Glass bottles and jars

- Presence: 13 countries
- Almost 10,000 employees

(1) *Source: Saint-Gobain.*

2.1 INNOVATIVE Materials

With its unique portfolio of materials and processes for the habitat and industrial markets, the Innovative Materials Sector embodies the Saint-Gobain Group's innovation-oriented culture.

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

Competitive positions:

No. 1 worldwide [1]

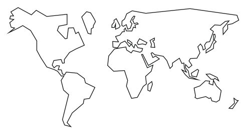
High-Performance Materials

No. 2 worldwide [1]
No. 1 in Europe [1]

Flat Glass Sector

(1) Source: Saint-Gobain.

More than 500
industrial sites
spread over 44 countries



Almost 59,000 employees

(Flat Glass: almost 32,000 employees in 42 countries;
High-Performance Materials: almost 27,000 employees in 44 countries)

7
cross-business R & D centers
in the United States, Europe, China and India

2,100
dedicated researchers
in Innovative Materials

Almost **300 patents** filed annually
by the Innovative Materials Sector

Approximately 2/3 of the Group's R & D expenditure

2.1.1 The Flat Glass Sector

The Flat Glass Sector consists of three major activities: flat glass production (Saint-Gobain Glass), processing and distribution for the building market (Glassolutions) and glass for automobiles and transport (Saint-Gobain Sekurit).

Through a powerful industrial network, **Saint-Gobain Glass** manufactures flat glass (float) for the building and automotive industries. This glass may be clear, printed, laminated, coated or colored. It is a high-performance product that combines energy efficiency, comfort, and environmental friendliness.

Glassolutions comprises a network of transformation and distribution companies covering a vast array of applications for the building market: facings, major architectural projects, urban facilities, industrial worksites, furniture, bathroom fixtures, and interior decorating glass. Noted for innovation, these applications include reinforced thermal and acoustic insulation or solar control glass, decorative glass, safety glass and fireproof glass as well as SageGlass® variable-tint active glass. Glassolutions also manufactures vitro-ceramic products with EuroKera (a joint venture with Corning SAS), a global co-leader in vitro-ceramic cookware.

Saint-Gobain Sekurit produces windshields, side windows, rear windows, glass sun roofs and pre-assembled modules for major, global automotive manufacturers. These glass products are complex and rapidly evolving. They contribute to reducing vehicle energy consumption and meet growing needs for user safety and comfort: visual comfort, specifically through panoramic windshields, and well-being through acoustic glass and windshields heated in winter and reflective in summer. 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, the Group distributes and installs windshields through its Saint-Gobain Autover and Glassdrive network.

a) Portfolio of products and brands

Businesses and products	Main applications	Main brands	Main competitors	Competitive ranking
Basic glass: Flat glass, coated, laminated, printed, silver-coated, lacquered	• Building, automotive, transport and home appliance	• Saint-Gobain • Climalit	• NSG (Japan) • Asahi (Japan) • Guardian (United States) • PPG (United States) • Sisecam (Turkey) • Fuyao Glass (China) • Various Chinese glass manufacturers	• Leader in Europe [1] • No. 2 worldwide [1]
Building products manufacturing and distribution	• Residential and commercial, new building and renovation, interior solutions, active glass, anti-fire glass	• Saint-Gobain • Glassolutions • Swisspacer • Vetrotech • SageGlass®		
Automotive and transport glass production	• Automotive, aerospace, railroad, industrial and armored vehicles, shipping	• Saint-Gobain Sekurit • Saint-Gobain Autover • Saint-Gobain Sully • Glassdrive		
Specialty glass	• Nuclear protection glass, commercial refrigeration, home appliance	• Saint-Gobain • Glassolutions • EuroKera • Euroveder	• Schott (Germany) • NSG (Japan) • Asahi (Japan)	• Global leader or joint global leader, depending on segment [1]

b) A vast industrial and commercial structure

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

Proven industrial processes

Saint-Gobain Glass 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).

Glassolutions produces building and industry glass at its cutting workshops, using double- or triple-glazing and tempered (security glass) techniques, and has a great deal of 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.

[1] *Source Saint-Gobain.*

Example of industrial processes: from sand to glass

1 Composition
Mixture of raw materials (silicon, solder, lime, feldspar and dolomite) to which is added recycled glass – known as cullet – and other compounds, depending on the desired color and properties

2 Melting furnace
Melting of raw materials at 1,550° C in a Saint-Gobain SEFPRO refractory basin fed by a gas heater above the glass, alternating on each side, and by an electrical heater below.

3 Float
Liquid glass is poured out into a molten tin bath. Floating of the glass on this flat surface where it is drawn into strips. Sprockets, the top rolls, stretch out or push the glass laterally to the desired thickness (2 mm to 19 mm).

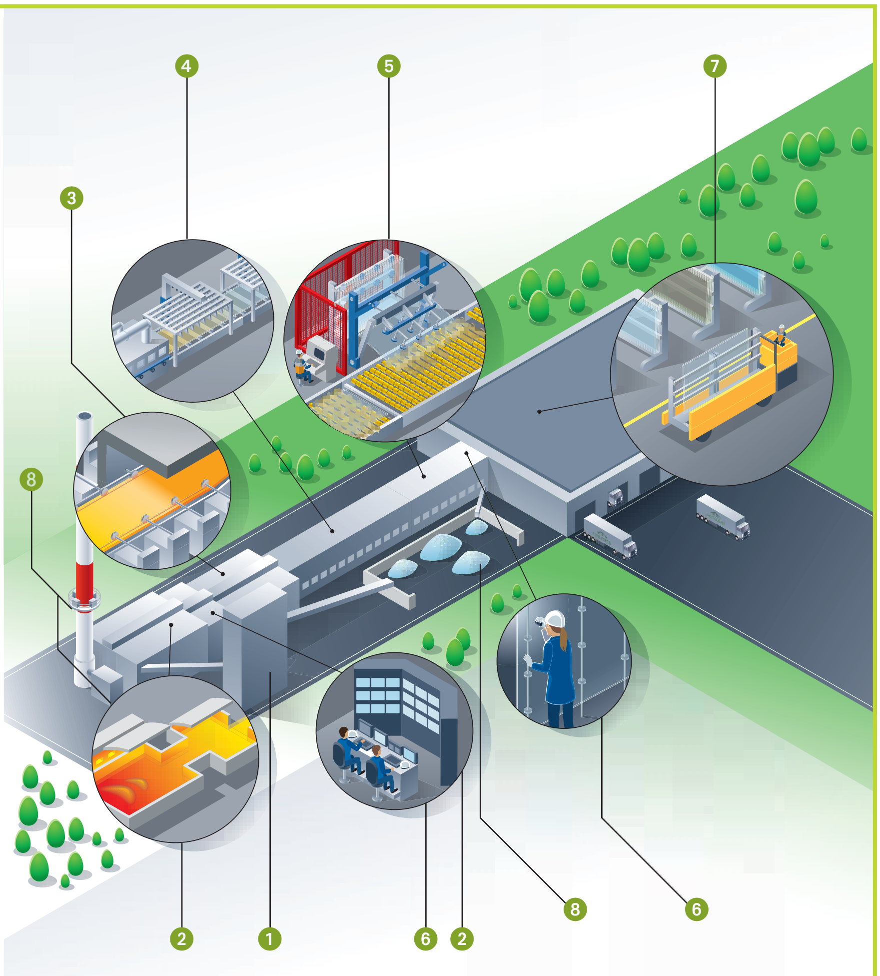
4 Spreading
Transfer of the glass on transport rollers into a controlled cooling tunnel, over 100 meters long. From a temperature of 600° C at the beginning of the stage, the glass ends up at ambient temperature.

5 Squaring off
Automatic cutting of the glass longitudinally and transversally. Lifting of the glass plates by suction cup lifters which place the glass on trestles.

6 Quality
Automated controls and regular sampling to check glass quality during the production process.

7 Storage and transport
Arrangement of the trestles on storage racks in the warehouse.

8 Environment
Recycling of the cullet, implementation of pollution mitigation systems and closed-circuit water management. Every measure is taken to limit energy consumption, consumption of natural resources, waste production and atmospheric emissions.



Focus on the flat glass manufacturing process:
Sand and other raw materials, including sodium carbonate, are the main components. The mixture is brought to a high temperature (the energy used is natural gas, fuel oil and electricity), then poured into a bath of melted tin on which it “floats”. The glass is then cooled and cut into sheets.
On magnetron lines, metal compounds are pulverized cold and in vacuum, using an electromagnetic process.
The coating process, applying an organic divider (butyral polyvinyl) between the layers of glass, produces a glass, after firing in an autoclave, that yields varying levels of safety and of physical and acoustic protection.
The tempering process, after heating the glass to high temperatures (after shaping for automotive glazing, if necessary), consists of suddenly cooling it to yield a high level of mechanical strength.

A market-based commercial organization
The Flat Glass sales force numbers over 700 employees. For the building market, marketing and sales are closely coordinated by market type (large projects, habitat, interior glass, etc.). Most importantly, Saint-Gobain Glass sells to external glass transformers and distributors in its principal production regions, as well as internally to Glassolutions which, with a strong geographic network in Europe, transforms this glass into value-added products and markets it for habitat and industrial applications.
Car manufacturers are global players to which Saint-Gobain offers its advanced production sites in the various assembly countries. To address their needs, Sekurit manages centralized negotiations and international projects with the head offices of automotive manufacturers in Europe, the United States and Asia. A regional organization also provides more local coordination and services, at country and plant level. The ability to manage relations both globally and locally is a key success factor in being a recognized player in the automotive sector.
Through its Sekurit brand, Saint-Gobain has positioned itself among its customers (approximately 200 for the OEM and transportation markets) as a global leader [1] for the quality of its development, its products and services, and as the benchmark, due to its capacity to help them innovate.

[1] *Source: Saint-Gobain.*

Saint-Gobain Autover, a leader in Europe, Brazil and India in the distribution of automotive replacement glazing[1], has 3,000 customers. The company produced 4.4 million windshields, side windows and rear windows for cars, buses and trucks in 2014.

2.1.2 The High-Performance Materials Sector

High-Performance Materials (HPM) provides high value-added solutions for a wide range of high-tech applications in industry, construction, transport, energy and health. The Sector has developed considerable expertise in a range of technologies, giving it the ability to make best use of these complementary materials and to design solutions tailored to its customers' specific needs. It has expertise in three families of materials: mineral ceramics (Ceramics, Grains and Powders, Crystals, Abrasives), high-performance polymers (Performance Plastics) and glass fiber yarn (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 developed considerable technological expertise in high-performance compounds and solutions based on technical polymers that afford considerable scope for application in industry (automotive, aerospace, health) and construction. It produces composite materials (films, foams and coated fabrics for the construction and industry sectors and high-performance adhesives), bearings and seals (particularly for the automotive and aerospace industries), and fluid systems (for the healthcare, agri-food 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, wall coverings, joint tapes, bonded glass fiber for thermal insulation, and the production of asphalt topping, as well as mosquito netting and paving reinforcement grids.

a) Portfolio of products and brands

Businesses and products	Main applications	Main brands	Main competitors	Competitive ranking
Ceramic Materials				
Grains and Powders	• Raw materials for abrasives and ceramics industries • Mineral pigments for domestic ceramics • Catalyst substrates for the petrochemical industry • Proppants for the oil industry • Balls for micro-grinding applications	• Norton • Saint-Gobain Norpro • Zirpro	• Carbo Ceramics (United States) • Imerys (France)	• No. 1 worldwide in silicon carbide[1] • No. 1 worldwide in zirconium-based abrasive grains[1] • No. 1 worldwide in ceramic balls[1] • No. 2 worldwide in proppants[1]
Refractories	• Ceramic blocks for the manufacture of industrial furnaces for glass (including special glass for LCD screens), ceramic, metallurgy and energy applications • Wide sapphire windows for the defense industry	• Hexoloy • Sefpro	• Asahi (Japan) • RHI (Austria)	• No. 1 worldwide in refractories for the glass industry[1]
Crystals	• Sensors for medical imaging, oil exploration and security and safety applications • Substrates, components and equipment for the semi-conductor and light-emitting diode industries	• Bicron	• CPI (United States) • GE-Reuter Stokes (United States)	• No. 1 worldwide in scintillation systems[1]

[1] *Source: Saint-Gobain.*

Businesses and products	Main applications	Main brands	Main competitors	Competitive ranking
Abrasives				
Bonded abrasives	• Roughing, grinding and sharpening of materials and tools for the aerospace, automotive, metal processing, steel and bearing industries	• Norton • Carborundum	• 3M (United States) • Noritake (Japan) • Tyrolit (Austria)	• Joint leader worldwide in all abrasive businesses [1]
Thin grinding wheels	• Cutting and deburring, metal processing, maintenance, energy, steel, construction and DIY applications	• Norton • Flexovit • Carborundum	• Tyrolit (Austria) • Comet (Slovenia) • Pferd (Germany) • Rhodius (Germany)	
Coated abrasives	• Surface treatment and sanding applications in the aerospace, automotive, furniture, hand tools, steel, jewelry, watch making and biomedical industries	• Norton • Atlas • Carborundum	• 3M (United States) • Hermes (Germany) • Klingspor Germany) • SIA (Switzerland)	
Superabrasives	• Precision tools for the aerospace, automotive, bearings, cutting tools, electronics and composite materials industries • Glass cutting	• Norton • Winter	• Asahi (Japan) • Noritake (Japan) • 3M (United States)	
Construction products	• Building materials • Diamond saws • Drills	• Norton • Clipper	• Husqvarna (Sweden) • Tyrolit (Austria)	
Performance plastics				
Bearings and seals	• Friction parts for automotive, aerospace and industrial machinery	• Norglide® • OmniSeal® • OmniLip® • Rencol®	• Trelleborg (Sweden) • Enpro (United States) • Oiles (Japan)	• No. 1 worldwide in bearings for automotive applications [1]
Fluid systems	• Tubes, valves and connectors for fluid control systems in the agri-food, biomedical, automotive and semiconductor industries • Single-use solutions for the pharmaceutical industry	• C-Flex® • Tygon® • Sani-Tech® • Versilon® • Furon®	• Entegris (United States) • Parker Hannifin (United States) • Pall (United States) • Sartorius-Stedim (Germany / France)	• No. 1 worldwide in molded and extruded silicon products for the medical sector [1] • No. 1 worldwide in single-use tubes and connectors for the pharmaceutical industry [1]
Films, foams and coated fabrics	• Adhesive coatings, architectural units, radomes, protective gear, cooking surfaces, composite material molds, metal-glass seals for the automotive and construction industries, coated films for architectural and automotive glazing applications	• Sheerfill® • Solar Gard • Norseal® • NorBond™ • CHR® Tape • Chemfilm®	• 3M (United States) • Rogers (United States) • DuPont (United States) • Eastman (United States) • Nitto Denko (Japan)	• No. 1 worldwide in construction fabrics [1]
Saint-Gobain Adfors				
Glass fiber yarn	• Bobbins of glass fiber yarn for the textile industry	• Vetrotex®	• AGY (United States) • P.P.G. (United States) • Nittobo (Japan) • Fulltech (Taiwan) • CPIC (China)	• No. 1 worldwide in fluoropolymer-coated fabrics [1]
Reinforcement fabrics for construction and manufacturing	• Sundry reinforcements for the building sector (wall facing reinforcements, paintable wall coverings, mosquito netting, strengtheners for roof damp-proofing systems, geotextiles, calicos)	• Adfors • Novelio • Fibatape • GlasGrid • New York Wire • Vertex	• Johns Manville (États-Unis) • Phifer (United States) • Vitrulan (Germany) • Valmieras (Latvia)	• No. 1 worldwide in paintable wall coverings [1] • No. 1 worldwide in construction fabrics [1]

(1) *Source: Saint-Gobain.*

b) High-tech manufacturing processes, often co-developed with customers

The High-Performance Materials Sector brings together a wide variety of high-tech applications often co-developed with customers, and has expertise in a range of manufacturing processes. It has over 200 sites in 35 countries, creating an unparalleled network of industrial assets.

Varied and differentiated industrial processes

In its Grains and Powders activity, Saint-Gobain Ceramic Materials transforms raw mineral materials using thermal processes (primarily smelting) in order to give them refractory, abrasive or mechanical strength properties or to improve upon their existing properties. These products are then used as raw materials for ceramic and refractory activities, formed through melting or sintering techniques and then processed to manufacture blocks and critical parts for customers.

Saint-Gobain stands out in the abrasives market in particular for its expertise in abrasive grains, including electro-cast and sintered ceramic grains, diamond grains and cubic barium nitrate grains. Other raw materials involved in the composition of abrasive products include: polymer resins, glass- and clay-based substances, metals, reinforcements for woven and non-woven fabrics and paper strengtheners. Abrasives are the result of a highly technical process developed over a number of years of research and development, using the best high-tech tools. Their manufacturing processes include mixing, pressing, shaping to the required dimensions, drying, baking, treatment, connection, soldering, assembly, mechanical and laser conversion and electroplacement.

The Performance Plastics Activity affords solutions that combine expertise in materials, transformation technologies and design to save on energy, protect and improve comfort, and preserve the environment. It has considerable technological expertise in the formulation and transformation of special polymers with remarkable properties (resistance to high temperatures, chemical stability and purity, mechanical properties and surface properties).

Saint-Gobain Adfors manufactures glass fibers (Vetrotex®) using a melting process, then weaves and processes this fiber into technical textile fabrics for the construction and industry markets.

A commercial organization favoring co-development with customers

Many of Saint-Gobain's High-Performance Materials 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.

Furthermore, in most regions of the world the Sector maintains a large sales force (over 1,300 employees) that is supported, in the largest countries, by logistics centers that allow it to quickly and efficiently provide service to customers.

2.1.3 A portfolio of high-tech research projects

The Sector's research efforts are aimed at improving solutions provided to customers. In over 500 short- or medium-term research products involving the design of new products and procedures, the Innovative Materials Sector has over 2,100 dedicated researchers providing technical support to the sales and production teams.

Some 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, ceramic and plastic materials for energy storage. These involve efforts over the long term in order to stand out from the competition.

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.

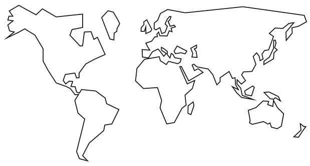
2.2 CONSTRUCTION

Products

Industrial sites in

58

countries



Competitive positions:

No. 1 worldwide [(1)]

Ductile cast iron pipes
Plasterboard and plaster
Insulation
Tile adhesives

No. 1 in Europe [(1)]

Wall facings

No. 2 in the United States [(1)]

Siding

Almost 47,000
employees

Almost 450
production and distribution sites
worldwide

(1) *Source: Saint-Gobain.*

Innovative sustainable habitat solutions

The Construction Products Sector designs and develops innovative solutions to improve the quality of the living space and reduce the environmental impact of buildings, with unique offerings of products and services for all construction fields, tailored to local conditions.

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.

In a world where innovation is guided by constantly growing needs for comfort, whether visual, acoustic or thermal, by the need to save energy, and by the desire for increasingly healthy lifestyles, the innovative and competitive solutions developed by the Sector, while remaining in compliance with current standards, are aimed at preparing specifications for habitats of the future. Consistent with responsible development, the Group's thermal and acoustic insulations, wall facings, roofing products and pipe systems thus use an eco-design approach.

The Construction Products Sector's aim is to become the reference for sustainable habitat and drinking water solutions. It is supported by five Activities, which provide dedicated systems and solutions for the interior and exterior home-improvement markets.

The Gypsum Activity extracts and processes gypsum into a wide array of plaster products for construction and decorating. 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 to offer solutions that do not merely comply with the highest technological standards and promote widespread adoption, but also 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: roof, wall and floor insulation to reduce energy consumption and noise and to improve comfort. 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.

The Exterior Products Activity offers a complete range of products specific to North American homes. The roofing line consists of top-of-the-range asphalt and composite shingles available in a wide range of styles and colors, while for exterior walls, it has developed siding, shingle and panel solutions in a number of materials (PVC, polypropylene). Easy to maintain, these products are known for combining visual appeal and durability. The Activity also offers complete home exterior solutions, including fences, railings and decks made of PVC and composite materials.

The Pipe Systems 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, municipal castings and wastewater and rainwater drainage systems for buildings. It is also active in the mining and industry markets.

The Industrial Mortars Activity is the world leader in its field. It offers a comprehensive range of exterior wall decoration, protection and insulation solutions for the residential, commercial and industrial building markets. Its tile products afford specific solutions that are safe and easy to install. Floor solutions cover a wide range of applications: new or renovated concrete tiles, screed to create a level base for other flooring, and colored mortars for a decorative effect. The line also includes technical products for high-traffic areas, and underfloor heating systems. In all areas of construction, a line of technical mortars facilitates tile work in major construction or renovation projects. The Activity also produces expanded clay in the form of lightweight and insulated building blocks, or as balls. Finally, a line of additives is being marketed in the Middle East to meet growing construction industry demand for concrete with improved technical properties.

[(1)] *Source: Saint-Gobain.*

2.2.1 A large portfolio of products and brands

Businesses and products	Main applications	Main brands	Main competitors	Competitive ranking
Gypsum				
Plasterboard (including with specific functions) • **Plaster: construction plaster and other specialty plasters** • **Plasterboard fastening systems and accessories** • **Ceilings: tiles and panels** • **Soundproof ceilings** • **Metal frames**	Room dividers, suspended ceilings and flooring for residential and commercial buildings • Interior thermal insulation • Soundproofing solutions • Fire protection solutions • Shock-proofing solutions • Damp-proofing solutions • Interior air quality solutions • Interior decoration • Ceramic and metal moldings	• Gyproc • Placo® • Rigips • British Gypsum • CertainTeed • Formula • Ecophon • Eurocoustic	• Siniat (France) • Knauf (Germany) • USG (United States) • National Gypsum (United States) • Georgia Pacific (United States) • BNBM/Taihe (China) • Armstrong (United States) • Rockfon (Denmark) • USG - Boral (Australia)	• World leader [1]
Insulation				
• **Glass wool** • **Stone wool** • **ULTIMATE® mineral wool** • **Expanded polystyrene foam - EPS** • **Extruded polystyrene foam - XPS** • **Polysocyanurate - PIR** • **IsoDuo (wood fiber and glass wool)** • **Hemp insulation** • **Airtight membranes** • **Membranes for roof airtightness** • **Waterproof toppings** • **Fibers for vacuum insulation panels**	• Thermal and acoustic insulation of residential, office and industrial buildings • Technical insulation for industrial facilities, air conditioning and heating systems • Insulation for ships, trains, cars and home appliances • Structural fire protection • Substrates for hydroponic cultivation	• ISOVER • Mag-ISOVER • CertainTeed • Celotex	• Owens Corning (United States, China) • Johns Manville (United States) • Rockwool (Europe) • Ursa (Europe) • Knauf (United States, Europe) • BASF (Worldwide) • Dow Chemicals (Worldwide) • Kingspan (Europe) • Technonicol (Russia) • Asahi (Japan)	• World leader, all insulating materials combined [1] • World leader in mineral wool [1] • No. 1 in Europe in airtight solutions [1] • No. 1 in Europe in expanded polystyrene foam [1]
Exterior products				
• **Siding products: cladding and borders** • **Exterior vinyl home improvement products: fences, decks, railings** • **Roofing products: asphalt and composite roofing shingles** • **Fiber-cement**	• Single-family homes and apartment buildings • New building, repair and renovation markets	• CertainTeed	• Ply Gem (United States) • Georgia Gulf (United States) • Alside (United States) • Trex (United States) • Fiberon (United States) • Owens Corning (United States) • Tamko (United States) • IKO (United States) • GAF (United States) • Azek (United States) • Versatex (United States)	• No. 2 in the United States for vinyl siding [1] • No. 3 in the United States for residential roofing [1]

[1] *Source: Saint-Gobain.*

Businesses and products	Main applications	Main brands	Main competitors	Competitive ranking
Pipe systems				
• **Complete pipe systems in ductile cast iron, pipe connectors and fittings** • **Ductile cast iron and steel manhole covers as well as complete cast iron wastewater and rainwater drainage systems for buildings**	• Drinking water supply systems • Irrigation • Sewage systems • Mining and manufacturing markets • Fire sprinkler systems • Wastewater and rainwater drainage for buildings • Utility access (manholes)	• PAM	• Xinxing (China) • Electrosteel (India) • Jindal (India) • US Pipe (United States) • Mac Wane (United States) • Kubota (Japan) • Duktus (Germany) • East Jordan/Norinco (United States/ France) • Wavin (Netherlands) • PipeLife (Austria)	• World leader in ductile cast iron pipe systems (1) • No. 1 in Europe in ductile cast iron municipal castings (1) • No. 1 in Europe in cast iron building systems (1)
Industrial mortars				
• **Wall rendering products** • **Tile adhesive and grouting** • **Flooring screed** • **Technical mortars** • **Interior rendering** • **Masonry mortars** • **Expanded clay aggregate** • **Cement additives**	• Exterior wall decoration and protection • Exterior thermal insulation • Stonework renovation • Tile fixing • Decorative and technical pointing • Tile cleaning and protection • Concrete toppings and leveling compounds • Technical and decorative flooring • Building damp-proofing • Concrete repairs • Masonry building and finishing • Lightweight blocks • Civil engineering and highway bedding solutions	• Weber • Leca®	• Mapei (Italy) • Sto (Germany) • ParexLanko (France) • Baumit (Austria) • Ardex (Germany)	• World leader in industrial mortars (1)

(1) *Source: Saint-Gobain.*

2.2.2 Industrial and commercial assets close to customers

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

a) An industrial organization attuned to local market needs

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.

b) A strong sales force attentive to building and public works professionals

The Construction Products Sector has a flexible commercial presence in 69 countries, in order to closely address its customers' needs in the field.
Beyond its traditional sales forces, the Sector's commercial presence is characterized by a large organization to assist various line players in the building industry in each country, with after-sales services, specifier staff, technical assistance teams, job site delivery services and training centers. Over 8,000 employees around the world in all Activities are engaged in sales and marketing. The Sector also has an extremely dense network of distributors to give better coverage to all markets.
These various teams provide optimal solutions to distributor customers (generalist businesses, specialist businesses, large DIY stores, etc.), builders and installers (building multinationals, assembly companies, trade customers, etc.), specifiers (architects, municipalities, etc.) and private individuals.
Weber also offers over 200,000 training sessions each year worldwide, largely for installers, allowing them, among other things, to access new construction technologies such as exterior insulation (over 40% of training sessions in Europe).
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.

2.2.3 R & D in the service of innovation with a differentiating approach

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 seven cross-business research centers, as well as its 12 activity-dedicated centers, some 20 development units and other research and development units in 23 different countries. In 2014, the Sector filed approximately one hundred patents.
In 2014 the Sector continued to develop a great number of habitat projects involving a number of issues (high-performance insulation, exterior insulation systems, acoustic insulation, air quality, aesthetics, environmental sustainability, recycling, fire prevention, etc.). Six new Multi-Comfort buildings, applying the Sector's innovations, have been constructed. The eco-design approach to product development also continued, specifically through the use of internal Life Cycle Assessment tools.
Finally, the Sector's research and development centers contribute to enhancing industrial manufacturing processes, improving both the Sector's competitiveness and the environmental performance of its plants.

Examples of industrial processes:

Glass wool

1 Composition
The glass in the glass wool consists of recycled glass (in a proportion that may range up to 80%, and averaging over 50%), sand and other natural materials. These are the fluxes which enable a lower glass melting temperature. One roll of glass wool may contain the equivalent of 10 recycled bottles. Raw materials are stored in silos, then weighed and mixed to make up the composition.

2 Melting
Melting of this mixture is obtained in a furnace.

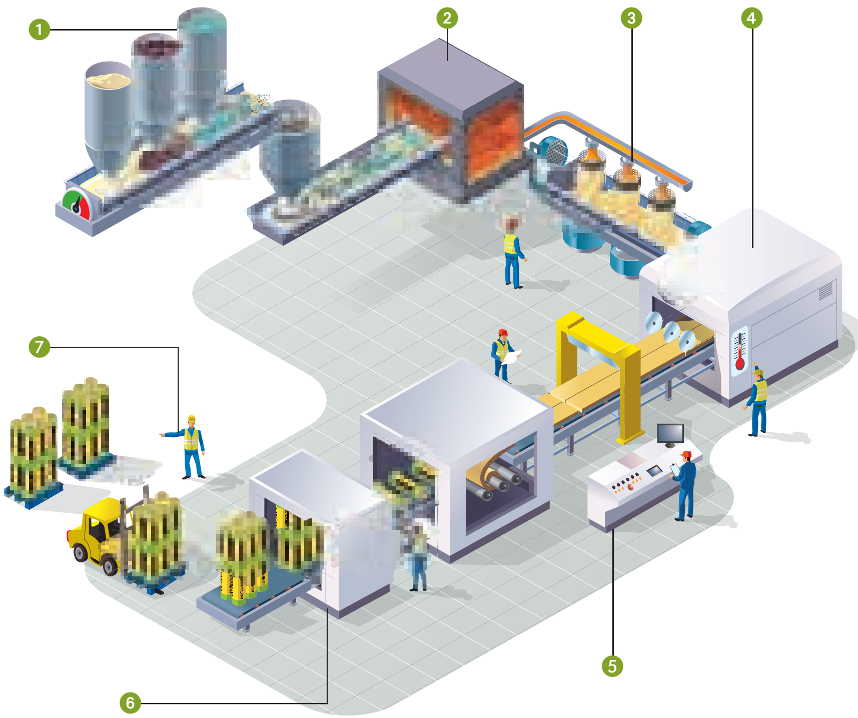
3 Fiber production
The melted material is transferred to a line then into fiber-production plates. It emerges in the form of glass threads, pulverized with polymer (the binder) to form a cushion.

4 Steaming
The wool mat is fired in order to achieve polymerization. It thus becomes an elastic cushion, which may be cut, surfaced and packaged.

5 Cutting
The mats are surfaced (polished) then cut. The offcuts are recycled in the process.

6 Packaging
Packaging is formed into rolls and panels. The mats are very highly compressed using a roller, to up to ten times their thickness, to optimize shipping.

7 Palletisation
The automatic palletisation process allows for further improvement in compression of the panels and rolls while rendering the products capable of being stored outside.



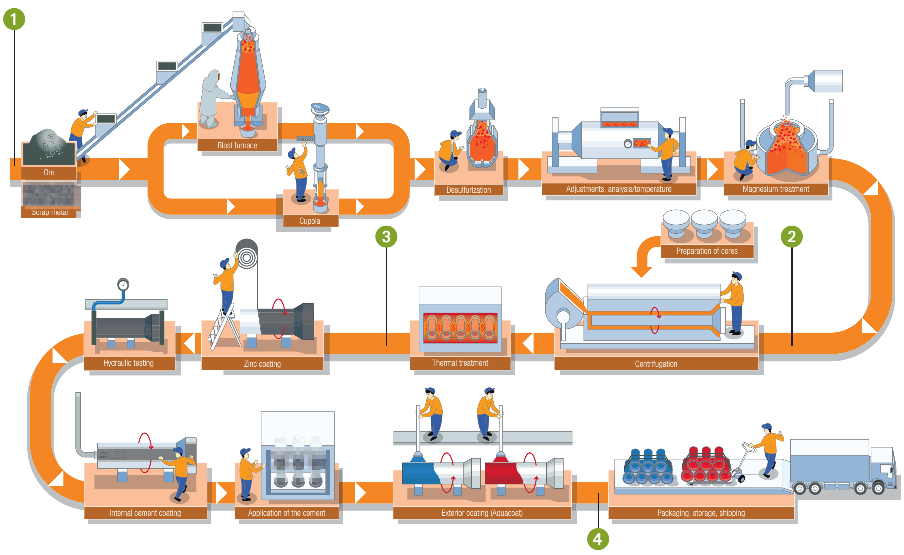
Ductile cast iron pipe systems

1 Elaboration of the cast iron (from ore or scrap steel and coke)
The cast iron is prepared either in the blast furnaces (primarily from ore, and coke), or in foundry cupolas (using scrap metal and coke). Magnesium treatment is necessary to obtain ductile cast iron.

2 Centrifugation
Centrifugation of the cast iron in a steel tube (the shell) creates the pipe itself. The core yields the internal form of the pipe fitting. The pipe is subjected to thermal treatment to obtain the mechanical characteristics of the metal in terms of lengthening and rupture-resistance.

3 External coating with zinc-aluminium-copper (ZnAlCu)
The external metallization of the pipe (zinc-aluminum-copper) protects it from corrosion. Placing cement inside, also through centrifugation, protects the interior.

4 Storage



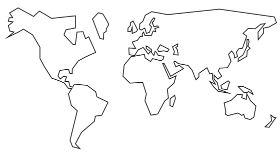
2.3 BUILDING
Distribution

Competitive positions:

No. 1 in Europe [1]

in building materials distribution

Sites in
27
countries



More than 63,000
employees

Almost 4,400
points of sale

Sales of more than
600 million euros

by electronic transaction
and via internet in 2014

(1) *Source: Saint-Gobain.*

The Building Distribution Sector serves new construction, renovation and home improvement markets in 27 countries. The Sector's ambition is to be the business reference for both its customers and suppliers. To accomplish this, it has developed a network of strong and complementary brands, both generalist and specialist, oriented towards trade customers, private project owners and small, medium and large companies.

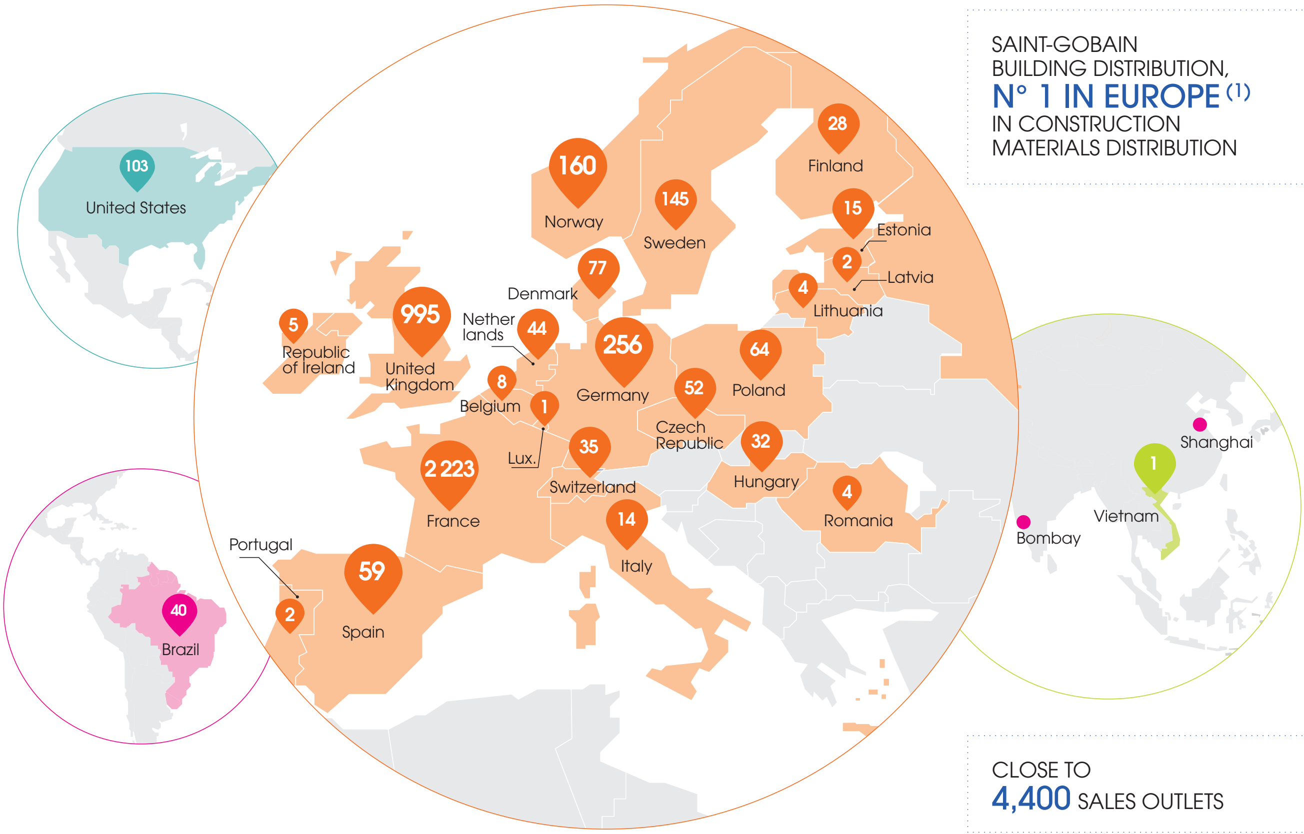
Anchored in its own local market, each brand has developed a positioning that addresses the specific needs of each type of customer and market, supported by the dynamism and expertise of the teams which make up its strength and its success.

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	Distributor of construction materials and building products
	CEDEO	Distributors of the largest sanitation, heating and plumbing brands
	Brossette	Specialist in sanitation, heating and plumbing
	LA PLATEFORME DU BATIMENT	Distribution network solely for building professionals
	LAPEYRE	Sales of home improvement products and services to private individuals and professionals
UNITED KINGDOM	JEWSON	Major player in the distribution of construction materials and sustainable timber
	Graham The Plumbers' Merchant	Sanitation, heating and plumbing specialist
GERMANY THE NETHERLANDS EASTERN EUROPE	raab karcher	Generalist distributor of construction materials
	[illegible]	Tile specialist
NORDIC COUNTRIES (Denmark, Finland, Norway, Sweden)	DAHL	Specialist in sanitation-heating-plumbing, construction, industry, cooling and property management
	OPTIMERA	Distributor of construction materials to professionals and the mass market
SPAIN	Distriplac	Specialist in home improvement and insulation
	[illegible]	Distributor of construction materials to professionals only
UNITED STATES	NORANDEX	Distributor of exterior solutions products – shingles, windows, roofing and doors
BRAZIL	Telhanorte	Sale to private individuals and professionals of home improvements products and services

Added to these brands are other brands, particularly specialist brands, which serve the sanitation-heating-plumbing, wood paneling, interior solutions, roofing, construction, tile and tooling markets.

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



SAINT-GOBAIN BUILDING DISTRIBUTION, **N° 1 IN EUROPE** [(1)] IN CONSTRUCTION MATERIALS DISTRIBUTION

CLOSE TO **4,400** SALES OUTLETS

The Sector is developing commercial tools to foster customer loyalty and gain new customers, whether professionals or private individuals. The reliable, comprehensive and targeted presentation of its line of brand products and services is critical to facilitating day-to-day customer choices and work. Remaining in the front line of innovation, the product catalog is an essential tool for Building Distribution brands. Whether in printed or electronic format, the catalog offers thousands of product references and related services. Depending on the brand, one can also find retail prices, offerings that are both available and stored in inventory, the closest sales outlet, complementary products, advice and installation plans, etc.

Brands also have showrooms. As places offering continuous advice and display, redesigned in accordance with new market trends, they are a source of inspiration for customers, who can find all the materials, colors, formats and styles that are currently available.

The showrooms are also targeted at architects, decorators, engineering and design firms and even contractors. These professionals can check technical and regulatory documents and use multimedia tools at these sites.

To assist and guide their customers in the face of developments in their businesses, the Sector's brands are developing increasingly innovative tools and training programs. Free information seminars on new standards and regulations, refresher training for certification, e-learning to quickly supplement knowledge acquired of energy-efficient renovations, or even self-training through practical guides and exercises: the brands offer their professional customers suitable training to develop and enhance their worksites.

Finally, the Sector's brands are taking steps to ensure the satisfaction of trade customers and private customers. Certain brands have for example rolled out tools at their sales outlets to allow customers to comment on their visits and assess certain criteria such as clarity of information, quality of advice, prices and services. Feedback allows a brand to react very quickly, at the local level, to ensure customers receive the best possible service.

(1) *Source: Saint-Gobain.*

2.3.3 Innovation in the service of customers

The added value that the men and women employed in Building Distribution provide each day lies specifically in the innovative services offered by the Sector's brands.

In energy efficiency, the brands of the Building Distribution Sector are developing sales concepts and innovative tools to help their customers meet this challenge. The Building Distribution Sector is also implementing partnerships with experts to strengthen the theoretical and practical knowledge of companies and trade customers in the building industry through training, particularly in the area of energy efficiency.

Another value-added benefit provided by the Sector's brands to their customers is logistics. This involves offering optimal solutions to increase efficiency and product availability, including: computer data in trucks to coordinate all stages of shipment, tracking to monitor trucks, SMS services to confirm customer deliveries, automated logistics centers and computerized inventory management for coordination of product restocking.

The Building Distribution Sector's capacity to innovate is also seen in its creation of new markets and customers. Some of its brands have implemented habitat-linked home automation solutions, launching and marketing products aimed at professionals. They thus clearly position themselves as home automation specialists and have confirmed their willingness to assist customers in new markets for safety, energy management, energy efficiency and energy savings. At a different level, some brands have also demonstrated their interest in the seniors and accessibility market, by developing a special offering, ISA® (Independence of Seniors and Accessibility). In addition, opening stores in city centers is another way for the Sector to come closer to its customers and gain new ones.

Finally, showing its attentiveness to its customers, the Sector has continued to promote its digital strategy around three areas. The first is profiling, which consists of sending tailored product and service information to customers visiting brand websites. The second consists in offering numerous services, both online and on smartphones: product supply and availability, customized fees, 24/7 online ordering, online accounts, advice and tools. The third is a "multi-channel" offering. A customer may thus access products and services not only through a brand's e-commerce site but also via physical sales outlets, call centers, social media, printed and virtual catalogs, etc.

2.3.4 A position of European leader

Businesses and products	Main applications	Main competitors	Competitive ranking
• **Distribution of construction materials for the new building and renovation markets** • **Industrial joineries**	• Individual and collective housing market	• Wolseley (United Kingdom, France, Nordic Countries, United States, Canada, Switzerland, Netherlands) • CRH (Netherlands, France, Switzerland, Germany, Belgium, Austria) • 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 & Grafe (Germany, Poland, Netherlands, Norway)	• No. 1 in Europe in building materials distribution [(1)] • Major player in the sanitation, heating and plumbing market [(1)]

[(1)] *Source: Saint-Gobain.*

2.4 Packaging
VERALLIA

Competitive positions:

No. 3 worldwide (1)

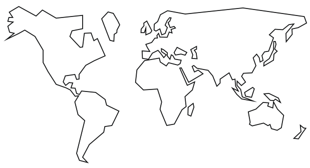
Leader in Western Europe (1)

No. 2 in South America (1)

(1) *Source: Saint-Gobain.*

Industrial sites in **13** countries

Commercial presence in **29** countries



Almost 10,000 employees

47 industrial sites

33 of which are dedicated to glass production (61 glass furnaces)

8 technical centers

Under the Verallia brand, the Packaging Sector designs glass packaging solutions for beverages and food products. Bottles and jars produced by Verallia are aimed at the markets for non-sparkling wines (33%) and sparkling wines (14%), foods (29%), spirits (12%), beers (12%) and non-alcoholic beverages.
Close to its 10,000 customers, the Sector is able to offer the widest array of products available on the market (items, container sizes, colors) using flexible and proactive industrial equipment.
Ensuring that it provides customers of all sizes with the same level of attention, Verallia uses dedicated commercial teams and provides value-added services such as logistics platforms that match market needs.
As a true partner of beverage and food product brands, Verallia seeks to place products on the market as quickly as possible. To that end, it has established three creation and design laboratories around the world, where the Sector's glass experts work collaboratively with customers on their new bottle and jar projects, to simulate the products at mass distribution levels. Joint development also includes high-tech tools such as 3D printing and the Virtual Glass application.

2.4.1 Product lines and brands for various segments

Specific product lines and brands have been developed to serve certain segments: thus, the eco-efficient EcoVa line, launched in 2009, combines a small environmental footprint with enhanced content. The Selective Line brand addresses the search by customers for ways to differentiate: manufactured in French factories, these high-end, extra-white glass bottles are infinitely customizable.

Businesses and Products	Main Applications	Main Brands	Main Competitors	Competitive Ranking
• **Glass bottles and jars**	• Packaging for beverages and food products	• Verallia	• Owens-Illinois • Ardagh • Vitro • Vetropack • Vidrala • Sisecam • Barbosa & Almeida	• No. 2 worldwide [1] • No. 1 in Western Europe [1] • No. 2 in South America [1]
• **High-end glass bottles**	• Premium packaging for beverages	• Selective Line	• Saverglass	

2.4.2 International industrial and commercial coverage

a) A solid, flexible and responsive industrial equipment

The glass packaging production process largely consists of high-temperature transformation of the various materials comprising glass composition into a liquid vitrifiable mixture, then shaping them through forming techniques (blown-blown/pressed-blown).
Forming consists of shaping a hollow glass container using a pressing/blowing process (pressing using a metal punch, then blowing with compressed air), or a blowing/blowing process (two blowing stages).
The glass paste enters the forming machine in the form of drops, called "gobs", the weight, shape and temperature of which are precision-controlled.
These gobs are then formed twice, first into a "rough mold", allowing the material to be processed into an intermediary hollow shape, then into a "finishing mold" which creates the final shape of the product.
To guarantee the soundness of the glass packaging, it is then "rebaked" (annealed) by gradual reheating and recooling inside an "annealing lehr" (a temperature-controlled kiln).
Surfaces are also treated to proof the glass packaging against scratching: upstream, they are subjected to heat treatment consisting of applying a very thin layer of tin oxide to the surface of the glass; downstream, cold treatment by wax aspersion is applied. The treatment products are naturally adapted to the use of packaging items for food storage.
Transfer to the "cold-end sector" allows the glass to be checked and conditioned.
Control of product quality may include visual, mechanical or video control, or by light spectrum, to verify the glass sealing, dimensions and thickness, as well as the aesthetics of the packaging.
All packaging deemed non-compliant is removed from the production chain and used as recycled glass (scrap). Upon exiting the manufacturing line, the products are generally stacked on palettes.

[1] Source: Saint-Gobain.

b) Commercial team partnerships with beverage and food brands

To meet the expectations of local and international customers, Verallia has implemented a commercial organization that combines “power” and “proximity”.
Proximity means closeness to local contacts in each region and each market segment, both commercially and in the marketing and technical fields, to offer expertise and meet the expectations of the 10,000 customers for products, services and joint development. Power means a global organization that coordinates commercial and business relations with large international accounts (less than 1/4 of net sales).
Verallia’s commercial teams stand out for their close attention to special local factors, offering specific services such as mobile bottling in the France viticulture sector and a very wide range of products adapted to the specific reputation of each *terroir*.

2.4.3 Technological expertise in production and design

Verallia has developed technological expertise at the highest global level and key skills that it is constantly seeking to optimize, particularly at its eight technical and innovation centers.
The Sector is working on improving packaging production processes and functionalities as well as reduce time-to-market: the R&D activity is often carried out in partnership with the Saint-Gobain research teams. Beyond glass composition, projects involving processes are aimed mainly at reducing energy consumption and emissions of atmospheric pollutants, and improving industrial performance. To reduce its environmental footprint and in addition to its work in reducing fossil fuel needs, Verallia is taking steps to use renewable energy sources, particularly biomass, to fuel its glass furnaces.
R & D activities related to glass forming are aimed at enhancing operational performance as well as minimizing the amount of glass testing in order to reduce time-to-market. Reducing time-to-market also requires the development of new services. Thus, through new technology, the Virtual Glass application allows customers to simulate the bottle of their choice, labeled and sealed, full or empty, and compare it to other bottles. Using a tablet computer or portable telephone, they can also see the bottle in augmented reality. Along these same lines, R & D teams are developing solutions to allow customers to view the bottled products in the bottles in a completely realistic way, and from the project stage onwards, with the goal of reducing design time.
In terms of product functionalities, the teams are working on improving glass properties and package appearance: shock resistance and weight optimization through better glass distribution, scratch resistance through surface treatments, etc. Thus Verallia offers its customers specific surface treatments to thermo-seal lids on containers to address the dual requirement of effective sealing and easy opening of jars. R&D teams are constantly seeking solutions to extend the scope of application of these surface treatments to new markets.
In terms of products, Verallia is constantly innovating with bottles and jars in increasingly unusual shapes and with innovative designs. In 2014, the Sector launched its first fluorescent glass bottles for nightclubs, bars and popular locations. The fluorescent glass manufacturing process consists of introducing into the feeder glass “wands” highly charged with active elements, which give the glass a fluorescent appearance when displayed under black lighting. Extremely attractive, these bottles can “dress up” the alcoholic beverages they contain, especially white spirits, wines and highly sparkling waters.
Finally, to promote the emergence of new concepts, in 2009 Verallia France launched a contest for design and packaging students, encouraging them to explore the creative, technical and marketing potential of packaging glass around a precise theme that changes every year. The concept of this “Glass and Creation” contest has been rolled out gradually in a number of countries: Spain, Portugal and Brazil in 2013, and Argentina in 2014. An inaugural bottle from the contest’s first edition was manufactured and marketed by a Languedoc winery owner under the name *Côte des Rosés*.

2 Strategy

1. Anticipating market trends

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

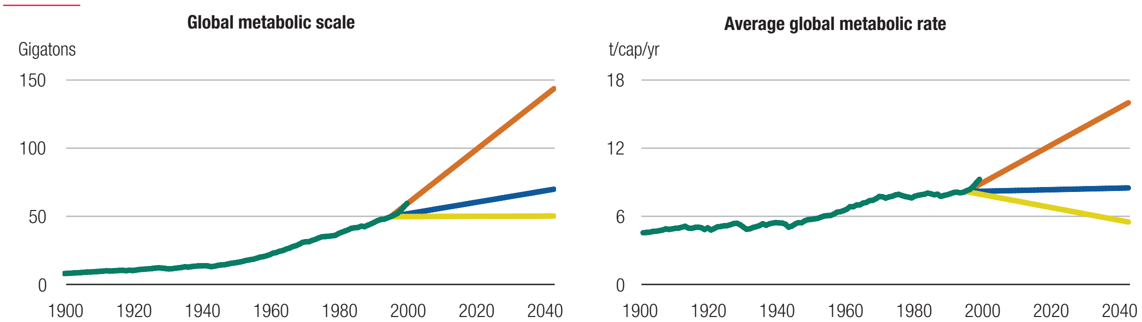
Concern for climate change is a key challenge for the decades to come. Everywhere in the world, countries are implementing policies to improve conditions of comfort in housing while reducing building energy consumption.
Housing energy consumption, which represented 32% of final energy consumption and 19% of greenhouse gas emissions in 2010, could double or even triple by 2050 compared to 2010, according to the Intergovernmental Panel on Climate Change (IPCC).[(1)]
Nevertheless, the full use of best practices today in the design, construction and operation of buildings would permit a reduction in final energy consumption of buildings of 46% by 2050 compared to 2005, while improving comfort, even though building floor space could increase by 126%[(2)].
The building sector as a whole is evolving toward more sustainable construction: 51% of architects, engineers, businesses, owners and consultants anticipate that over 60% of their work will be "green" in 2015, according to the World Green Building Council (WGBC)[(3)]. Builders and architects are seeking partners who can provide them with solutions to build more sustainable buildings.
Regulation is contributing to these changes, particularly in developed countries, and is becoming a growth driver for construction markets. In Europe, the 2010 European directive on energy efficiency has given impetus to regulations. In France, the *Grenelle de l'Environment* Forum, followed by the 2014 Energy Transition Act (*Loi sur la Transition Énergétique*) have emphasized energy-efficient building renovation and the definition of new sustainable construction standards. In Germany, the *Energiewende* ("energy-efficient transition") policy is contributing to a plan to reduce greenhouse gas emissions and energy efficiency targets.

▶ ***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.***

1.2 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. Since this level of consumption is not sustainable, the UNEP recommends uncoupling economic growth from the consumption of natural resources, through more efficient use of the latter.

Resource use according to three different scenarios up to 2050



Source : Decoupling natural resource use and environmental impacts from economic growth, UNEP*, 2011*

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 value cycle, in construction and in other industries.

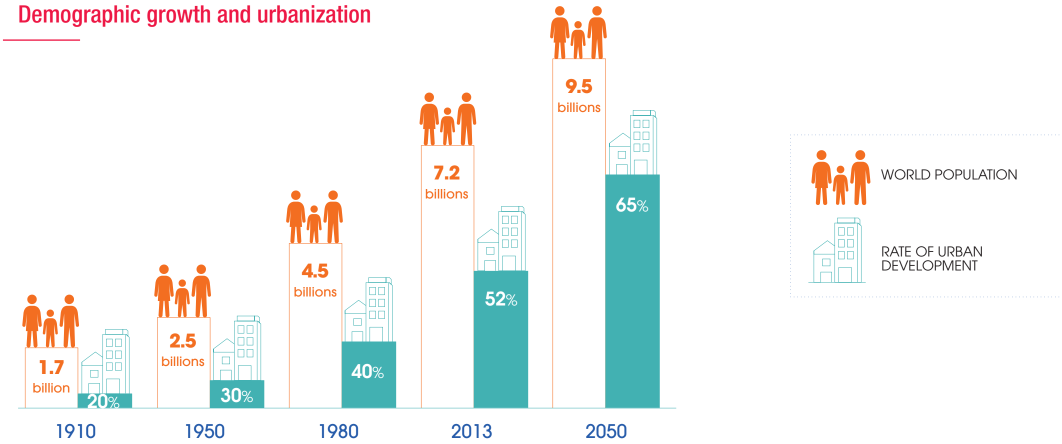
▶ ***Saint-Gobain promotes a vision of responsible construction and develops innovative solutions to preserve natural resources. Offering solutions to address diminishing resources is an opportunity for Saint-Gobain to create value and to better differentiate.***

(1) *Buildings. In:* Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.
(2) *Source:* Global Energy Assessment, Toward a Sustainable Future*, 2012.*
(3) *Source:* World Green Building Trends, Mc Graw Hill Construction.

1.3 AN AFFORDABLE AND SUSTAINABLE LIVING ENVIRONMENT: THE CHALLENGE OF POPULATION GROWTH AND URBAN DEVELOPMENT

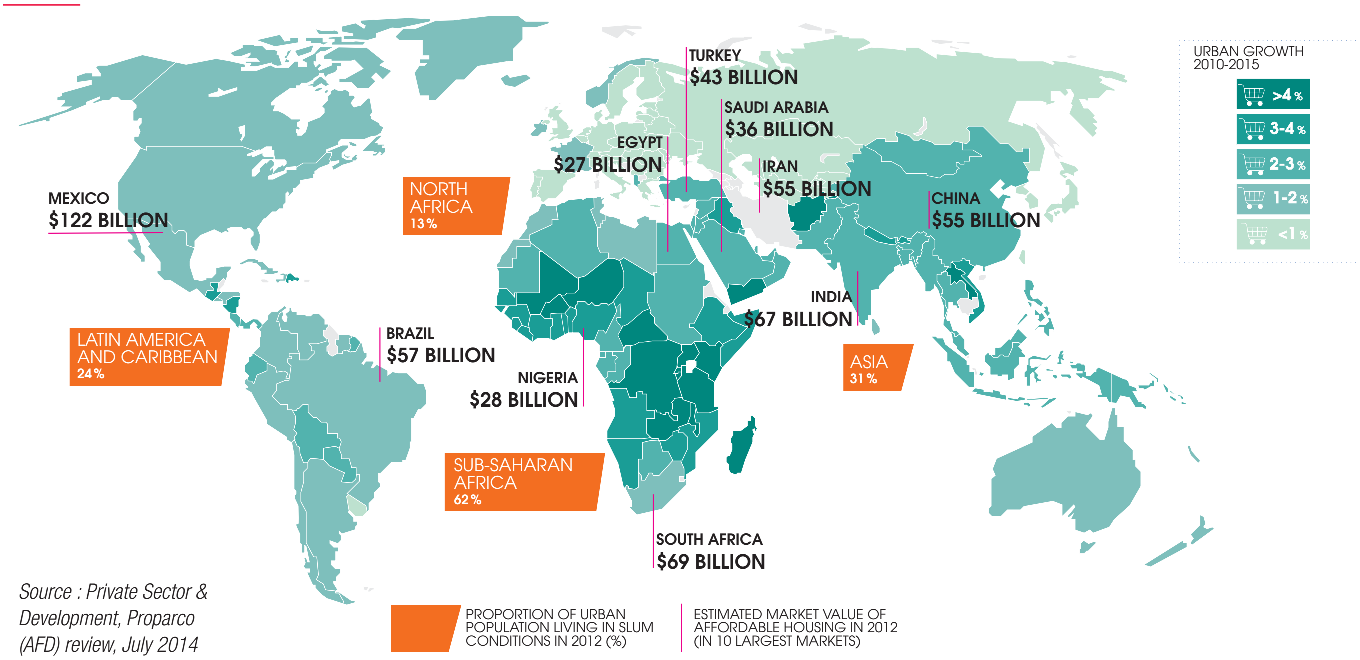
Since 2011, the global population has exceeded the 7 billion mark and is expected to reach 9.6 billion by 2050. This demographic growth is accompanied by increasing urbanization: the proportion of the global population living in cities will reach 66% by 2050 [(1)], compared to 54% in 2014. The sharp 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 megalopoles.

Demographic growth and urbanization



In developing countries that face the persistence of slums, access to housing is a major socio-economic challenge, made even more pressing by the emergence of a vast middle class, including in Africa, where purchasing power and comfort requirements are stimulating new demand.

Needs and potential affordable housing markets



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

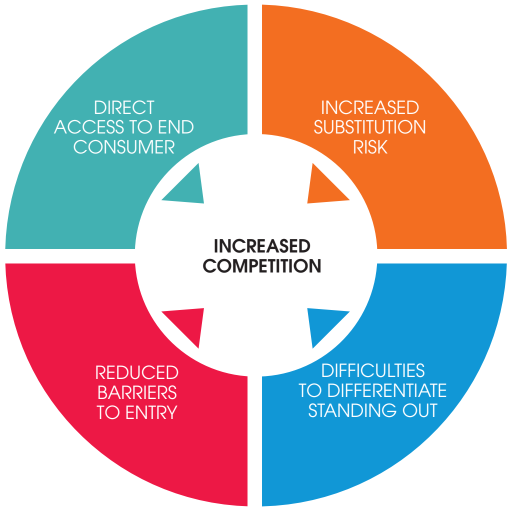
▶ ***As a result of its global presence and extensive knowledge of local conditions, Saint-Gobain is well positioned in this high-potential market, offering a range of accessible solutions, adapted to local needs, to address the high demand for affordable and sustainable housing that improves the quality of urban habitat.***

(1) *Source:* World Urbanization Prospects, 2014 Revision, *United Nations.*

1.4 THE DIGITAL TRANSFORMATION: THE CHALLENGE OF MULTI-CHANNEL INTEGRATION AND THE "DIGITAL ENVIRONMENT"

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 is destined to become the largest world market, is catching up quickly. The low cost of investment to launch an online commerce platform has reduced barriers to entry, while asymmetry of information between sellers and customers has fallen 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.

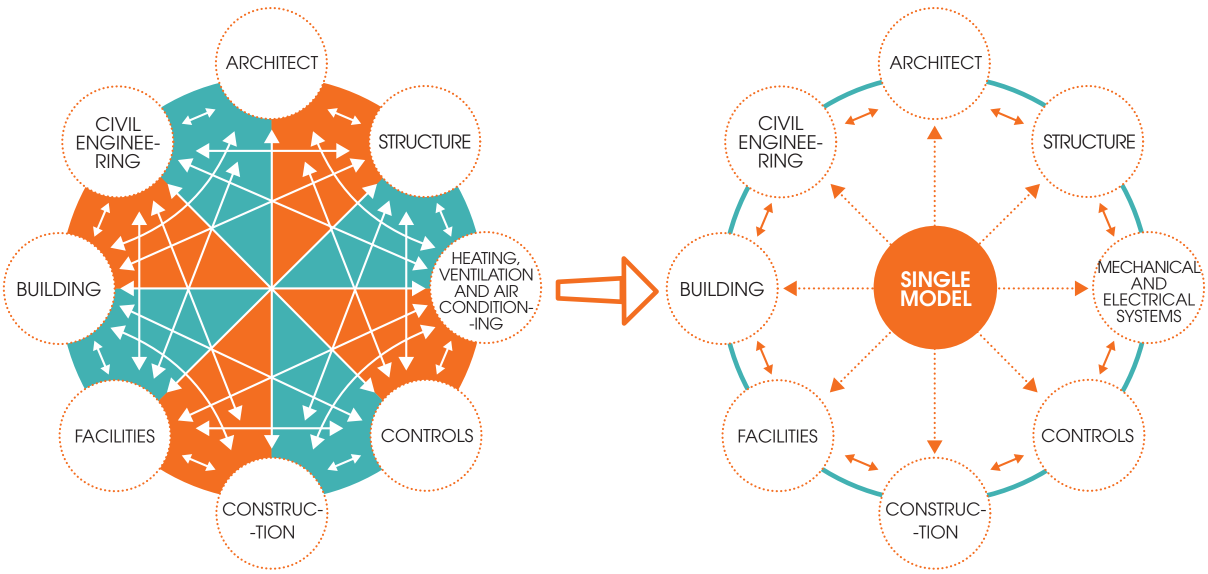
With digital technology, a profound rethinking of buildings and habitat is also under way. The digital integration of buildings is leading to technical changes in construction, particularly the increasing use of Building Information Modeling (BIM), which allows an integrated view of a building during 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.



Source: from 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, a multi-channel digital strategy that differentiates its offering and ensures visibility for its products and brands.***

Changeover to the BIM model



Source: National Union of Construction Economists, E&C No. 166 – *January 2014.*

2. Identifying the Group's main challenges

2.1 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.
For each stakeholder, depending on the stakes, dialogue is organized by identifying the appropriate information channels and selecting a suitable framework and venue for a dialogue at the appropriate level of the organization (headquarters, activities, sites), consistent with the principle of subsidiarity. This system reflects the Group's organization, size, international dimension, diverse business portfolio, and also decentralized management, which gives the operating units a great deal of autonomy in conducting their activities.
Dialogue must be constructive, transparent and based on mutual trust.

To better organize this dialogue, priority stakeholders have been grouped according to stake, reflecting Saint-Gobain's objectives (see table opposite). This improves the reporting on the internal and external stakeholders' expectations, and favorizes a match between expectations expressed and the Group's long-term objectives.
A constructive dialogue based on trust has clearly been established with priority stakeholders. In addition to this, the Group will continue the improvement of the reporting on the results of dialogues carried out at the various levels of its organization.

Stakeholders

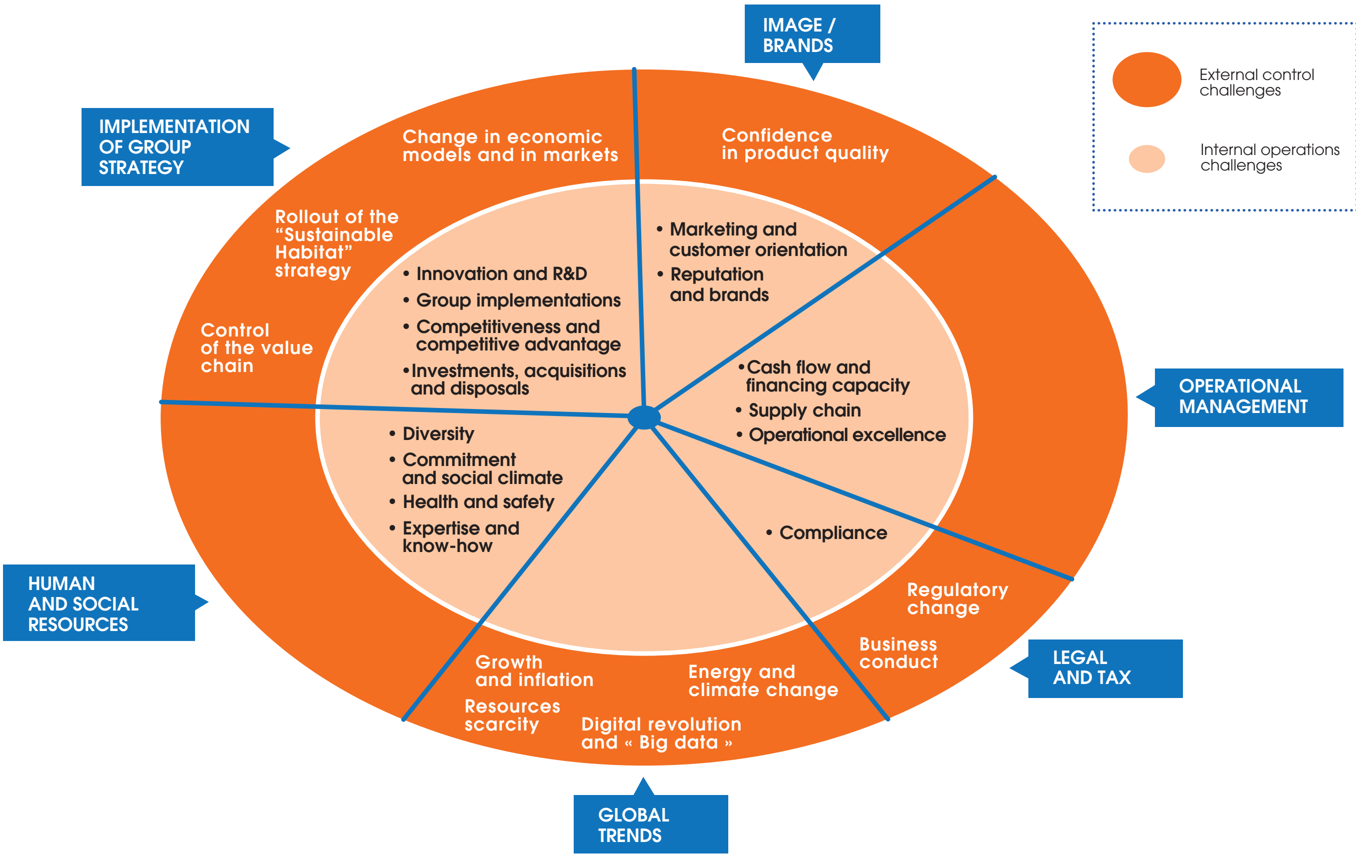
	Stakeholders	Information channels	Opportunities for dialogue
• **Market**	• Customers • Users • Purchasing advisors • Suppliers	• General information (Publications and magazines; Group Company websites; Professional forums and trade shows) • Specific information (Publication of guides on energy efficiency and the environment; Charter of recommendations to promote insulation in existing buildings; Presentations to schoolchildren; Participation in associations or user groups) • Training (Customer and consumer training) • Supplier activities (Suppliers' Charter; Responsible purchasing clauses; Supplier self-assessments)	• Conventions • Training sessions • Distribution networks • Professional trade shows • Showrooms • Partnerships with representatives of the community through associations or groups (Effinergie, Casa que Ahorra, Spaar het klimaat, Isolons la Terre, etc.) • Supplier/customer agreements (Saint-Gobain Building Distribution) • Audits and action plans
• **Regulatory authorities and lobbying partners**	• Governments • Regulators • Intergovernmental entities • Interprofessional associations • *Green Building Council*	• Sustainable habitat information sheets (energy efficiency…) distributed through city halls • Lobbying • Participation in working groups • Development of technical standards • Green Building Councils	• Dialogue on the environmental and social impact of the habitat solutions • Commissions • Various committees
• **Investors**	• Shareholders, of which: • Employees • Institutions • Individuals • ISR • Rating and *ranking* agencies	• Group publications • Website • Intranet • Group Savings Plan Brochure • Letters to shareholders • Shareholder's handbook • Regional brochures • Media • Public declarations • Position papers • Investor meetings	• Representation on the Board of Directors • Presentations to analysts • Meetings with investors • Regional meetings • Investors'fair • Site visits • Stock market training courses • Shareholders' club • Meetings • Evaluation processes
• **Employees**	• Employees • Temporary workers • Employee representatives • Work/study students • Interns	• Internal communications media • Meetings with Senior Executives • Representatives bodies	• Carrefours and mini-carrefours • Meetings • Surveys • Social agenda • Saint-Gobain convention for European social dialogue • French Social Dialogue • Club des Saint-Gobain
• **Local communities**	• Local governments (elected representatives, administrations, etc.) • Local communities (opinion leaders) • Neighbourhood of sites (private or public companies, individuals, etc.)	• Meetings initiated by sites or Delegations • Inaugurations and ceremonies organized in connection with outreach projects • Regular meetings with elected officials and civil servants • Experimental work in partnership with public organizations and elected officials	• Community outreach (sponsoring) • Local economic development initiatives and programs • Relations with chambers of commerce
• **Civil Society**	• NGOs • Foundations • Associations • Universities	• Group publications • Meetings • Gay-Lussac days • Participation in university training sessions • School forums	• General context (Participation in surveys and in training and development projects; Partnerships) • Specific initiatives (Sponsoring in environment areas or in access to energy efficiency solutions; Partnerships) • Support for youth development (Support for professional integration; Academic chairs; Partnerships; Scholarships; Thesis placement; Internships; Student contests)

2.2 THE GROUP'S MAIN CHALLENGES

Assessment of risks and opportunities, dialogue with stakeholders and numerous internal interview sessions have allowed to identify and classify the Group's challenges at two levels:

- challenges related to the external context
- challenges related to internal operations

These challenges are presented generically, but have been subject to in-depth and detailed work to refine the Group's strategy, policies and action plans. The objective is to take the opportunities and better anticipate the risks associated with each relevant challenge identified below.



This analysis also confirms the importance of the five areas of Saint-Gobain's Corporate Social Responsibility:

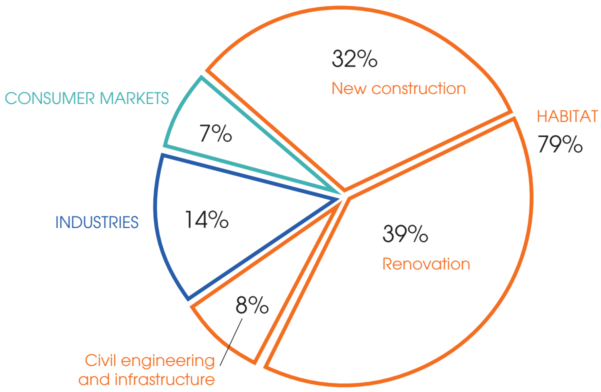
- Invent sustainable buildings
- Limit our environmental impacts
- Encourage employees growth
- Support local community development
- Take action accross the value chain

3. Positioning oneself in growing markets

3.1 SAINT-GOBAIN'S GLOBAL MARKETS OF TOMORROW

The habitat is Saint-Gobain's reference market, with solutions to address the needs of residential, non-residential and commercial construction. Some 80% of the Group's sales are aimed at the habitat, new construction, renovation, civil works and infrastructure markets. Saint-Gobain is also well-placed in fast-growing industrial markets and certain consumer markets.

Distribution of sales by market



Source : Saint-Gobain – data 2013

3.1.1 Growth outlook for the global habitat market

Saint-Gobain's largest market, **construction**, offers considerable growth prospects worldwide on the 2025 horizon, according to a July 2013 study by Oxford Economics and Global Construction Perspectives [1].

This study projects that market volume will increase by over 70% by 2025, achieving a total of $15,000 billion worldwide. This growth, which is considerably higher than that of global GNP, will be concentrated in three countries: China, the United States and India, which will represent the top three global markets.

The share of emerging countries (currently 52%) will reach 63% by 2025, with the Chinese market surpassing the United States in 2010. China and India anticipate building 270 million new "affordable" homes. In Asia, China will remain the largest market despite the economic slowdown, and Indonesia, Vietnam and the Philippines alone will represent a market of $350 billion, with annual growth of 6%. India will expect to see growth of 7.4% per year and will exceed Japan, ranking 3rd behind China and the United States. Its growth rate will exceed China's.

The construction market in North America is expected to grow 40% by 2025, while it could stagnate in Western Europe.

This trend, however, will be compensated by the renovation market. This represented some 50%[2] of the construction market in 2013, and it is expected that its share will continue to rise in coming years. Renovation will be stimulated by energy efficiency requirements and the increasing demand for habitat comfort in mature countries. Particularly in France, a steady annual increase of approximately 1.5%[3] has been noted in the number of energy renovation worksites between 2006 and 2013, an increase that is expected to intensify with the public objective of renovating 500,000 housing units per year starting in 2017 based on energy criteria.

Finally, on the 2050 horizon, sustainable habitat needs linked to demographic growth, urban development and a rising standard of living are immense, although difficult to calculate.

3.1.2 Outlook for change in the industrial markets

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 PWC, this market's average growth rate will be approximately 4.1% per year between 2013 and 2020. China became the leading world automotive market, with growth in the number of vehicle registrations of over 10%[4] in recent years. On the 2020 horizon, world automotive production will exceed 109 million vehicles[5], versus 82.6 million in 2013: this growth will be driven by demand from emerging countries, particularly China, at 86%[3]. In the United States, the manufacturing sector as a whole is growing sharply, with dynamic consumption of durable goods (cars and home appliances).

With global growth in passenger traffic, the **aerospace market** has strong medium-term prospects. Regularly-scheduled global passenger air traffic, according to the OACI, is expected to increase by over 6% per year in 2015 and 2016[6], supporting the projections of IATA, which sees 3.6 billion passengers in 2016, i.e. 800 million more than in 2011[7]. Benefiting from an increase in their standard of living, nearly a quarter of these 800 million new passengers will be Chinese[5]. Further, heightened competition between airlines has led to pressure on operating costs. This context is reviving the demand for weight reduction,

(1) *http://www.globalconstruction2025.com/uk/*
(2) *Source: The Hague Center for strategic studies and TNO, Study:* Sustainable Urban (Re)Construction, The potential of the renovation market.
(3) *ADEME, OPEN, 2014 Campaign, 2013 Results.*
(4) Domestic and Foreign Trade (2013 Yearbook), *National Bureau of Statistics of China.*
(5) *Study:* "Quelles prévisions pour la production automobile mondiale en 2020?" *[What are projections for global automobile production in 2020?] by PWC, dated September 16, 2014.*
(6) *ICAO (International Civil Aviation Organization) press release, Montreal, July 16, 2014.*
(7) *IATA (International Air Transport Association), Geneva, December 6, 2012.*

particularly by replacing metal parts with composite materials, which are lighter, to reduce jet fuel consumption.

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 toward single-use plastic systems, the biopharmaceutical sector is seeing a new need for single-use solutions, requiring a more tailored approach.

Finally, the **energy sector** is in a profound transformation, under the dual effect of increasing demand, fueled by new needs in developing countries, and the rise of renewable and non-conventional energies, particularly in North America, with shale gas and oilsands. These new energy sources require the development of high value-added products to implement industrial processes that ensure their transformation.

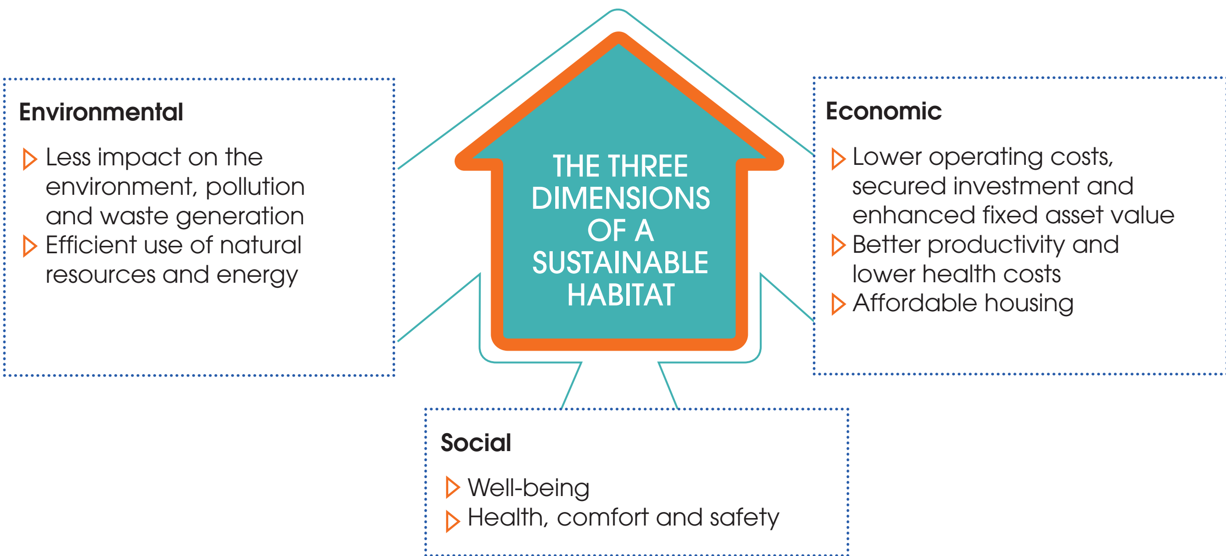
3.2 UNIQUE POSITIONING TO ADDRESS CHANGES IN THE CONSTRUCTION MARKETS: THE SUSTAINABLE HABITAT STRATEGY

Accelerated urban development in fast-growing countries and the aging of existing housing in mature countries require an enhanced effort to construct new buildings and renovate older ones. At the same time, climate disruption and diminishing natural resources require measures to limit energy consumption and the use of raw materials.

Within this context, the building sector, which alone represents approximately 40% of energy consumption in mature countries, has for some years been engaged in an in-depth process of transformation, fostered particularly by increasingly demanding thermal regulations. In particular, so-called "energy-efficient" buildings have been developed since the early 2000s, and constitute a segment in which the Group is naturally well positioned, with its line of solutions favoring energy efficiency (high-performance glass, insulation solutions).

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 visible and is in particular reflected by rapid growth in the number of certified buildings throughout the world. Indeed, between 2011 and 2013 the volume of certified m^2 has grown from 249 to 325 million worldwide, i.e. an annual world growth rate of 14% [1].

Sustainable habitat according to Saint-Gobain



(1) *Lux Research Green Building.*

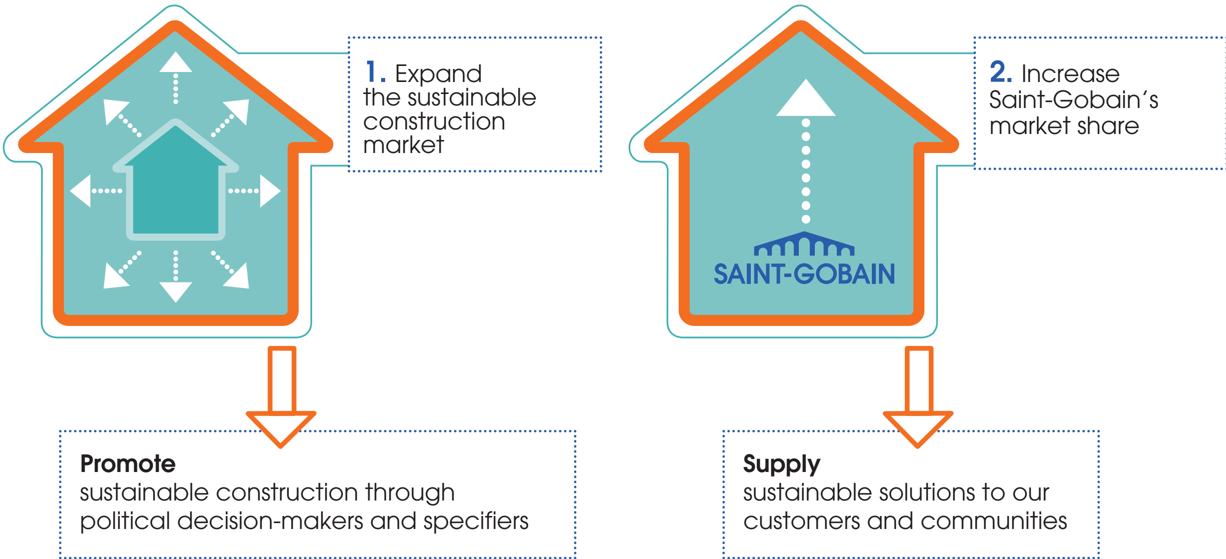
This underlying trend, which is contributing to revolutionizing the construction markets, is a major opportunity for the Group to distinguish itself through its unique portfolio of innovative and sustainable solutions. This is the context in which Saint-Gobain made the strategic decision to take all possible steps to be a supplier of sustainable construction solutions and become the reference in sustainable habitat.

Saint-Gobain's objectives with this strategy are the following:

- strengthen its leadership position;
- improve its image among all the stakeholders; and
- increase sales while improving margins, by developing and distributing high value-added solutions.

This strategy can be broken down along two axes, as shown in the following diagram:

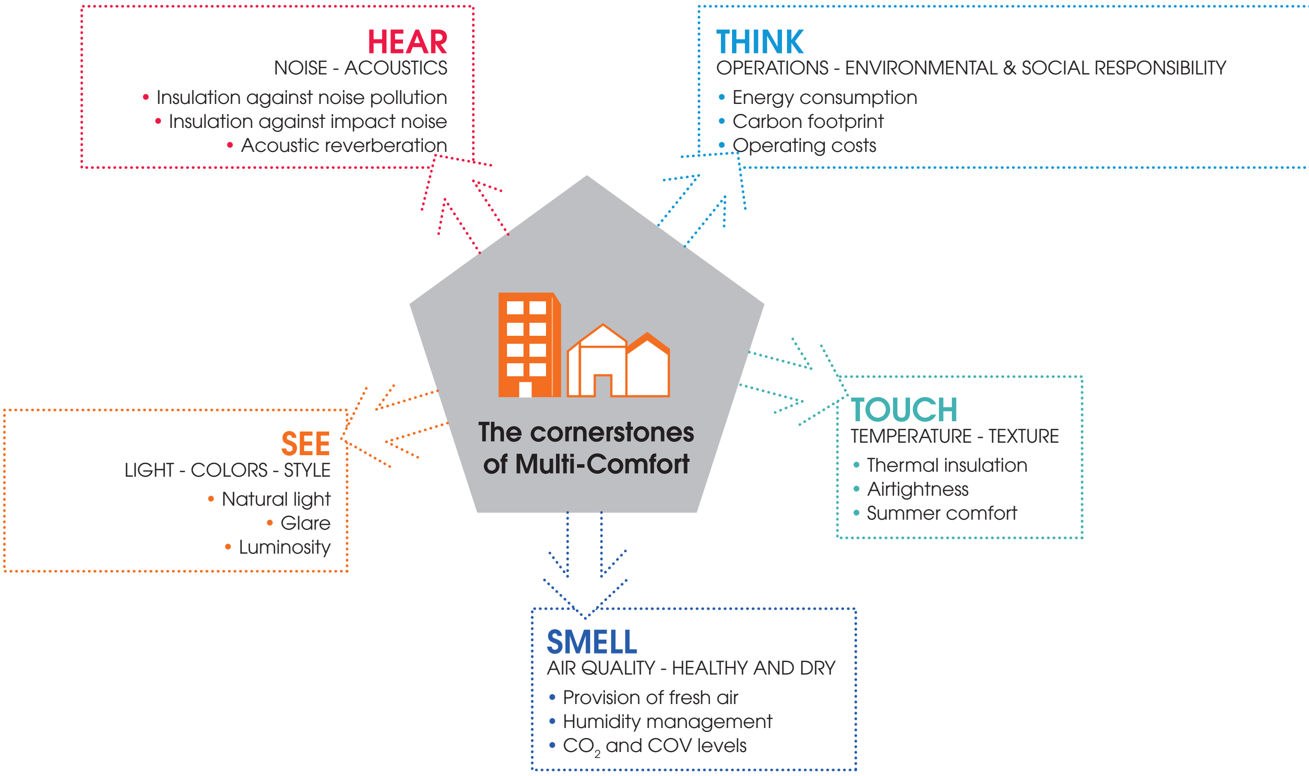
The sustainable habitat strategy



Promoting sustainable construction:

Saint-Gobain is committed to developing sustainable habitat and participating in defining requirements in this area, consistent with its vision and its ambition of being an exemplary leader.
The **"Multi-Comfort" program** aims to demonstrate that it is possible to design, build and renovate sustainable buildings using Saint-Gobain's solutions. This program is based on various types of comfort: thermal, acoustic, visual (aesthetic and the provision of natural light), air quality, safety and modularity (adapting premises to meet evolving needs). Projects must also demonstrate a minimal environmental impact. In showcasing Saint-Gobain solutions, these projects demonstrate adaptation to each country's specific requirements, while providing for regulatory changes.
The Group, which also seeks to set an example through its own buildings, has implemented the CARE:4® program, which aims to reduce the energy consumption of its own infrastructure by a factor of four.
Finally, through a number of sustainable construction pioneers, particularly Green Building Councils, the Group has committed itself to promoting its vision of sustainable habitat.

The cornerstones of the Multi-Comfort program



Providing sustainable solutions

Saint-Gobain develops innovative solutions for the construction and renovation of more sustainable buildings, in both mature and emerging markets.
A solution is considered "sustainable" if it:

- is technically efficient;
- enhances user comfort and well-being;
- reduces environmental impact;
- remaining at the same time economically competitive.

For several years, the Group's Activities have been aimed at reducing the environmental impacts of their solutions and maximizing the benefits associated with their use. To assist in this, the Group has developed an eco-innovation policy rolled out within the various business lines. For example, innovations such as **Weber.col flex *éco***, a mortar adhesive with a reduced CO_2 footprint of 56%, have been developed.
Finally, Saint-Gobain trains and informs customers and specialists in the construction market on the specific features of the Group's products. In this context Building Distribution plays a key role by, for example, installing special energy-efficiency meters at 100 POINT.P Construction Materials sales outlets in France.

3.3 INDUSTRY, TRANSPORTATION AND HEALTH: POSITIONING AND SOLUTIONS

Saint-Gobain is active in the automotive, aerospace, health and energy markets as well as in numerous market niches, in which the Group has opted for a strategy of differentiation by providing high value-added solutions, based on its R&D resources and ongoing dialogue with its customers.
Supported by the momentum of the economic recovery in the United States, the Group is active in the manufacturing markets, as illustrated by the gradual reopening of lines that had been suspended during the crisis, and its new acquisitions. Saint-Gobain is also developing niche markets and adjacent high value-added markets, which are particularly important in the United States.
In emerging countries, Saint-Gobain also seeks to promote its industrial activities, particularly through joint ventures. The creation of a joint company between Saint-Gobain and Central Glass in Indonesia illustrates this willingness to address the needs of local automobile manufacturers. Saint-Gobain's performance plastics have seen double-digit growth in Asian countries since 2008. The Group is developing its range of bearings, specialty films, foams and adhesives to supply local industrial sectors (automotive, electronic, petrol and natural gas) and the biopharmacy markets. The Group seeks to strengthen its positions in China and India, where specific industry demands are experiencing sharp growth, to supply both domestic and export markets.

3.3.1 Automotive industry

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. To benefit from the opening of new markets in emerging countries, the Group is also developing low-cost solutions for these regions, without compromising quality.
Saint-Gobain 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 superabrasives) used for finishing and polishing automotive parts.

3.3.2 Aerospace industry

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.

3.3.3 Biomedical industry

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.

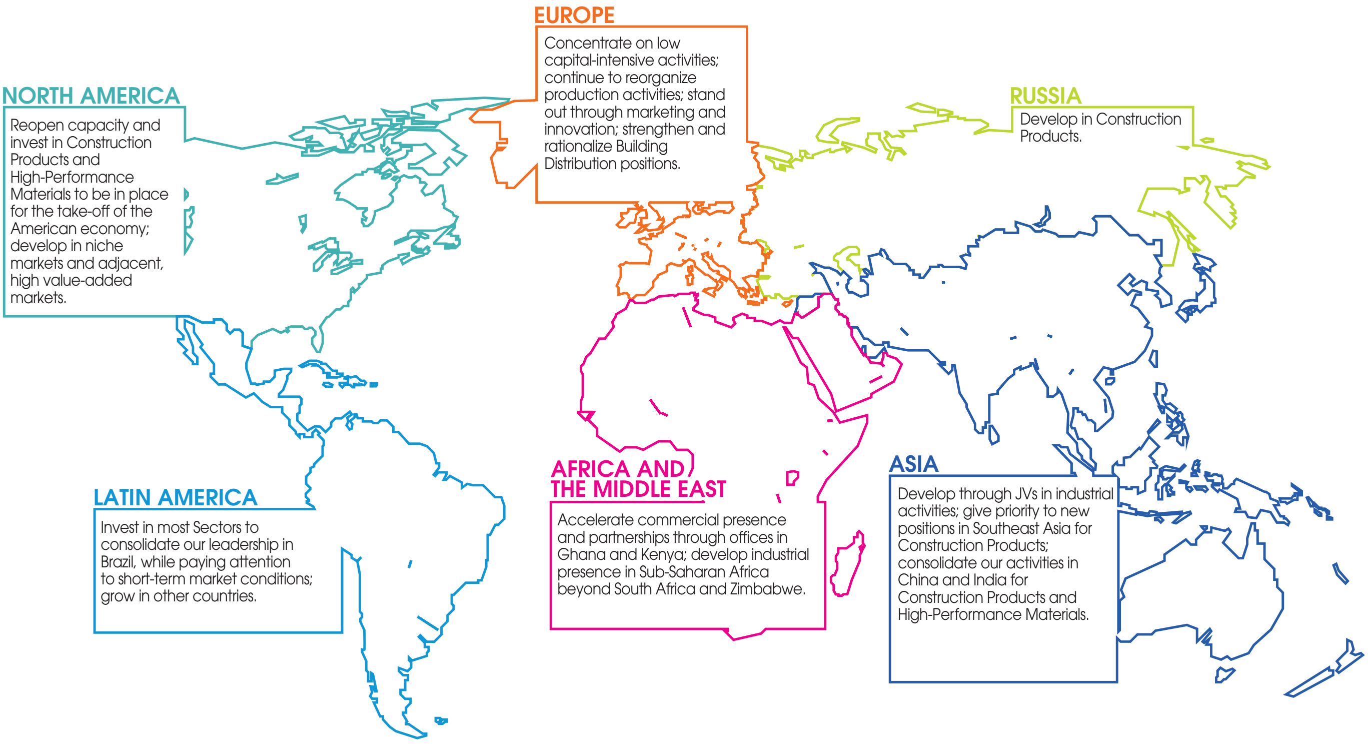
3.3.4 Energy industry

The energy sector implements complex industrial transformation processes requiring unique technical solutions. This market thus affords Saint-Gobain a number of opportunities. Specifically, the Group is active in the market for ceramic proppants to increase conductivity – and therefore the 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, etc.).

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

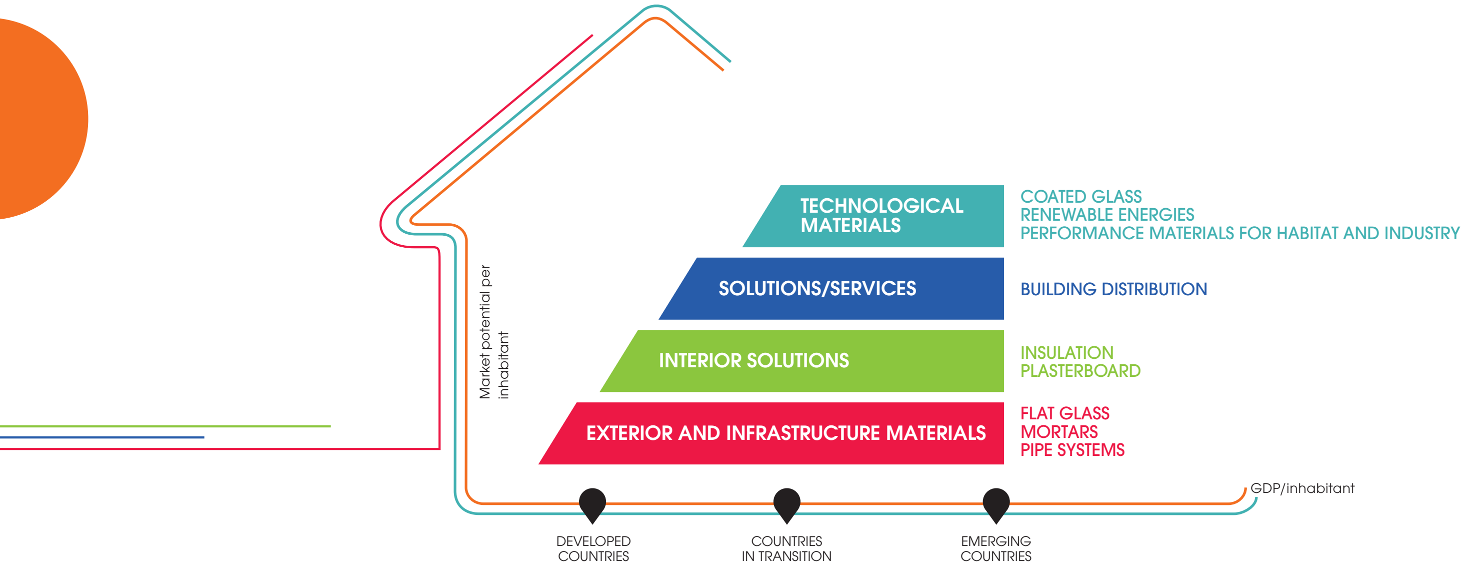


Although Europe remains the largest global market in terms of GDP, Saint-Gobain's development strategy is aimed at affording the Group a global geographic presence, by increasing its share of the industrial assets of its Innovative Materials and Construction Products sectors outside Western Europe from 58% in 2013 to approximately 66% in 2018 [1], to capture potential longer-term growth.

The Group thus offers solutions tailored to the various stages of economic development and regional climate constraints, e.g. designing pipe solutions for hot regions in China and the Middle East (PAMBoo), low-cost habitats in Latin America (Brasilit roofing).

[1] *At constant 2013 exchange rates.*

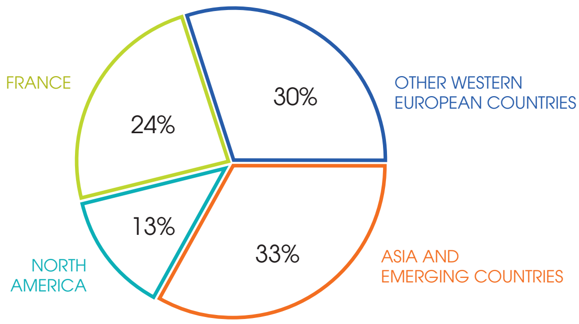
Solutions at all stages of development



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

To solidify its positions in North America and in emerging countries, Saint-Gobain has planned to speed up its investment outside Western Europe between 2013 and 2018. By that date, two-thirds[(1)] of the industrial assets and sales of the Innovative Materials and Construction Products Sectors will be located outside Western Europe.
Since the new construction and renovation markets are restarting in the United States, the Group projects significant investments in North America in 2013-2018. Further, with the recovery of North American industry, Saint-Gobain remains on the lookout for acquisition opportunities, particularly in technological niches, directly in line with its 2014 acquisitions of the companies LS Kunststofftechnologie, a polymers specialist, and Phoenix Coating Resources, specializing in high-performance plastics.
In emerging countries, the rollout in 2014 of a new float in India, Sekurit's expansion in Brazil and the establishment of automotive glazing joint ventures, such as the one created with Central Glass in Indonesia in September 2014, are affording new growth prospects for the Flat Glass Activity.
The Construction Products Sector, for its part, has already inaugurated two additional sites for Weber and a new plasterboard plant in Brazil. The Sector remains attentive to acquisition opportunities and the development of significant new markets in emerging countries.

Breakdown of industrial assets by region



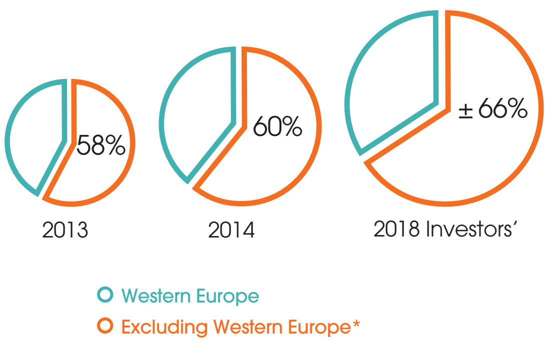
4.1.2 Controlling capital investments in developed countries

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 auto glass replacement firm Autover is one example at Sekurit.

(1) *At constant 2013 exchange rates.*

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 net sales) is a priority, particularly for floats. Pursuing optimization of production capacity also includes densification of the Verallia and Glassolutions 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



* Data at constant exchange rate.

Industrial investments (excluding finance leases)

(in € millions)	2014	2013
by Sector and Activity		
Innovative Materials	418	412
• Flat Glass	235	234
• High-Performance Materials	183	178
Construction Products	522	433
• Interior solutions	282	246
• Exterior solutions	239	187
Building Distribution	264	205
Packaging	213	270
Others	21	34
Total Group	**1,437**	**1,354**

by major region	2014	2013
France	300	252
Other Western European countries	452	373
North America	220	245
Emerging countries and Asia	465	484
Total Group	**1,437**	**1,354**

4.2 GIVING PRIORITY TO HIGH VALUE-ADDED SOLUTIONS AND TO 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 to improve their experience. It specifically includes an ambitious marketing strategy aimed at better understanding, anticipating and formulating customer needs (see Section 3.2, Chapter 3), as well as an R&D strategy that directly matches researchers and customers to provide tailored solutions (see Section 4.2, Chapter 3).

Integral to the Group's strategy is a desire to increase its share of sales of high value-added products and solutions through portfolio management based on investments in the most important sectors. 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. Saint-Gobain is at the forefront of the glass of the future, such as electrochrome 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: its share of industrial niche sales currently represents 25% of the Sector's sales, and is constantly increasing. 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 Sector 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 Sector relies on its 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 IMPLEMENTING SAINT-GOBAIN'S STRATEGY IN THE PLAN TO ACQUIRE A CONTROLLING INTEREST IN SIKA AND THE PROJECTED SALE OF THE PACKAGING SECTOR

Saint-Gobain is accelerating implementation of its strategy with the announcement on December 8, 2014 of its plan to acquire a controlling interest in Sika, a leader in construction chemicals. Its line of niche products perfectly complements Saint-Gobain's, particularly in waterproofing and adhesive chemical products, and is based on a high degree of technological expertise in damp-proofing, sound-proofing, adhesion and sealing, as well as structural protection and reinforcement.

The plan consists of the acquisition by Saint-Gobain, for 2.75 billion Swiss francs (an amount fully hedged in euros), of Schenker Winkler Holding AG (SWH) which, as of the date the project was announced, holds 16.1% of Sika's share capital and 52.4% of its voting rights. Post completion of the transaction, 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. The transaction is subject to clearance from the competent anti-trust authorities. Saint-Gobain has noted the decisions of Sika's General Shareholders' Meeting of April 14, 2015, after the Board had decided for some resolutions, to limit the voting rights of SWH to 2.6%. Saint-Gobain had anticipated these decisions by extending the term of the agreement for purchase of SWH, holding the shares in Sika, until June 2016. Saint-Gobain is resolved to complete this transaction successfully, and has full confidence in the Swiss judicial system in order to enable SWH to regain its rights in full compliance with the law.

Sika employs some 16,000 people in 84 countries, earned net sales in 2013 of 5,142 million Swiss francs, and has demonstrated remarkable growth (over 8% average annual growth between 2007 and 2013), as well as an unparalleled development capacity in emerging countries in recent years (38% of sales made in emerging countries). This planned acquisition therefore perfectly integrates Saint-Gobain's dual objective of continuing to grow in emerging countries, Asia and the United States, where Sika is highly active, and of favoring highly technical and high value-added solutions.
Saint-Gobain wishes to continue the company's development in accordance with its corporate culture, image and roots.
Simultaneously with the planned acquisition of a controlling interest in Sika, on December 8, 2014 the Group announced its planned launch of a competitive process for the sale of Verallia (Packaging Sector), a world leader in the glass packaging market. This plan is the next step after the sale of the North American business, which was completed in April 2014.
These two deals will considerably strengthen Saint-Gobain's profile and refocus it on its target markets.

Synergies generated by the acquisition of a controlling interest in Sika

<table>
<tr><th>CONSTRUCTION CHEMISTRY SEGMENTS</th><th>COMPLEMENTARITIES PRODUCTS AND TECHNOLOGIES</th><th colspan="2">COMPLEMENTARITIES MARKET ACCESS</th></tr>
<tr><td>Adjuvants</td><td>Gypsum and mortars: optimization of process and products</td><td colspan="2">Earlier presence of Sika rather in emerging markets</td></tr>
<tr><td>Concrete repair</td><td></td><td rowspan="3">Optimization of positions in distribution</td><td rowspan="3">Common approach toward projects and recommendations</td></tr>
<tr><td>Watertightness</td><td>Mortars: under-tile solutions
Pipe systems: innovation in coatings</td></tr>
<tr><td>Roofing</td><td>Insulation: integrated roofing systems
Adfors: membrane reinforcement</td></tr>
<tr><td>Floors</td><td>Mortars: self-leveling layer under polymer coating</td><td colspan="2">Customer portfolio, recommendations and specialized distribution</td></tr>
<tr><td rowspan="2">Adhesives and joints</td><td rowspan="2">Glassolutions, Sekurit: joints for flat glass
Performance Plastics: adhesives for architectural membranes, foams and films</td><td colspan="2">Synergies in industrial distribution and automotive after-sales</td></tr>
<tr><td colspan="2">Co-development with Performance Plastics and Sekurit for automotive clients</td></tr>
</table>

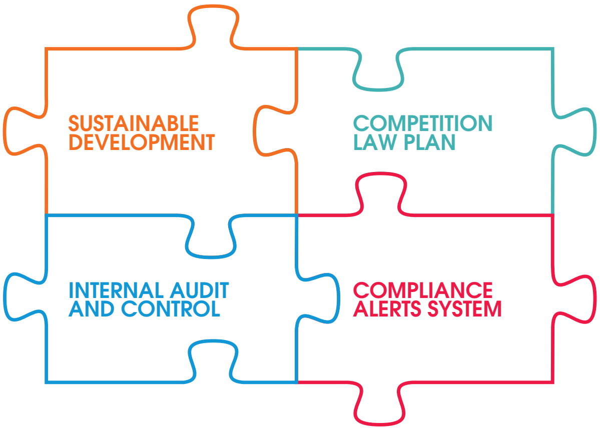
3

Policies implemented

1. Reference policies, the pillars of the Group's management principles

Implementation of the Group's strategy relies on policies, which are applied by the Sectors, Activities and Delegations. The first level are "reference policies". These define the management principles applicable to all Saint-Gobain entities and employees.

1.1 COMPLIANCE PROGRAM



The compliance program is aimed at ensuring the effective application of the Principles of Conduct and Action (see Group Profile – Values and Commitments) and the obligations deriving from this, in all the Group's Activities and worldwide.

It was launched in 2009 based on four cornerstones:

- responsible development, aimed at promoting the Principles of Conduct and Action among all employees;
- competition law plan, aimed at ensuring regulatory compliance with anti-trust law;
- internal audits and controls (see Chapter 6, Section 2), particularly the compliance statement;
- the compliance alerts system, which allows employees to report any violations of applicable legal rules, of internal Group rules and procedures, and of the Principles of Conduct and Action.

In 2013, the compliance program was supplemented by two additional elements, the rollout of which is supervised by the Responsible Development Department:

- preventing corruption;
- compliance with economic sanctions and embargos.

The compliance program is overseen by the Board of Directors of Compagnie de Saint-Gobain.

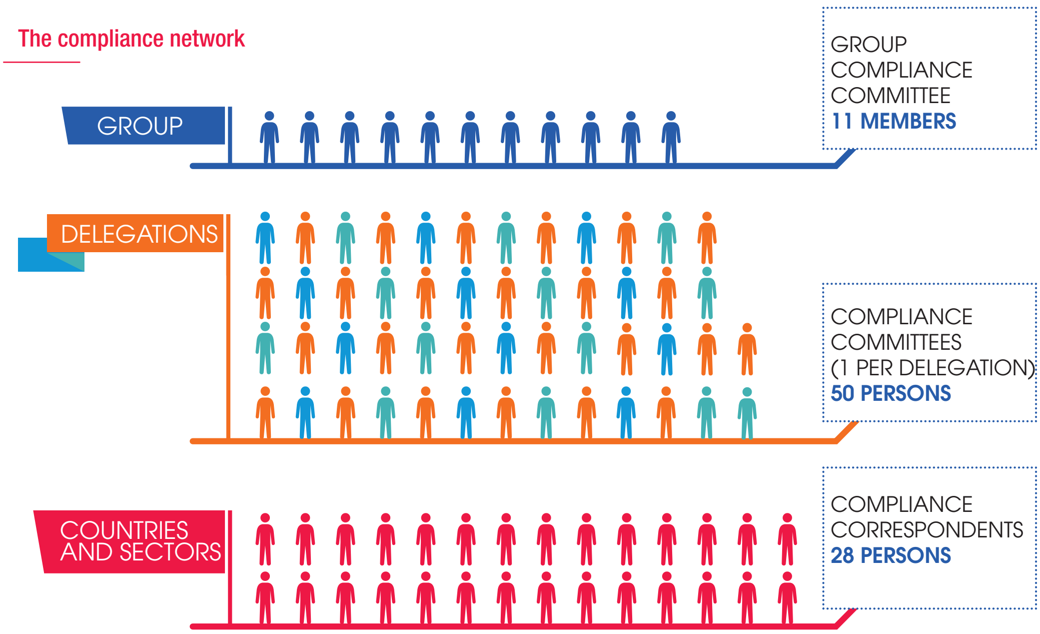
Its implementation is based on a compliance network, coordinated by the General Secretary and consisting of some 80 functional and operational Directors.

KEY FIGURES

- More than 800 managerial staff trained each year in the Principles of Conduct and Action by the School of Management
- Almost 15,000 employees have completed the "Comply" online training program on compliance with competition laws
- 718 compliance statements approved in 2014 under Internal Control

See Chapter 9, Section 5.1 for details regarding performance indicators.

The compliance network



1.2 RESPECT FOR HUMAN RIGHTS

The first two principles of the Global Compact, which Saint-Gobain joined in 2003 (see Group Profile – Values and Commitments) 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).
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."
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.
No incident of this type was reported in 2014.
Regarding suppliers, see Chapter 3, Section 5.3.

1.3 ENVIRONMENTAL, HEALTH AND SAFETY POLICY

The Environmental, Industrial 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 several long-term goals: zero work-related accidents, zero occupational illnesses, zero environmental accidents, and the maximum possible reduction of the impact of our activities on the environment. 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, 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 has prepared and distributed framework policies (health policy, energy policy, atmospheric emissions and climate, etc.) applying to all Saint-Gobain sites around the world.
External certification measures and audits conducted by the EHS Department and by the Audit and Internal Control Department 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 WCM (World Class Manufacturing) (see Chapter 3, Section 2).

KEY FIGURES

- 42.9% of training offered by the Group is dedicated to EHS
- Total of expenditure on the environment: €123.6 million

2. Operational excellence policy

2.1 CONTINUOUS IMPROVEMENT IN OPERATIONAL PERFORMANCE WITH WCM

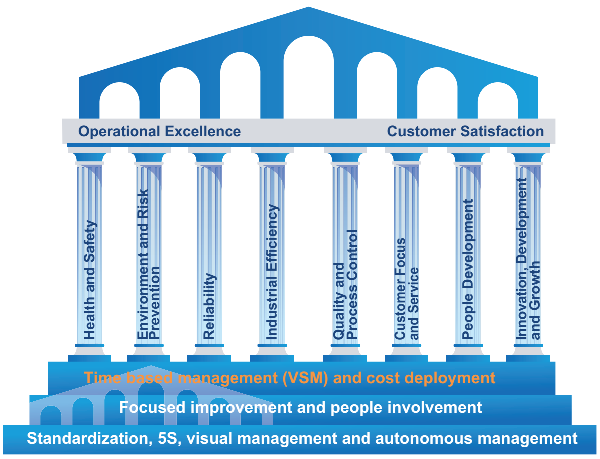
World Class Manufacturing (WCM) is an integrated management system aimed at improving company performance by targeting industrial excellence in accordance with worldwide standards.

It has been in process of roll-out 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.

The Saint-Gobain WCM management system is represented by a system based on pillars, three of which include sustainable development activities: Health and Safety, Environment and Risk Prevention, and People Development.

The pillars of the WCM model



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 Industrial Group divisions. 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 Efficiency 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 it has 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 Activity, Saint-Gobain Glass and Saint-Gobain Sekurit.

KEY FIGURES

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%

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.*

2.2 SAINT-GOBAIN BUILDINGS ENERGY EFFICIENCY: THE CARE:4® PROGRAM

In line with its strategy, Saint-Gobain is committed to making its own buildings more energy efficient by applying the CARE:4® program (Company Actions for the Reduction of Energy by 4).

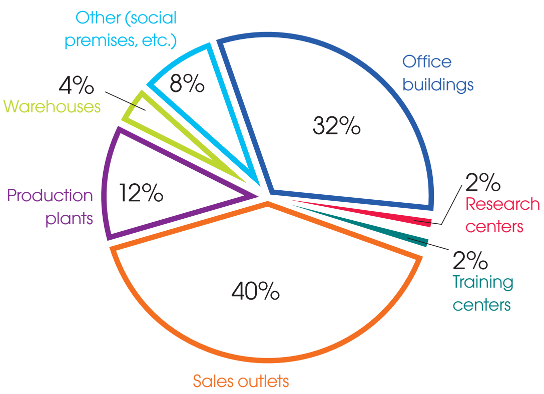
It calls for a fourfold reduction in overall energy consumption and greenhouse gas emissions in the Group's office buildings by 2040.

Applying to itself the principles it promotes among its customers, the Group acts as a responsible player and aims to influence and inspire the market by having low consumption construction and renovation operations worldwide.

CARE:4® is a federating corporate program that also allows to:

- promote Saint-Gobain's most innovative energy efficiency solutions at its own sites;
- improve the workplace comfort and well-being of its employees;
- develop in-company know-how and awareness to tend towards a more virtuous management of its buildings and infrastructure;
- reduce operating costs and therefore improve competitiveness.

Breakdown of the built portfolio within the CARE:4®-scope by function



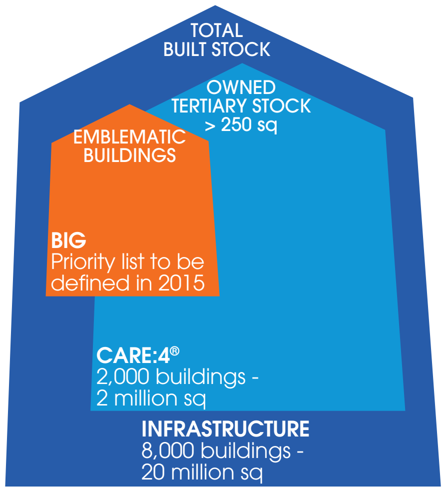
The roll-out of the program is being supported by a network of some 40 correspondents from the Delegations and Businesses central teams. It can rely on the active support of the other networks within the Group (environment, marketing, R&D, industrial management, planning, etc.).

CARE:4® was first applied to new building projects, setting a performance target aligned with the best local energy consumption standards. By default, a climate-related maximum consumption has been fixed [(1)].

Following the energy assessment completed in 2013, which establishes an average energy performance of around 320 kWh_{PE}/sq.m. per year, the program will be extended to building renovations. This baseline will serve both for assessing progress and for setting renovation priorities.

CARE:4® covers all administrative and services buildings owned by Saint-Gobain with minimum floor space of 250 sq.m., representing some 2,000 buildings and 2 million square meters of floor space.

Prioritization of initiatives



Research, training and innovation centers, showrooms and Delegation and Activity headquarters take priority, because they are open to the public and represent Saint-Gobain's know-how and innovation capacity. Such places, owned or leased by the Group, are called "Buildings of Interest for the Group" (BIG) [(2)]. As such, they need to comply with both CARE:4® and Multi-Comfort requirements (see Chapter 3, Section 3.2.2) and incorporate other aspects of comfort and environmental performance.

A building-passport setting out the rules for a step-by-step retrofit is scheduled to be launched in 2015, and is tested at pilot sites in the Building Distribution Sector and Gypsum Activity, in the United Kingdom and in France.

KEY FIGURES

Target 2040

Achieve a fourfold reduction in overall energy consumption and greenhouse gas emissions for the Group's tertiary buildings by 2040.

2014 Result

- 23 CARE:4® certified buildings as of end-2013
- 3 operations completed in 2014

(1) Energy consumption of new construction is capped at 80 kilowatt hours of primary energy per square meter per year (kWh_{PE}/sq.m.yr) in temperate climates, or 120 kWh_{PE}/sq.m.yr in extreme climates, for all comfort-related energy use.

(2) BIG: the "Buildings of Interest for the Group" consist of research, training and innovation centers, showrooms and Delegation and Activity headquarters.

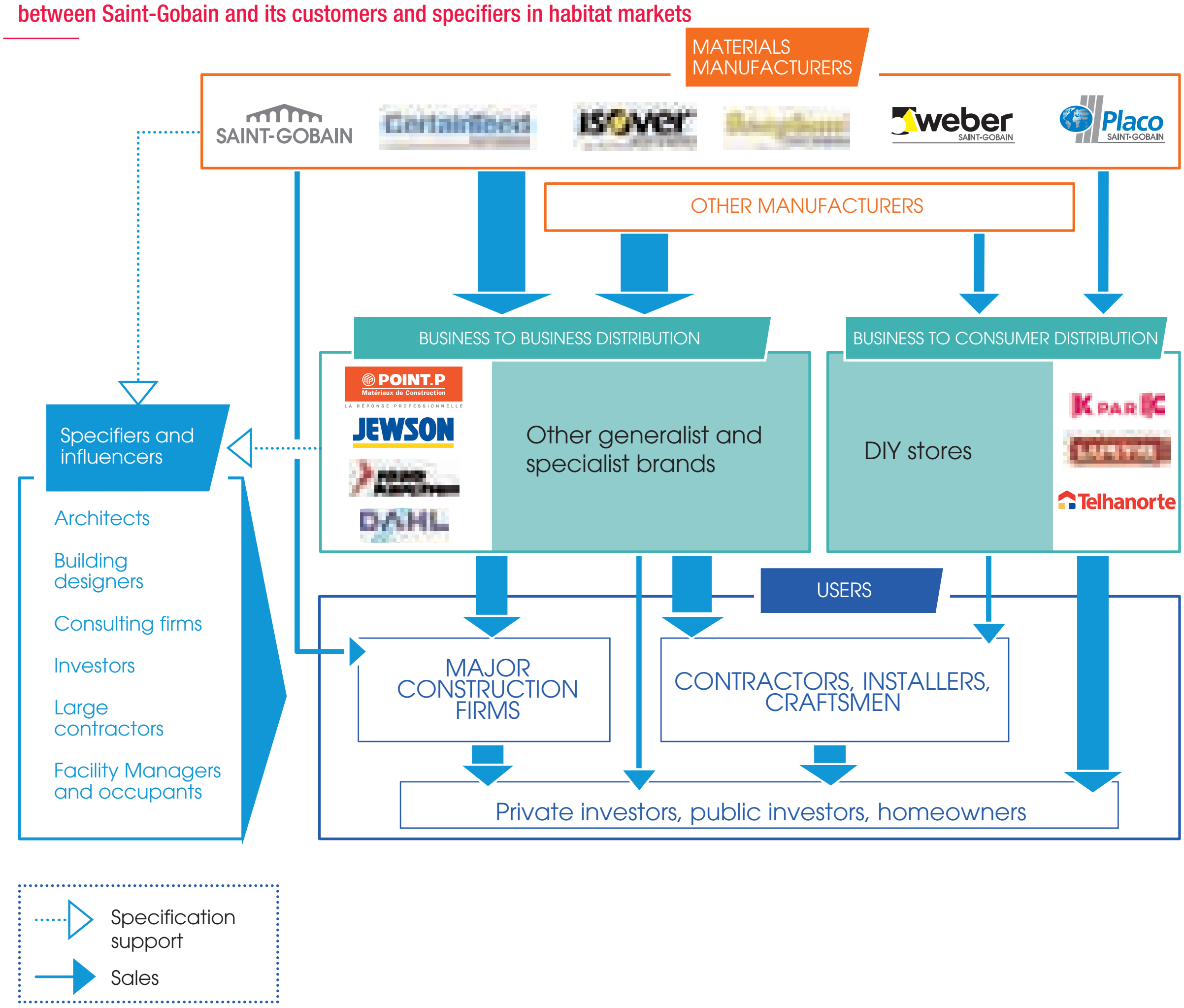
3. A marketing approach tailored to each customer

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 customers to major multinationals.

Classification and ecosystem of Saint-Gobain habitat customers: representation of interactions between Saint-Gobain and its customers and specifiers in habitat markets



a) Habitat market

In the habitat market, Saint-Gobain operates within a vast ecosystem of customers, including three major categories (legal entities or individuals):

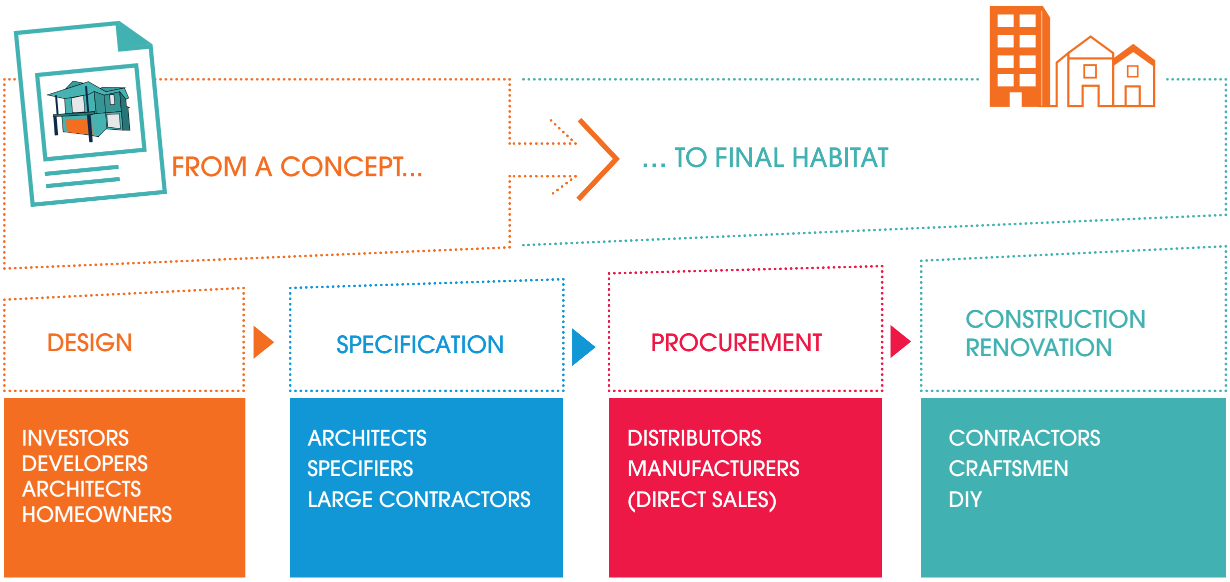
- those that influence purchasing decisions and technical choices, whether architects, building designers, general contractors and project managers, or investors and owners. These individuals comprise the group of "influencers/specifiers";
- those that buy solutions from the Group: distributor customers for the Group's industrial companies, on the one hand, and builders, subcontractors, companies and trade customers who purchase through the Group's distribution brands, on the other;
- those that use and install its products and solutions, whether professionals or private individuals. Saint-Gobain is in close and regular contact with both professional and private users to identify and anticipate their concerns and/or expectations and to measure their level of satisfaction with existing solutions.

The Group seeks to maintain a relationship of trust with all its customers, whether retailers/wholesalers, large builders, 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.

In the habitat market alone, the Group deals with a very large number of customers, including many trade customers and small building companies that are particularly active in the renovation market, which is the Group's largest market.

Saint-Gobain applies its industrial expertise to developing, manufacturing and marketing a wide range of construction materials aimed at improving the comfort (thermal, acoustic, air quality, etc.) of residential (individual homes and apartments) and non-residential buildings, while combining energy efficiency, functionality and aesthetics, as illustrated in the "Multi-Comfort" program (see Chapter 3, Section 3.2.2).



b) Industrial markets

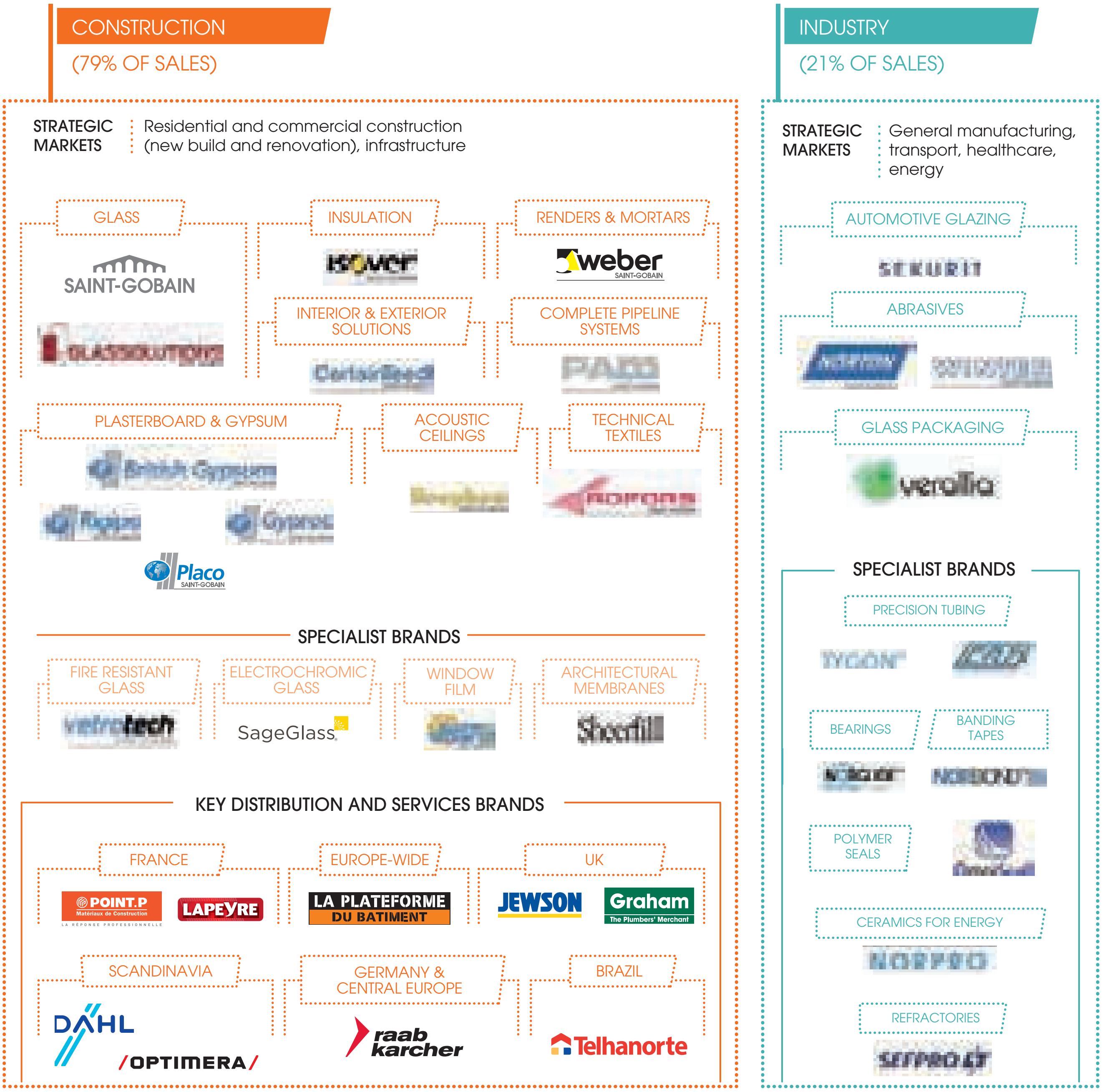
In addition to habitat, Saint-Gobain is also very active in industrial markets, where its expertise in innovation and co-development is applied to a wide range of high-performance materials for high-tech applications in sectors as diverse as automotive, aerospace and health.

In each of these markets, the Group deals with various types of customers, from small local companies 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, and Ecophon, among others. It also manufactures glass and glazing solutions under the Saint-Gobain brand.
The Group is also the European leader in the distribution of building materials[1], 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 flat glass, abrasives, polymers and ceramics markets.

Portfolio of Saint-Gobain brands



(1) Source: Saint-Gobain

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 construction and renovation projects in 17 countries, organized by market segment (residential, health, education, hotels, etc.), or by key account, often based on Saint-Gobain innovation centers and showrooms, such as those in France, the United Kingdom, Italy and soon the United States;
- 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, etc.);
- a coordinated presence at major professional conferences and exhibitions, such as Greenbuild in the United States, Ecobuild in the United Kingdom, Batimat in France, and the Big 5 in Dubai, 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)
- Prefabrication, systems development and modularity
- Optimization of user experience and comfort
- Digitalization and development of Building Information Modeling (BIM)

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	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	Capitalize on strong brands	Develop reliable, easy and rapid solutions
Minimize the environmental impact of buildings: eco-innovation policy, lifecycle analyses and Environmental Product Declarations for all product families	Co-develop new solutions with major builders	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.)	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.
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	Support major projects, with a targetted service offering: BIM objects for digital modeling, adapted logistics, etc.	Deploy e-commerce and e-services offerings to simplify and optimize processes and facilitate sales development	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 the industrial markets**, Saint-Gobain aims to be the partner of choice by developing and supplying high performance products and components, 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.

For example, **in the automotive market**, the Group continuously innovates (lightweighter 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.).

In 2014, through a co-development with Renault, Saint-Gobain Sekurit perfected an extremely thin laminated glass windshield (3 mm thick, versus 4.5 mm normally), which preserves the mechanical and acoustic qualities of the glass. This innovation, which will also be used for side windows and rear-view mirrors, is aimed at developing a vehicle that consumes only 2 L/100km, thereby reducing CO_2 emissions, which have been set by the European authorities at 95 g/km by 2020.

Similarly, **in the aerospace sector**, it is through co-developments with aerospace 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 three main priorities:

a) Develop "Voice of Customer" programs to customer 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.

As part of the Saint-Gobain Performance Plastics innovation strategy, teams throughout the world have been trained in New Opportunity Blueprinting. This facilitates a deep understanding of customer needs through structured interviews and listening and probing techniques. Over 1,000 outcomes (50% service related) and several patents have come from customer interviews using this process.

In the Construction Products Sector, each Activity carries out regular customer surveys that help them understand the importance of different service and product characteristics. In North America, the CertainTeed "Voice of Customer" programs, several of which have been in place for over 20 years, have resulted in hundreds of innovations, including the installer credentials and building solutions loyalty programs.

Customer satisfaction is also monitored regularly in Saint-Gobain's distribution businesses. As an example, customers who have recently purchased from one of the 600 Jewson branches in the UK are surveyed systematically. Over a 12 month period in 2013/2014, Jewson conducted over 99,000 customer surveys, the details of which are readily accessible for Jewson branch, sales and central support teams to act upon the customer insights.

b) 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 the Saint-Gobain Glass Compass or CertainTeed's Pitch-Perfect roofing selector, 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.

c) 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 to develop new multi-product systems and solutions that push the boundaries of building performance. Through its innovation centers, Saint-Gobain works with customers and other influencers on long term innovations that will shape the way we live. Innovations such as Multi-Comfort, Saint-Gobain's program of prototype buildings, where Saint-Gobain installs and evaluates new building technologies that will help meet global challenges, such as urbanisation and energy consumption, while fostering improvements in occupant lifestyle (air quality, visual appeal, acoustical and thermal comfort).

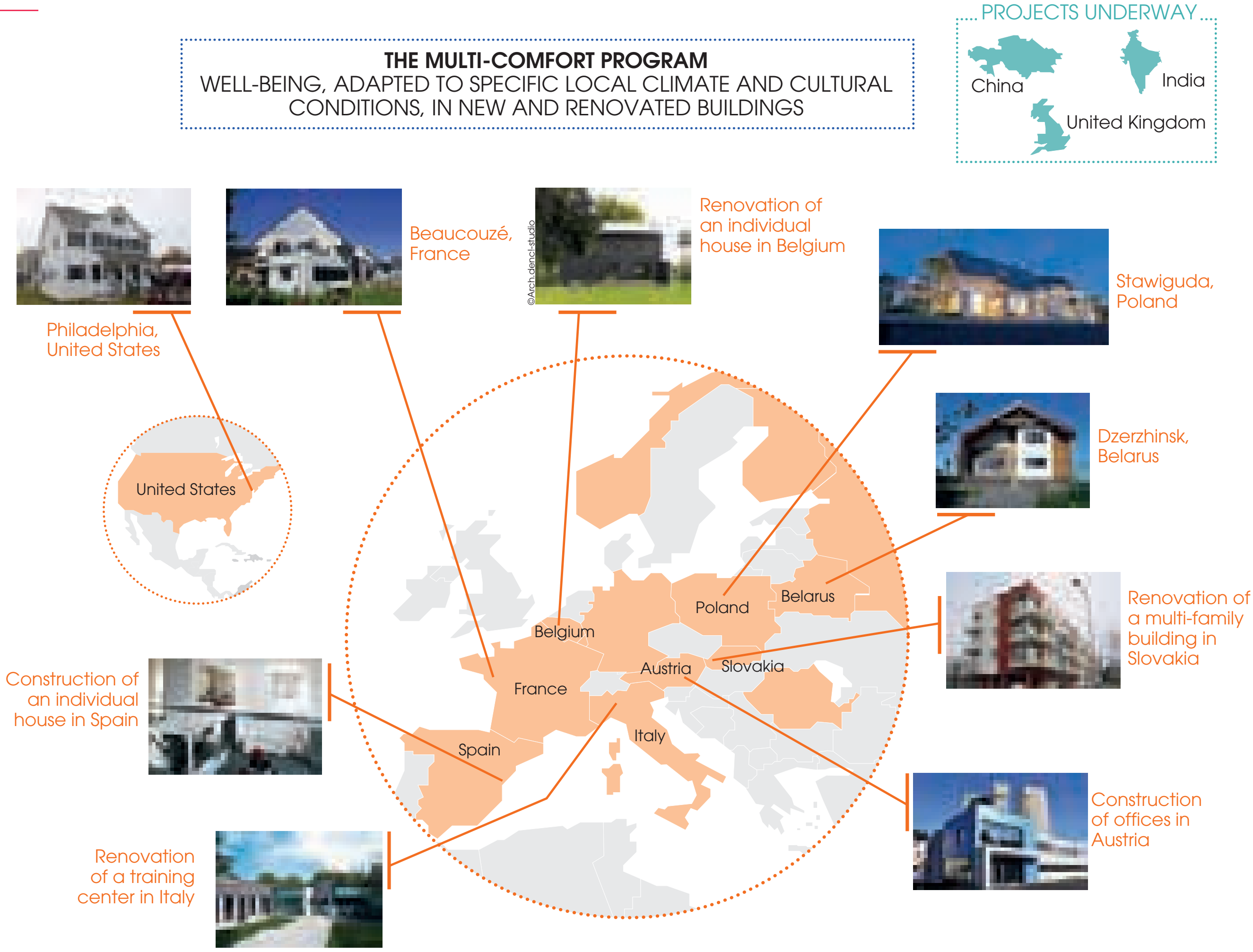
MULTI-COMFORT PROGRAM:

Through the Multi-Comfort program, Saint-Gobain constructs full-scale prototypes to test *in situ* the effectiveness of new sustainable building systems and techniques. Over the last two years, sixteen new building and renovation projects have been carried out jointly with numerous partners: investors, architects, developers, contractors and of course property owners. All the buildings have almost zero energy consumption (and in some case are also energy-producing).

The Multi-Comfort program is not limited to energy efficiency: other essential comforts such as air quality or control of brightness and noise are also considered, thus combining the well-being of the occupants with the building's performance.

In 2014, 5 new projects were completed in Belgium, Norway, Germany and Poland (2 projects).

Examples of Multi-Comfort projects executed by Saint-Gobain



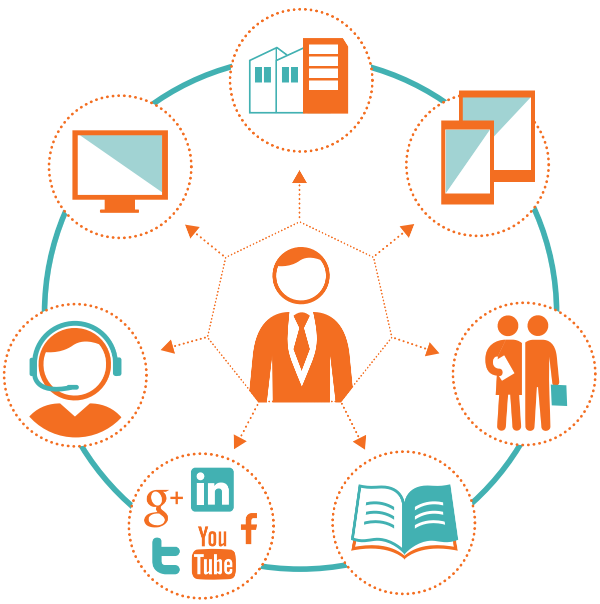
3.2.3 Seizing digital opportunities by rolling out a multi-channel strategy

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, in line with their strategic objectives, and tailored to their markets and customers. These digital approaches address three major objectives:

Objectives	Key actions
1. Be present along the customer journey, across the different touch points with Saint-Gobain brands, in a consistent and seamless way	• Combine websites, smartphone applications, newsletters, presence on social networks, in a consistent digital ecosystem • Contribute rich and relevant content that is valued by customers • Ensure seamless and consistent experience across the different touch points, whether physical (points of sales, sales teams, customer service, etc.) or digital and leverage their complementary aspects (e.g. the click-and-collect service which allows consumers to order online and then pick up their items at a store).
2. Improve customer experience with Saint-Gobain and its brands, by developing a relevant e-services and e-commerce offer	• Enlighten and influence technical choices: informational and influential websites, marketing campaigns, presence on social networks, etc. • Make the choice of solutions easier: digital catalogs and BIM objects, system selectors, simulation tools using augmented or virtual reality • Help customers better sell and develop their own business: project configurators (web or mobile), quotation apps, generation of business leads, etc. • Simplify the purchase and procurement processes: online ordering, tracking of orders and delivery, automated orders, etc. • Assist customers in implementing solutions: flash codes allowing them to access installation videos, online training, online chat assistance, etc.
3. Improve internal efficiency by digitalizing internal processes	• Better customer targetting and personalization through data mining • Better specify and sell, through sales pitches and product information accessible on tablets for the specification and sales teams; • Enable quick prototyping with 3D printing, etc.

The omnichannel approach aims to ensure a seamless and consistent customer experience across physical and digital touch points, along the customer journey (see diagram below).

Omnichannel approach



3.2.4 An ambitious brand strategy

Over the recent years, Saint-Gobain brand awareness has grown in the market, partly due to the endorsement of key commercial brands.
The Saint-Gobain brand itself is used strategically in specific segments, particularly for co-development with customers in industrial markets, for cross-business specifications approaches in construction, and in geographic regions with high growth potential. The brand is also increasingly used as an umbrella in cross-business marketing initiatives involving a number of individual commercial brands.
According to a study carried out in 2014 among more than 10,000 building professionals in 13 countries, awareness of the Saint-Gobain brand in the construction industry rose by five points between 2011 and 2014. To monitor the progress of Saint-Gobain brand awareness and image, an update to this study is scheduled in 2017.
Saint-Gobain will continue to develop its strong business brands for strategic segments of the construction market. At the same time, the Group will invest more strongly in the Saint-Gobain brand, developing multi-product solutions for the building industry, and strengthening its reputation for innovation and customer partnerships across all markets.

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 policy. The Group's ongoing measures to develop even more its culture of innovation are bearing fruit. For the fourth 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 2014, the Group invested some €400 million in research and development, and 3,700 employees were working on nearly 900 research projects, resulting in the filing of over 350 new patents.

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

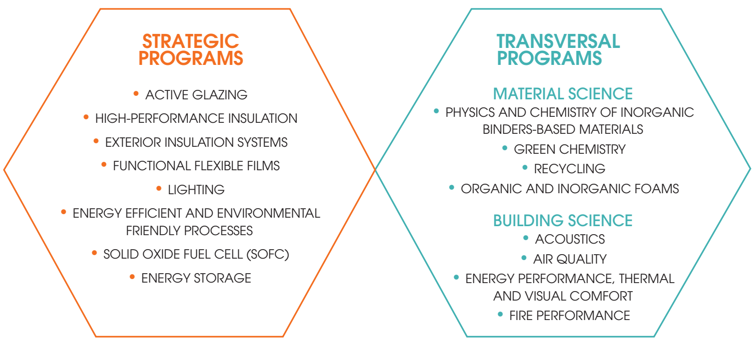
Inventing innovative and high-performance products and solutions to improve our habitats and daily lives is at the heart of the Group's strategy. It is a major responsibility and source of motivation for the Saint-Gobain teams who, through their innovations, are contributing to reducing the environmental 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. They are currently concentrated around two major areas: materials science and building science.

RECORDED RESEARCH & DEVELOPMENT COSTS [(1)]

(in € million)

2012	479
2013	429
2014	402

The Saint-Gobain Group's strategic and transversal R&D programs



(1) The decrease in R&D costs between 2012 and 2014, which had no impact on the number of research staff employed by the Group worldwide, is in particular a consequence of the fall in the cost of research into solar energy, and a measure taken in respect of scope, which meant that some technical expenses were no longer recorded as R&D costs.

4.2 INNOVATING 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" concept.

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. This was the case, for example, of a renovation project in the suburbs of Antwerp in Belgium, for a private dwelling that had been equipped with sensors between November 2013 and May 2014 for real-time monitoring of temperature, humidity, CO_2 levels, etc.

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. New technical solutions have been placed on the market, such as:

- The Saint-Gobain ISOVER Vario Xtra Safe membrane, which addresses extreme climates and critical applications. This new smart membrane, which controls the transfer of water vapor depending on surrounding humidity conditions, was developed through collaboration between the Saint-Gobain ISOVER R&D and marketing teams and their external suppliers;
- The new SGG PLANITHERM DUAL glass developed at the Chantereine (France) research and development center which, when mounted double, yields energy efficiency close to that of triple-mounted glass, using low-emission coatings on each internal surface.

4.3 MOBILIZING ALL INTERNAL AND EXTERNAL INNOVATION RESOURCES

In 2014, a new internal structure organized around building science and comfort was set up. To accelerate innovation, Saint-Gobain uses internal 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.

Ecosystem complexity and accelerating technological developments require enhanced collaboration with outside players to supplement the Group's knowhow.

Saint-Gobain is also continuing its policy of remaining open to innovation through its network of universities. In October 2014 it inaugurated LINK (Laboratory for Innovative Key Materials and Structures) in Tsukuba, Japan. This joint public-private international research center, a partnership between the French *Centre National de la Recherche Scientifique* (CNRS), the Japanese National Institute for Materials Science (NIMS) and Saint-Gobain, aims to work on future developments in materials science. It is the first time that Saint-Gobain and the CNRS have created a joint research unit abroad.

Collaboration in the area of building physics employees was also strengthened in 2014, in particular with the Fraunhofer institutes (Germany) and with Salford and Leeds Beckett Universities (United Kingdom).

The results of the Energy House project were presented to building professionals last March, at the 11th edition of the Ecobuild trade show in London. This project was led by Saint-Gobain Recherche and Saint-Gobain Habitat UK in collaboration with Leeds Beckett and Salford Universities. The latter has a scale 1 house installed in a climate chamber, to isolate the impact of variables external to the building. The project consisted of renovating this house in stages using Group construction materials to assess their performance, specifically by measuring heat flows through the building envelope (walls, floor and roof).

Saint-Gobain is also increasing its open policy to start-ups, specifically through:

- September 2014th signing of a partnership between its US subsidiary CertainTeed and the Greentown incubator in Somerville (MA), which supports start-ups in the field of sustainable construction;
- its participation since December 2014 at Shaker, a Paris (France) incubator launched by the Partech Ventures capital fund, which hosts digital innovation start-ups. This incubator partnership is an opportunity for the teams of various Saint-Gobain Activities and functions to incorporate the start-up culture and vice-versa. It will enable partnerships with certain start-ups to be set up to innovate in Saint-Gobain's business activities.

4.4 ECO-INNOVATING TO IMPLEMENT THE SUSTAINABLE HABITAT STRATEGY

4.4.1 An eco-innovation policy based on Life Cycle Assessment

Saint-Gobain seeks to offer its habitat market customers and stakeholders true value by developing and distributing innovative solutions that contribute to reducing the environmental impact of buildings and infrastructure throughout their life cycle.

To reduce the environmental impact of their solutions, the Group's Activities work at all stages of the life cycle, from choosing raw materials to product end of life, including the use phase. For Saint-Gobain, the efficient use of resources is a top priority: waste, particularly from construction or demolition sites, is considered a strategic resource to be recycled or reused, particularly as secondary raw materials in production processes.

To meet these challenges, the Group has implemented an eco-innovation policy. This is a pragmatic and structured approach based on existing good practices, consistent with Saint-Gobain's culture and organization.

A solution is considered eco-innovative at Saint-Gobain if it:

- contributes to reducing the consumption of resources, particularly energy and water, in the building or infrastructure at which it is installed; and/or
- has a reduced environmental impact over its entire life cycle, from the extraction of raw materials to the end of its use life.

This eco-innovation approach is based on the use of Life Cycle Assessments (LCAs), which allow the Group to quantify and scale the environmental impacts of a solution at each stage of its life cycle. The results of these LCAs foster:

- better understanding of the nature and origin of the main environmental impacts associated with Saint-Gobain products;
- better setting of research and development priorities, in order to improve products.

Plaster and plasterboard life cycle approach

1 Raw materials
Limiting our impact on natural resources: we use either natural, synthetic gypsum (DSG/FGD) or recovered gypsum from the waste-recycling chain.

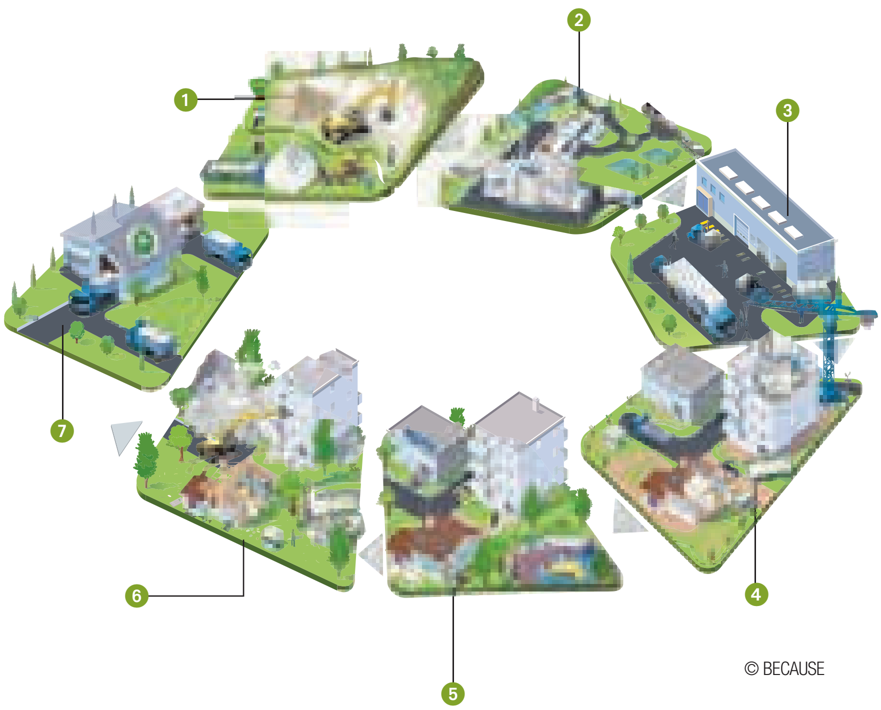
2 Manufacturing
Sustainably producing plaster and plasterboard: manufacturing process with low emissions and energy-consumption, and reused water (rainwater or steam).

3 Logistics
Minimizing CO_2 emissions during transport: local manufacturing facilities, truck loading optimization, alternative transport, eco-drive practice, etc.

4 Installation
Facilitating installation and reducing waste: we provide installers with training and bespoke solutions to minimize cut-offs, jobsite collection and recycling.

5 Building lifetime
Improving user's comfort, safety and health: plasterboard performance: acoustic, thermal and hygrometric comfort, easy installation, fire resistance, etc.

6 + 7 End-of-life & recycling
Avoiding landfilling and giving a new life to gypsum-based waste: we propose recycling services to our contractors: collection of big-bags or skips on site.



Since this is a strategic priority for the Group, over 300 employees and managers were trained in eco-innovation in 2014, mainly in the marketing and R&D teams. Training, which lasts one day, presents the eco-innovation challenges within the context of Sustainable Habitat strategy, as well as the toolbox made available to the teams to foster eco-innovation.

This policy of eco-innovation is shared with all the Group's Activities and applies to products and solutions offered for markets other than habitat. This is the case, for example, of Verallia, with its range of EcoVa bottles, or Saint-Gobain Sekurit with its SGS Coolcoat and SGS Lightweight windshields.

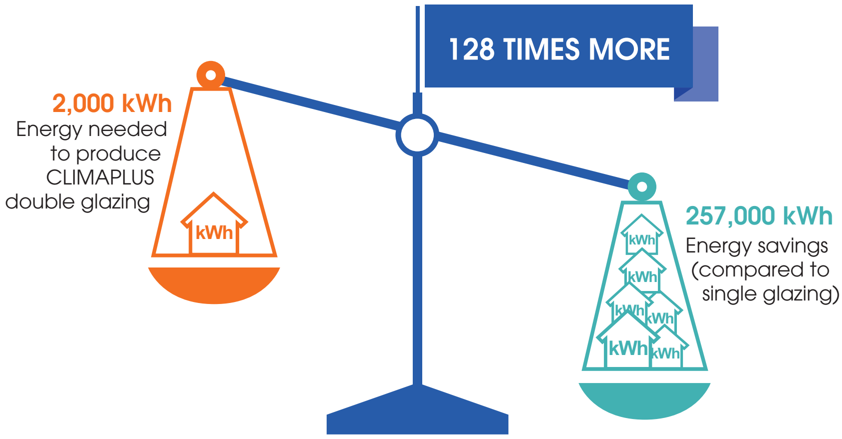
4.4.2 Solutions with a positive environmental impact

The environmental performance of products resulting from LCAs are communicated to professional customers, specifiers, builders or distributors in the form of Environmental Product Declarations (EPDs), verified by independent third parties. This information may be used when assessing the overall environmental performance of a building, particularly within the context of building certifications such as LEED [1], BREEAM [2], DGNB [3], or HQE [4].

The results of the LCAs also make it possible to demonstrate that the benefits provided by the Group's solutions, particularly in terms of energy consumption, often far exceed the impacts associated with their production.

After only 3 months of use, the energy savings generated by double glazing (compared to single glazing) have offset the energy consumed in its production, and over 30 years this double glazing will save approximately 130 times the quantity of energy required to produce it [5].

Double glazing saves more energy than it consumes



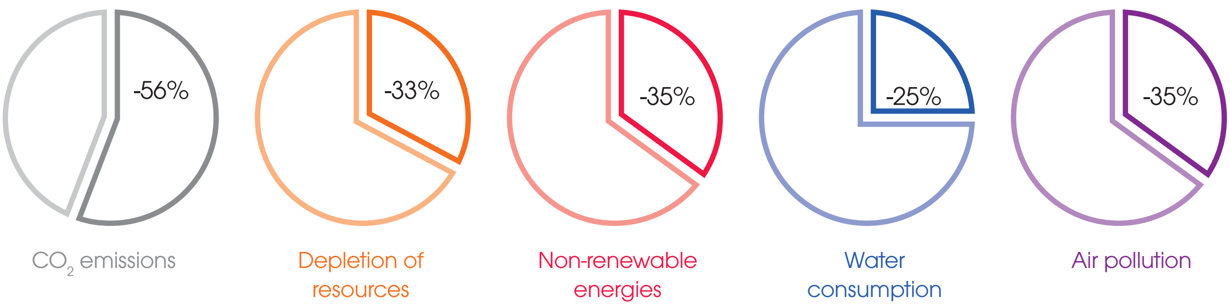
Calculations are made for a house (100 sq with 15 sq of CLIMAPLUS 4-16-4mm), in primary energy, in France for the 30 years of lifetime of the glazing. The results could be different for other countries.

In France, ISOVER is supported by its 330 EDPs, 160 of which are available on the national INIES data base, demonstrating that its glass wool saves up to 200 times the energy needed to produce it.

In 2014, the Weber France marketing and development teams, among the first trained in Eco-Innovation, launched an eco-innovative tile adhesive mortar: **Weber.col flex *éco***. This new product improves the installation comfort of users and yields a significant reduction in environmental impacts compared to an adhesive mortar of the same class: 56% less CO_2 emissions, 35% less non-renewable energy consumption, and 35% less air pollution.

Environmental performance of the Weber.col flex *éco* product.

Compared to an adhesive mortar of the same class



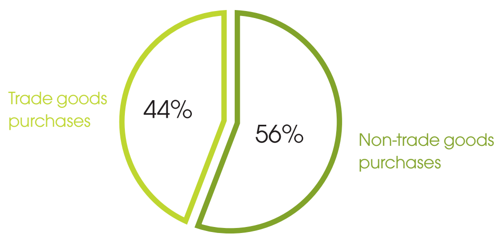
(1) *Leadership in Energy and Environmental Design*
(2) *Building Research Establishment Environmental Assessment Method*
(3) Deutsche Gesellschaft für Nachhaltiges Bauen
(4) Haute Qualité Environnementale*: High Environmental Quality*
(5) *Calculation performed for SGG CLIMAPLUS double glazing, for a house of 100 sq with 15 sq of glass*

5. Purchasing, a competitive challenge

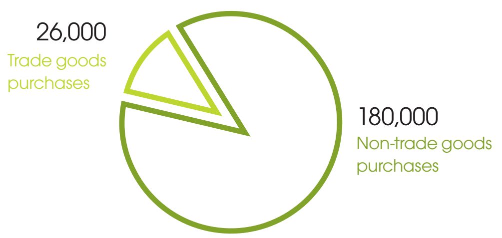
5.1 RIGOROUS ORGANIZATION, A MEASURE OF EFFICIENCY

Purchasing is a key factor in the Group's competitiveness. With annual total purchases amounting to approximately €29.5 billion, through over 200,000 active suppliers, it represents some 70% of the Group's net sales. Meeting the needs of the Group's industrial and distribution activities, the purchasing function is divided into non-trade goods purchases (€16.5 billion in purchases) and trade goods purchasing (€13 billion in purchases), to better address the specific nature of the Group's activities.

Breakdown of Group purchases



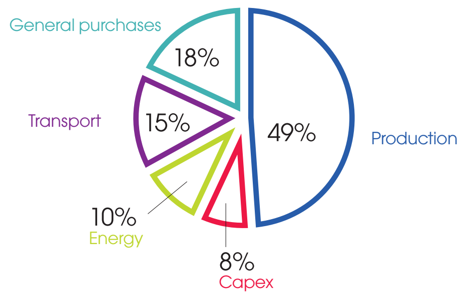
Breakdown of number of suppliers



5.1.1 Segmentation adapted to the profile of Saint-Gobain's Activities

Non-trade goods purchases are divided into five overall families, representing over 60% of the turnover of the industrial companies: production purchasing, investment purchasing, transport purchasing (for sales and procurement), energy purchasing and general purchasing (general expenses, non-production services, etc.).

Breakdown of non-business purchases



The large number of non-trade goods suppliers is a result of the considerable diversity of Saint-Gobain's activities.
Trade goods purchasing, organized among 15 markets over more than 50 countries, represents a key driver in developing commercial momentum, gaining market share and improving the profitability of the brands in the Building Distribution Sector.

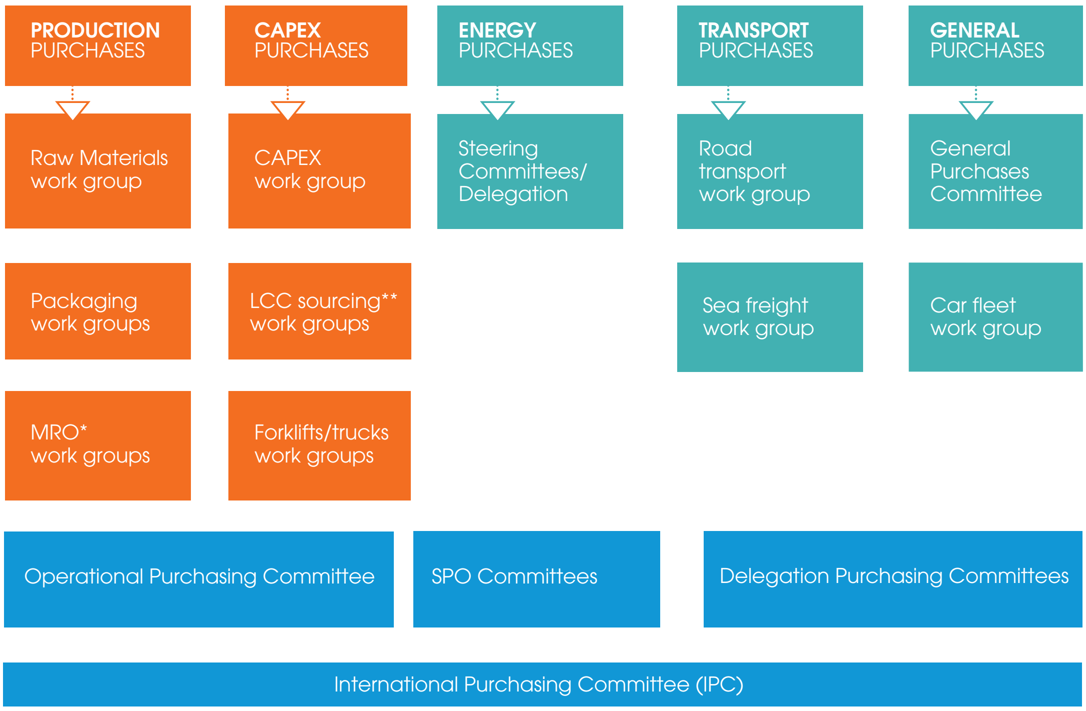
Breakdown of trade goods purchases in 15 markets

5.1.2 A differentiated trade goods and non-trade goods purchasing organization for greater efficiency

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, 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 goods purchases



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

The community of "trade goods" purchases in the Building Distribution Sector, comprising employees responsible for managing a portfolio of trade products and for relations with their suppliers, consists of more than 800 persons. Guidance is provided at three decision-making levels: the Sector Management Committee, which sets strategy; the Purchasing Committee, which relays and promotes the Purchasing strategy within the brands; and finally European meetings by market, which define mutual action plans with strategic suppliers. A highly operational divisional promotion tool, the Purchasing Excellence Program, strengthens this community. Tailored to the specific nature of each brand, it is critical to the Sector's trade goods purchasing strategy and promotes best practices in the business units.

Three decision levels for trade goods purchases

5.2 PURCHASING SERVING GROUP PERFORMANCE

In addition to the specific features of its various activities, Saint-Gobain acknowledges the key role of the purchasing function with regard to competitiveness and innovation. Mindful of its performance, the Group seeks to optimize the purchases of its activities and consequently to strengthen the purchasing function's contribution so as to meet its economic objectives.
To this end, the Group seeks to develop purchaser professionalism through training activities.

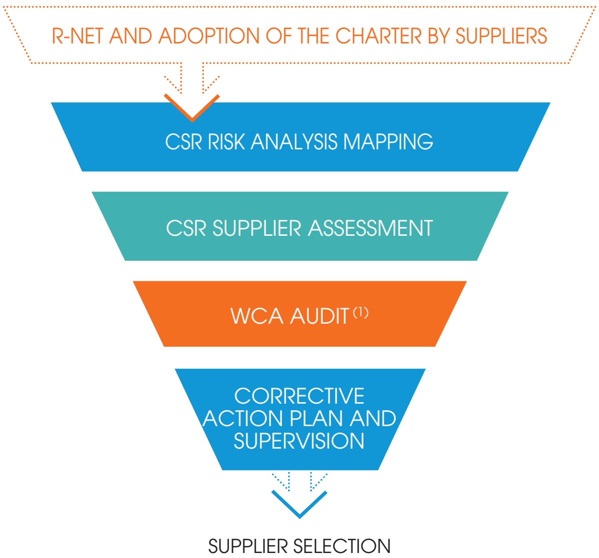
A training course is open to all Group purchasers as part of the Purchasing School. Specific training for business purchasers supplements this measure.
This training, which is particularly important for employees newly hired for purchasing, provides tools to allow them and their teams to advance toward excellence in the performance of their daily activities.

5.3 SUSTAINABLE PURCHASING

Best practices, as well as their dissemination across supplier networks, are an integral part of the Group's CSR strategy. The Group's responsible purchasing policy is based on two pillars: the purchaser charter and the supplier charter, which are each tailored to the specific features of non-trade goods and trade goods.

The non-trade goods responsible purchasing policy

The overall process of implementing the responsible purchasing policy is summarized in the diagram below:



It is used with non-trade goods suppliers via the R-net web platform, a private site completely dedicated to responsible purchasing and reserved for them.
Suppliers access R-Net to acknowledge receipt of the Saint-Gobain suppliers' charter, to electronically send essential supporting documents (timber certificates, quality certificates, ISO standards), to answer self-assessment questionnaires, obtain information on Saint-Gobain responsible purchasing guidelines, and to access details about their CSR evaluations or social audits, as needed.
Parallel with this, a CSR risk analysis was carried out with the methodological support of a specialist company, a leader in the area of CSR assessment.
This analysis consists of combining:

- firstly classic CSR criteria of the types environmental risk, corporate risk, ethical risk, risks linked to the supply chain;
- secondly criteria specific to each activity of Saint-Gobain (type of strategic purchases, mono-sourcing, annual purchase totals, etc.)

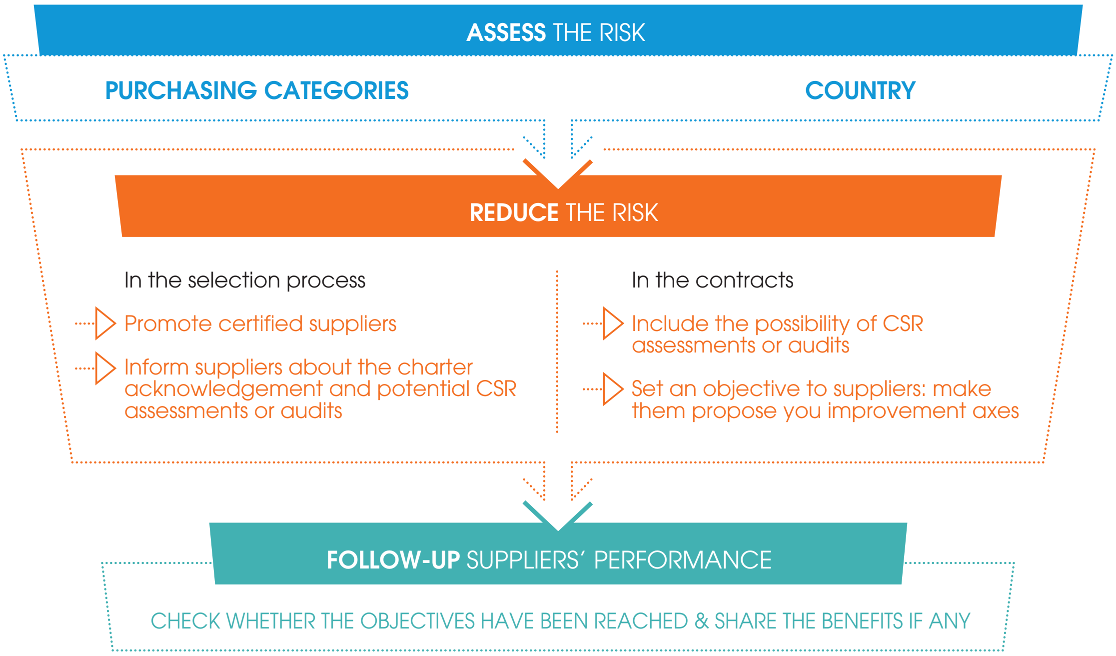
and has enabled the worldwide population of suppliers deemed to be CSR risk to be estimated at roughly 5,000.
The R-net platform is a unique tool for dialoguing with suppliers, obtaining formal commitments, and measuring their implications.

[(1)] *WCA = Workplace Conditions Assessment.*

This dialog is supplemented by:

- a CSR performance assessment (based on 21 environmental, social and ethical criteria), and an assessment of the supplier procurement chain; the goal for 2014-2018 is to assess almost all suppliers considered as being a CSR risk with over €100,000/year of turnover in purchasing with Saint-Gobain, i.e. almost 1,000 suppliers per year; in the event of an insufficient rating, a progress action plan is implemented and monitored by Saint-Gobain;
- site company audits to verify supplier commitments to labour rights, human rights, health and safety, environmental compliance and the corporate management system; the goal is to perform some 70 audits per year, primarily in emerging countries. As needed, these audits may lead to discontinuation if the necessary corrective plans have not been implemented in a timely manner;
- scoring of companies assessed or audited, leading to the issue of an action plan for improving CSR performance; the implementation and successful performance of this action plan are supervised by the purchaser in charge of the suppliers.

Assessment of non-trade goods suppliers



The responsible trade goods purchasing policy

The supplier charter of the Building Distribution Sector (trade goods purchases) is the subject of a presentation to suppliers to obtain their support, through attentive dialogue, for the values expressed in the charter. Once it has been signed, suppliers are invited to complete a self-assessment questionnaire, as part of the Responsible Together program. Based on the responses provided, a constructive exchange with the supplier is possible, to jointly establish action plans as part of a process of continuous improvement, with quantified and planned commitments. This collaborative approach specifically allows for monitoring of the social and environmental commitments of Saint-Gobain's trade goods suppliers, as well as their ability to control their own supply chains upstream.

With the same goal of assessing its suppliers, Saint-Gobain Building Distribution (SGBD) performs audits of suppliers' factories, the specific aim of which is to assess the management systems of the factories and environmental, social and legal aspects of production activities. These audits also relate to the upstream supply chain.

Sectoral responsible purchasing policies: water, timber and CO_2 emissions

Water action plan

In 2014 Saint-Gobain developed a purchasing action plan to reduce the Group's water consumption, in partnership with the Group's principal suppliers.

Timber policy

Launched in 2007 in the Building Distribution Sector before being gradually expanded to the entire Group, the Saint-Gobain policy for the purchase and sale of timber-based products favors products certified by the Forest Stewardship Council (FSC) or Program for the Endorsement of Forest Certification (PEFC) schemes, or originating from responsible forest management.

Compliance with the European Forest Law Enforcement, Governance and Trade (FLEGT) regulation is ensured through a detailed study of product tracking chains. Particular attention is given to products originating from tropical regions. Saint-Gobain has for several years ensured that none of its timber-based products originate from countries in violation of international conventions or forest best practices.

Thus, at Saint-Gobain Building Distribution, purchases of tropical woods of Chinese origin are excluded, as are woods originating from Myanmar, Liberia, the Democratic Republic of the Congo and Papua New Guinea. Similarly, Saint-Gobain specifically follows the recommendation of the CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) and the IUCN (International Union for Conservation of Nature) and prohibits the purchase of products containing the following species: Mahogany, Aloes, Bintangor, Guaiac, Kempas, Merbau, Moabi, Rosewood, Chile Pine, African Plum, Ramin, Red Canarium, Guatemalan Fir, Burmese Teak and Wengé.

To preserve biodiversity and protect local populations, purchasing guidelines are adapted to changes in the vulnerability of species and social and environmental risks in forest exploitation regions. The Group is also gradually advancing in product tracking and controlling risks associated with the timber trade.

CO_2 emissions plan

For purchasing or leasing activities involving materials or equipment for which CO_2 emissions are an issue, Saint-Gobain seeks to favor suppliers capable of providing materials with low CO_2 emissions levels.

5.4 A PARTNERSHIP-TYPE SUPPLIER RELATIONSHIP

Optimizing purchases is a priority objective, seen in the referencing of best suppliers and developing partnerships with them, and the selection of best products at the best price and with the best service, to satisfy customers.

For non-trade goods purchases, Saint-Gobain favors suppliers with high CSR performance (positive differentiation), and is implementing collaborative action plans aimed at improving the quality of their partnership with the Group.

Beyond self-assessment of the CSR activities of its suppliers, Saint-Gobain Building Distribution (SGBD) has also implemented a partnership assessment module, the "Partnership Analysis", which assesses the performance of strategic business partnerships beyond CSR self-assessments. Assessments are thus carried out for all business units with which the partner works. Based on standard criteria, six areas are assessed: business, marketing, logistics, purchasing, teams and CSR (rating linked to the Responsible Together self-assessment questionnaire). The collection of data across all countries where Saint-Gobain and the partner have joint activities makes this approach fertile and attractive. The creation of a consolidated Partnership Analysis report thus allows a supplier to see how it can position itself within the 15 SGBD markets, and provides it with a complete performance summary for each business unit with which it works. Detailed and relevant comments contribute to the development of action plans to improve local partnership quality, in each country where it is active.

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

6.1 A HEALTH AND SAFETY POLICY TO MAXIMIZE THE REDUCTION OF OCCUPATIONAL RISK

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 and zero occupational illnesses, zero environmental accidents, and the maximum possible reduction of the 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.

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.

Regarding safety, the Group's TRAR (accident rate including lost-time and non lost-time accidents by number of hours worked) must be less than 2.5 by 2025. This indicator applies to both fixed time jobs and temporary personnel, and will soon include permanent subcontractors.

6.1.1 A health and safety risk assessment to identify the Group's key challenges

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 (see section 6.1.3 of Chapter 3). 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-related 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. Operational 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 2014, 30.3% of training involved safety aspects.

The Group offers general training modules supplemented and adapted by the General Delegations in accordance with their needs.

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	• work permits
• Confined spaces	• commissioning and decommissioning
• Vehicle and pedestrian safety	• forklift safety
• Storage and logistics activities	• machine safety
• Working at heights	• SMAT (Safety MAnagement Tool) standard, on observing safety practices in the field.
• Management of subcontractors working at sites	

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 2014, improving safety results yielded a reduction in the lost-time accident rate (more than 24 hours' lost time). Group TRAR (total recordable accident rate) fell from 6.0 in 2013 to 4.5 in 2014.
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. It showcases establishments with the best results, demonstrating to the entire Group that the goal of "zero job accidents" is possible. It had 210 members at the end of 2014.
Each year, Saint-Gobain rewards its most successful sites and companies. Twenty-two Health and Safety Diamonds were awarded in 2014,eighteen of them to sites that had made remarkable progress and four to highlight exemplary programs led by a Group company or Activity.
In the United Kingdom, in 2014 Saint-Gobain Building Distribution received a health-safety Diamond. The company designed an equipment to prevent one major cause of accidents, falling from truck beds. It is gradually equipping its vehicles with new, non-movable side barriers, easy to handle and completely safe. At December 31, 2014, almost 500 trucks had been installed with this device. Users of these vehicles have not experienced a single fall.
In the United States, the Saint-Gobain CertainTeed Gypsum Carrollton site in Kentucky also received a health-safety Diamond for implementing a new, safer grinder maintenance system that no longer requires entering a confined space, and the time needed for cleaning the machine has been cut in half.

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 (LCAs). In this way the Group's Health policy supplements Saint-Gobain's eco-innovation policy.
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 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 management committees and members are trained in preventing these risks and a diagnostic has been performed by the various Activities.

As with safety, Saint-Gobain rewards and shares good practices in the area of health. In France, Lagrange Production, a company of the Lapeyre group, received one Diamond in 2014, for outstanding health-safety performance, for its multi-year program to control the risk of muscular-skeletal disorders (MSD).

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 safety.

Topic	Description	2014
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 health. 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 new 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 "Products and substances inventory" section of the SAFHEAR was updated in 2014. In coming months it is expected that the "Toxic risks analysis" section will be updated, to make it compliant with the new version of the TAS.
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 research centers in 2010 and is the object of dedicated researcher training.	The code of conduct is in the process of being reviewed to take better account of developments in knowledge.

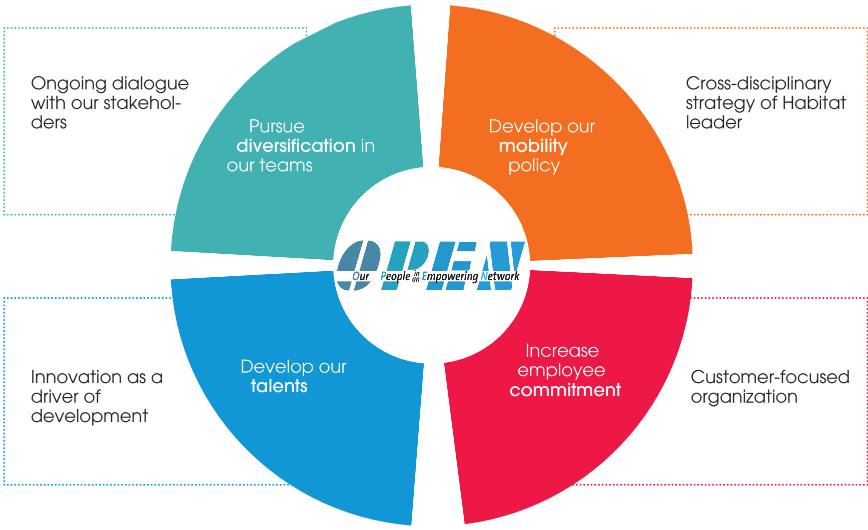
c) Implementation of the REACH regulation

In connection with the corporate Toxic Agents Standard (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 authorizations 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 dialogue, 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, exemplary managerial practices and social dialogue.

The OPEN program



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 and enhancing professional mobility

Promoting and enriching Saint-Gobain's professional mobility, whether geographic, functional or between Activities, is a priority for the 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, and in turn enriching employees' career paths.

Professional mobility is a Group challenge: 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 for growth enhances, employee loyalty and intensifies cross-functional links between Activities, which in turn generates new customer solutions.

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.

Long-term measures are taken to promote all types of mobility. Saint-Gobain has published a mobility charter harmonizing the rules for managing transfers, and has standardized the personal review process. These two tools are used by the General Delegations and the operating units.

In the case of geographic mobility, the Group aims to increase assistance to employees and their families by providing help and advice. Similarly, all employees must be able to consult open job positions and apply for them. The OpenJob application was developed and is currently rolled-out in the General Delegations to address this need. Finally, in the context of reorganization plans, Saint-Gobain promotes mobility agreements.

For example, in 2014, 572 managers were transferred between Activities, 878 were involved in functional transfers, and 200 in geographic transfers.

6.2.2 Diversifying teams

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.

Saint-Gobain promotes diversity in all forms, wherever the Group is present: between genders, nationalities, professional career paths, generations, and disabled status. To this end, the General Delegations adhere to and participate in initiatives such as the Employers Forum for Disability in the United Kingdom, or the *Association française des managers de la diversité* (French association of diversity managers).

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 teams and managers. Saint-Gobain's women's networks, which are being created everywhere in the world, foster a culture of gender balance.

In 2014, the share of women among the Group's entire workforce was 20.6%. They represent 20.9% [1] of managers, versus 20.0% in 2013. The female hiring rate rose from 24.4% in 2013 to 25.4% in 2014.

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 2014, employees under age 26 represented 10% of the total workforce, accounting for 38.8% of hirings, and employees over age 50 represented 13% of the total workforce, accounting for 7.4% of hirings.

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.

[1] *Source: PeopleGroup*

6.2.3 Strengthening employee commitment

Increasing employee involvement in a context of change, both generational and technological, includes a certain number of measures aimed at making the Group a benchmark enterprise with regard to safety, health and work conditions. The attitude and involvement of managers is aimed at motivating and enhancing employee loyalty by giving greater direction to day-to-day work while favoring a spirit of initiative. Regardless of the hierarchical level or geographic region, four managerial attitudes guide and commit employees in their professional situation:

- always be consistent with our values;
- no leadership without close focus on people;
- walk the talk;
- no complacency allowed.

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. When needs are identified, action plans are implemented. Further, each year Saint-Gobain submits its human resources practices to the Top Employers Institute. In 2014, this independent agency awarded Top Employer 2014 certifications to Saint-Gobain in seven countries: the United Kingdom, France, Brazil, China, Germany, Italy and Poland. Saint-Gobain has also set the goal of holding annual interviews with all management staff. In 2014, 91.3% of management staff received an annual interview.

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.

For 27 years, the shareholder program has offered employees the opportunity to become shareholders under preferential conditions. The Group Savings Plan (GSP) allows them to acquire Saint-Gobain shares at a discount and, in certain countries, an additional contribution. In 2014, over 34,770 employees in 42 countries where the Group is active participated in the GSP. 4,303,388 shares were purchased, totaling €145.8 million.

In France, to encourage team spirit and link each person to the Group's success, Saint-Gobain favors collective profit-sharing agreements. The long-term goal is to ensure compensation that gives each employee access to housing consistent with his or her own country's standards.

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

To address social issues specifically, dialogs 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 all levels, 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 2014, the European Select Committee met three times in extraordinary session to discuss the transnational organization of certain Group Activities.

In an uncertain economic environment, Saint-Gobain commits, as much as possible, to implementing solutions to preserve jobs and only to engage in layoffs as a last resort. It thus tends to favor internal mobility agreements and long-term technical unemployment. When reorganization is inevitable, employees affected by workforce adjustments receive tailored assistance programs that may comprise training, assistance in geographic transfers or support in completing a personal project. In France, the Saint-Gobain Développement structure ensures this assistance role (see section 8.2.2 of Chapter 3).

Finally, to develop a sense in employees of belonging to the enterprise, Saint-Gobain seeks to ensure favored access to the Group's products and solutions, specifically by providing training in product installation and assembly techniques. The same holds true for the extension of the CARE:4®, the energy efficiency improvement program for Saint-Gobain's non-residential buildings, to cover comfort and working conditions. Saint-Gobain also promotes flexibility and telecommuting in order to create a motivating and committing work environment, while striking a balance between professional and private life.

6.2.4 Developing talent

The purpose of the Saint-Gobain talent policy is to take into account and anticipate individual desires and organizational needs while offering tailored and evolving career paths, whether individual or collective, specific or cross-functional. The Group's training effort enhances employee skills and knowledge by constantly aiming at excellence in each business line. Talent development is also the task of each manager looking after his or her team and adhering to Saint-Gobain's values.

Saint-Gobain's ambition: to be a benchmark employer, known and recognized for the richness of the professional career paths it offers. This is a challenge that Saint-Gobain constantly promotes to students and young graduates in order to attract the talent that best meets its needs, in a number of ways. Throughout a professional career, the Group's training efforts must guarantee the employability and success of all employees. To this end, in 2014, over 4.3 million training hours were provided within the Group, representing 1.8% of total salary cost. The share of employees who received training totaled 72.9% of the workforce, and each employee received an average of 23.9 hours of training per year.

Training must address four challenges: facilitating implementation of the Group's strategy and employee mobilization around this strategy; contributing to the Group's growth to give greater priority to innovation and take better account of customer expectations and needs; consolidating the operational and technical expertise that makes Saint-Gobain a force in its markets; and finally supporting development in high-growth regions.

Saint-Gobain is developing specific training programs worldwide, by business line, implemented locally. The formats are evolving toward mixed approaches, with remote and in-person training focusing on real cases originating from Saint-Gobain. This is specifically the task of the School of Management for employees in management positions. The "Saint-Gobain Talents" program identifies managers who show significant growth potential or key skills. Distributed locally, at all levels and in all Group business lines, it allows these talented individuals to develop and assists them in setting career plans by promoting diverse career paths. The preparation of personal reviews and succession plans, mentoring and relations with the Group's target schools and universities strengthen the process.

In the long run, Saint-Gobain's objective is to intensify its management training programs by business line, supplementing them with specific modules and to make better use of talent, both managerial and non-managerial.

7. An environmental approach aimed at reducing the impact of the Group's Activities in five principal areas

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 possible 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 9, Section 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.

A composite indicator, which will combine the first four challenges and monitor changes in Saint-Gobain's global environmental footprint, is currently being developed.

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 "affected sites", consisting of 614 sites that represent almost the entire environmental impact of the Group. For water discharges, for example, they represent 98% of the Group's impact (see Chapter 9, Section 6).

7.1 RAW MATERIALS CONSUMPTION AND WASTE PRODUCTION

OBJECTIVES [1]

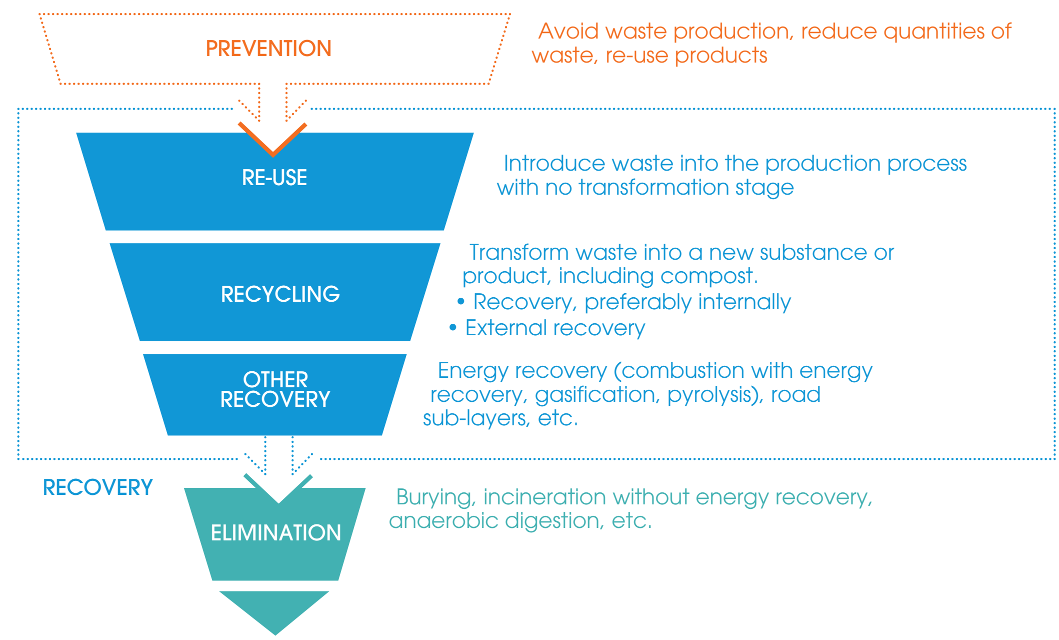
Non-recovered waste:
(2010-2025) = -50%
Long-term: zero non-recovered waste

Saint-Gobain has set up two priorities for managing raw materials and waste: generating minimum production residue, and having maximum recycled content in its products.

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.

Production waste management pyramid



[1] *At iso-production for the concerned permiter.*

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 attainable. The Saint-Gobain PAM site at Telford, in the United Kingdom, has for example reduced its discharged waste by 98% since 2008.

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.

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.

To define the raw materials and waste management framework, Saint-Gobain is preparing a policy on raw materials and waste that will be launched before the end of 2016.

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

(2) Furnaces used for flat glass, container 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

1 Supply chain and intrants
Saint-Gobain logs its CO_2 emissions, including outside production and distribution sites. Intrants are all the products needed for functioning of the activity (raw materials, energy, etc.).

2 R&D
When developping its own industrial processes, Saint-Gobain constantly seeks to reduce its energy consumption.

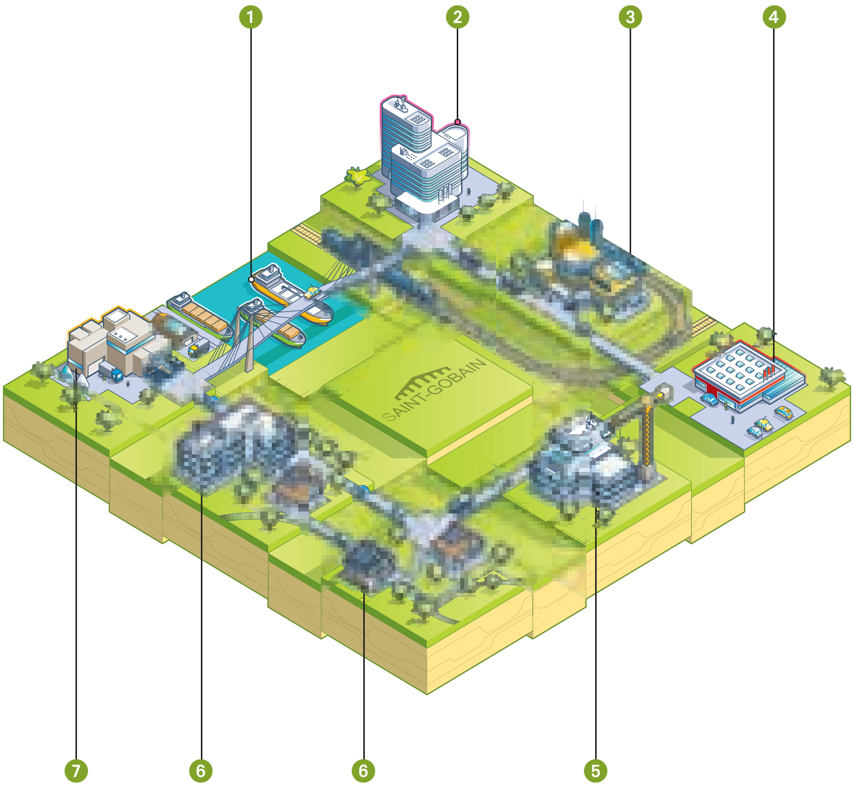
3 Industrial processes
A significant share of the CO_2 emissions is released during the production phase. Major sources of CO_2 emissions originates from fossil fuels combustion and process emissions (e.g. decarbonation).

4 Distribution
Primary source of CO_2 emissions are heating and lighting. A carbon assessment is underway.

5 Energy efficiency of tertiary buildings
Even though the CO_2 emissions of Saint-Gobain's tertiary buildings do not account for a major share of the total CO_2 emissions, the Group must be exemplary. That is why we are developing the CARE:4® program, which calls for a fourfold emissions reduction by 2040.

6 Sustainable habitat solutions
As a worldwide leader in sustainable habitat, Saint-Gobain offers a number of construction products that help saving more energy than used during production: mineral wools, external insulation products, energy efficient lighting, earth-air heat exchangers, etc.

7 End of life and product recycling
Waste recovery helps to reduce the CO_2 emissions from industrial processes. For example, one metric ton of cullet cuts CO_2 emissions of glass furnaces by 255 to 300 kg of CO_2.



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

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 [1], 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 emissions 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 614 "environmentally concerned" sites (see Chapter 8, Section 6, Note on Methodology). 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 differents sites of a given Activity.

In the context of site acquisition, energy, atmospheric emissions 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. December 31, 2014, 58 sites in the concerned perimeter were certified ISO 50001, compared with 41 a year earlier. All Saint-Gobain Packaging sites (six in France) performed energy audits in 2013 or 2014.

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 2.2, Operational Excellence Policy), is another driver of progress.

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

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, reduces energy consumption by 2.5% to 3% for every 10% of cullet added.

The results of Life Cycle Assessments 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 3, Section 4.4).

7.2.3 Promoting renewable energy and reducing transport emissions

To reduce greenhouse gas emissions, Saint-Gobain is also creating projects using renewable energies: wind, biogas, synthetic gas ("syngas"), hydroelectricity, 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.

[1] Saint-Gobain's Energy, Atmospheric Emissions and Climate Change policy is available upon request to the Group's EHS Department.

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;
- the tightening of regulatory restrictions: the Group participates to joint initiatives to anticipate and reduce risks;
- the increase of extreme climate events which occasionnaly 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), helps 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 determine whether sites are exposed and vulnerable to flooding and storms. The sites themselves use the tool to update their action plans to improve their levels of prevention and protection.

Since 2003, Saint-Gobain participates to the CDP questionnaire [1]. This reference questionnaire encourages companies to transparently communicate their approach to combating climate disruption.

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 92% of direct CO_2 emissions from sites within the concerned perimeter are related to activities involving glass, cast iron and gypsum production.

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.

7.3 WATER MANAGEMENT

OBJECTIVES [2]

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

The Saint-Gobain Water Policy [3], 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 aims to tend to "zero discharge" of liquid industrial water [4], 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

(1) *The former Carbon Disclosure Project.*
(2) *At iso-production for the concerned perimeter.*
(3) *The Saint-Gobain Water Policy is available upon request from the Group EHS Department.*
(4) *This objective does not include water emitted in the form of vapor.*

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. 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

Because of its raw material extraction activities, biodiversity is an environmental challenge for the Saint-Gobain Group, which has now been incorporated into the environmental goals that were reviewed in 2014. Out of the 156 underground or open-pit quarries operated by the Group around the world, the vast majority (123, or 79%) 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 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 tested at 50 sites to assess site sensitivity to biodiversity. The pilot sites represent most of the Group's Activities (flat glass, gypsum, pipe, etc.) and the principal countries where the Group is active. This method will be gradually extended worldwide and the results will lead to the development of an initial list of priority sites for biodiversity management. It is an initial stage toward preparing a Biodiversity policy in 2016.

In 2014, the Telford site in the United Kingdom was internally awarded an Environmental Emerald for its implementation of a fauna and ecosystem management plan, involving both external stakeholders (Shropshire Wildlife Trust and others) and site employees.

Saint-Gobain Distribution Bâtiment France has signed a study partnership with the Natural History Museum aimed at better identifying biodiversity and more efficiently incorporating it into its site management and improvement plans.

7.5 ENVIRONMENTAL ACCIDENTS AND NUISANCES

OBJECTIVES

2025: EvE2/site/year < 0.25

In 2012 Saint-Gobain launched the environmental event and feedback management standard "EvE" (**E**nvironmental **Ev**ent).

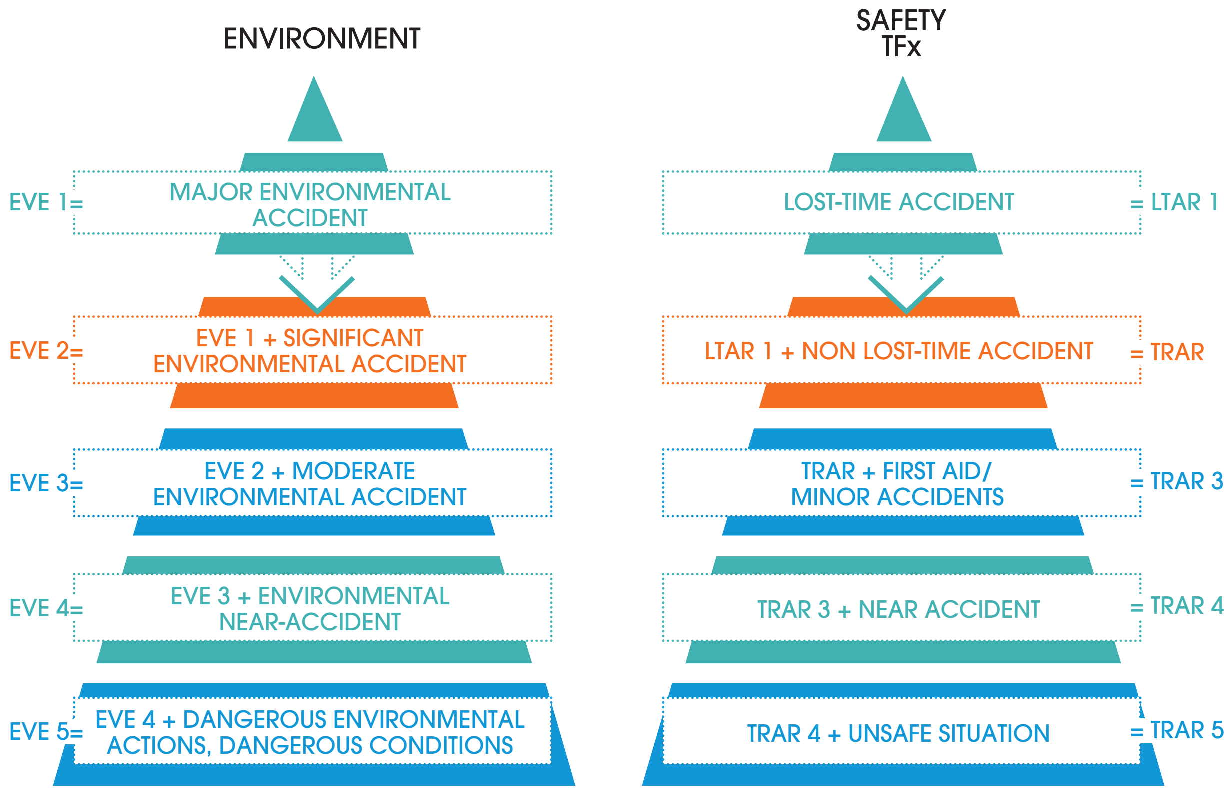
This standard also identifies criteria for assessing the severity of an event from three standpoints: environmental, regulatory and reputation. An event's severity is equal to the highest of the three levels of severity thus assessed. The event is declared "very severe" if it is a major environmental 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 [1], 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 with the limits authorized by the facility's operating permits are excluded.

In 2014, no major environmental accident was recorded.

[1] Non-compliance with regard to environmental regulation, internal standards or the facility's environmental management system.

Definition of the various environmental accident levels and parallels to safety accidents



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.
The medium-term objective is for each site to experience less than 0.25 major and significant environmental accidents per year (EvE 1 and 2).
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.

8. Corporate measures linked to the Group's strategy

8.1 PROMOTING SUSTAINABLE CONSTRUCTION WITHIN THE SOCIETY

8.1.1 Promoting sustainable construction, specifically through Green Building Councils

The Saint-Gobain Group is an active ambassador for sustainable construction. For several years, the Group's teams have been involved in favour of sustainable habitat as members at national level of the Green Building Councils (GBCs). These local associations of professionals and construction market stakeholders are forums for discussion to define and promote sustainable construction.

The Group or its subsidiaries are members of over 30 GBCs around the world. Saint-Gobain is a partner of the European network of GBCs, a platinum member of the US GBC, and serves on the Corporate Advisory Board of the World Green Building Council. In total, some 50 Group employees are involved in GBCs and the Group invests approximately €150,000 in membership fees each year.

This high level of involvement in the GBC network allows the Group to monitor market trends, participate in developing training for industry players, and contribute to push forward public sustainable construction policies.

Saint-Gobain also contributes directly to the political debate on sustainable construction, specifically at European Union level. To that end, the Group has fielded public consultations from the European Commission on sustainable building and waste. During that process, Saint-Gobain published two summary documents, presenting its vision of the circular economy and sustainable habitat, the latter of which, as well as being merely energy- and resource-efficient and environmentally friendly, must be comfortable and healthy.

In its communications, the Group acknowledges the complementary nature of voluntary building labelling schemes (LEED, BREEAM, DGNB, HQE, etc.), which distinguish best-performing buildings, and regulations that define the minimum requirements to be met for all buildings. The Group also makes its experience in assessing environmental impacts available to public decision-makers, and promotes Life Cycle Assessments and Environmental Product Declarations.

Concerning the circular economy and jobsite waste management, the Group took a stand for high ambitions for the 2025 horizon for the building sector, proposing the goal of "nearly zero" construction and demolition waste to landfill.

8.1.2 Promoting energy efficiency retrofitting for existing buildings in Europe

Energy efficiency represents a critical challenge for Europe:

- it serves as a strong foundation for reducing greenhouse gas emissions;
- it allows Europe to conserve resources and ensure energy independence;
- it is also a source of increased competitiveness for businesses and an opportunity for growth and job creation for Member States.

However, obstacles to be overcome to improve energy efficiency are still numerous, particularly in the building industry: shortage of information, lack of visibility over expected performance, difficult access to financing, etc.

Only ambitious policy reforms will be able to contribute to overcoming all these obstacles and creating a European market that will stop wasting energy.

Given their levels of energy consumption (40%) and greenhouse gas emissions (36%), European building stock should be central to European energy and climate policies. The economic weight of the construction sector, as well as the share of the household budget devoted to housing, shall make this sector a leading priority for national and European economic and social policies.

Saint-Gobain supports the idea of renovating the European building stock to reduce its energy consumption for regulated usage (heating, cooling, ventilation, lighting and domestic hot water) by a factor of at least four by the year 2050. Technical solutions are available and accessible, particularly through the use of passive technologies (windows, wall insulation) to promote drastic improvement in the energy performance of building envelopes, which then foster the optimal use of additional, active technologies.

To translate this overall objective down to the individual building level, Saint-Gobain promotes deep renovation (including by stages) and implementation of a renovation path, based on a "renovation passport", to identify and schedule over time the work to be carried out and optimized by embarking energy efficiency measures in renovation activities (for example, during conversions, roof renovations or facade upgrades).

In 2014, Saint-Gobain's activities were focused at European level on the energy & climate policy package for beyond 2020, and nationally on continuing the transposition of directives concerning building energy performance (EPBD) and energy efficiency (EED), with priority given to the energy renovation of existing buildings.

In the context of the preparation of the 2030 Energy & Climate Package, the Group has supported an ambitious and binding objective of 40% for energy efficiency, which is indispensable for encouraging Member States to implement policies to which they are committed for the long term.

At national level, all countries maintain the goal of promoting an ambitious transposition of guidelines for building energy performance (EPBD) and energy efficiency (EED).

In their efforts, the Group's teams are contributing in priority to:

- the development of national roadmaps to reduce energy consumption in buildings;
- the regulatory definition of nearly-zero energy buildings;
- the implementation of long-term schemes for financing, incentives and obligations, and strengthening the training of building professionals.

In Brussels, in the field of energy efficiency, Saint-Gobain is primarily active through associations and coalitions of players facing the same challenges. First of all, efforts are being undertaken in relation to public policy by the following associations: EURIMA, GLASS FOR EUROPE and EUROACE, as well the policy taskforce of the European Green Building Councils network. The Group actively supports the RENOVATE EUROPE campaign. Through the above associations, it is contributing to the COALITION FOR ENERGY SAVINGS, which includes a vast number of stakeholders (from NGOs to manufacturing associations, including cities associated under the rubric of ENERGY CITIES), as well as the BPIE Institute, a think tank that performs analyses and studies to improve knowledge of energy efficiency policies in the building sector.

These European initiatives are increasingly trending toward the national level. For example, the RENOVATE EUROPE campaign was adapted in Spain and Belgium, and the COALITION FOR ENERGY SAVINGS has found sister coalitions in France (CFEE, the Coalition France for Energy Efficiency) and Germany (DENEFF). The Group has committed to each of these movements through its local activities, thus lending consistency to and complementing its actions at Community level and national level.

8.1.3 Training of trade customers and professionals to ensure development of the sustainable construction sector

Investing in training a new generation of trade customers and professionals aware of the challenges of energy efficiency and sustainable construction means guaranteeing the future of the industry's businesses and promoting sector development. In Saint-Gobain's view, training is largely a local issue, designed by Activity and country to meet specific needs for the optimal use and installation of its solutions. Weber thus offers over 200,000 training sessions each year worldwide, largely for installation specialists, affording them, among other things, access to new construction technologies such as exterior insulation (over 40% of training in Europe).

The Building Distribution Sector's brands play a major role in this. In the United Kingdom, the Greenworks Training Academy of Jewson, Graham, Gibbs & Dandy and Minster has for three years offered some 55,000 hours of training to approximately 8,000 employees, customers and suppliers. In Northern Europe, Dahl has continued to roll out its Klimacenter concept, which consists of training and competency centers dedicated to renewable energies and ventilation. Professional installers receive advice and training delivered by Dahl experts in this field. In Norway, competence centers offer a broader choice of training, aimed at employees and trade customers, in the area of renewable energies, but also in fire protection, plumbing and underfloor heating systems.

Training trade customers in energy construction and retrofitting techniques is a strategic challenge for the Group, requiring considerable work to inform and teach professionals in the building sector. By making customers the focus of their strategy, the Building Distribution Sector brands play a critical role in assisting and training trade customers facing changes in building renovation techniques and evolving regulations.

Saint-Gobain Distribution Bâtiment has entered into a partnership agreement with the French Building Federation (*Fédération Française du Bâtiment*), under the auspices of the Sustainable Building Plan. The purpose is to strengthen the theoretical and practical knowledge of building companies and trade customers in energy efficiency and help them prepare for the implementation of "eco-conditionality". POINT.P Matériaux de Construction has designated over 100 agencies as "Energy Efficiency Experts" in France. They host a specialized hotline offering a number of free services: energy efficiency simulator for worksites, studies and surveys carried out by Regional Technical Centers, relationships with a partner Thermal Analysis Office, leasing and sale of equipment, as well as assistance towards RGE (*Reconnu Garant de l'Environnement* – Recognized Environmental Protector) certification. Cedeo and Brossette have joined with the Cardonnel Ingénierie research office to promote and apply the Bati-Cube® thermal assessment software package among building trade customers and companies. Bati-Cube® enables thermal assessments to be carried out and professionals and their customers to be advised on choosing appropriate renovation packages. The Building Platform has also implemented a complete training service for its customers: free information sessions on new standards and regulations, refresher courses giving entitlement to certifications, e-learning on energy retrofitting, practical guides, etc.

8.2 CONTRIBUTING TO REGIONAL

DEVELOPMENT

8.2.1 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 at the start of this document. This part shows the breaking down of employee payroll, supplier expenses, dividends distributed to shareholders and taxes paid to the government.

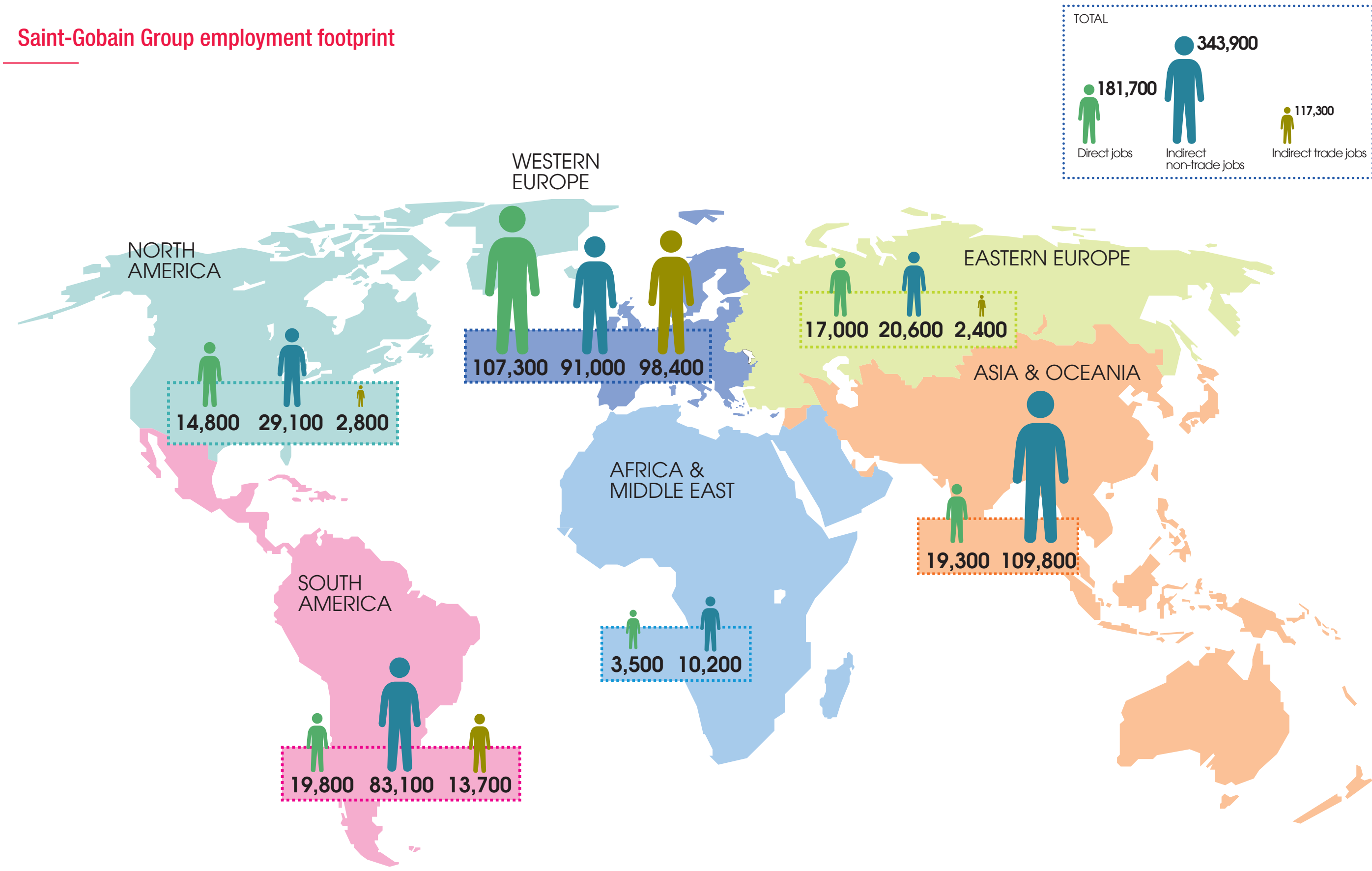
These amounts can be interpreted in the context of social utility: employees' purchasing power and skills improvement, job durability for suppliers and for all the supply chain, contributions to the financing of public services, returns to investors.

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 salaried 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, 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, Chapter 9, Section 4.1.1). The results are therefore probably underestimated. Similarly, for transparency purposes the following presentation distinguishes indirect jobs from the Group's distribution network from other indirect jobs.

Saint-Gobain Group employment footprint



With 181,742 direct jobs and indirect jobs 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 labour 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.

8.2.2 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 adults alienated from the job market.

The key figures relating to Saint-Gobain Développement are given in Chapter 9, Section 4.2.

a) Assisting the development of small- and medium-sized companies [SMEs]

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.

d) Professional integration of young adults alienated from the job market

In its employment pools, Saint-Gobain participates in initiatives aimed at assisting young adults in their professional integration. Specifically:
- the "100 Opportunities 100 Jobs" (*100 chances 100 emplois*) initiative, in which Saint-Gobain has been active for several years in Chalon-sur-Saône, Lyon, Nice, Aubervilliers, Rueil, Cognac, Rouen and Nemours;
- and more recently the "Habitat Skills" (*Métiers vers l'Habitat*) initiative, which was inaugurated in June 2014 in Seine-Saint-Denis.

8.3 ENCOURAGING SPONSORSHIP IN COMBINATION WITH THE GROUP'S STRATEGY

In 2014, a total of €5.5 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.

8.3.1 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 three areas related to Saint-Gobain's strategy:

- integration of young adults into professional life;
- construction, refurbishment or renovation of social housing for general interest purposes;
- energy efficiency and environmental protection in social housing.

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 2008-2014 period:

- 223 projects in 51 countries were submitted to the Foundation, corresponding to total requests for support of some €22 million;
- 95 projects were supported, representing a Foundation commitment of €6.6 million.

[1] *These figures include the annual contribution from the Saint-Gobain Initiatives International Corporate Foundation (€1 million).*

8.3.2 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.

In May 2014, after the floods that hit Serbia, Bosnia-Herzegovina and Croatia, the Construction Products Sector, with the support of the General Delegation for the Czech Republic, Slovakia, Hungary and the Eastern Adriatic countries, donated materials and drinking water to assist the populations of those areas, and participated in rebuilding a school in the city of Obrenovac, offering renovation products and technical assistance at the worksite.

8.3.3 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.

8.3.4 Cultural, artistic and educational sponsorships

Compagnie de Saint-Gobain also commits itself each year to supporting cultural, artistic and educational projects.
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*), associations of friends of major cultural institutions such as the Louvre, the Quai-Branly Museum or the Pompidou Center, Saint-Gobain is committed each year to supporting projects consistent with its culture and history, or in areas where its business knowledge and expertise are well known.
In 2014, Saint-Gobain participated in the World War I Centennial commemorations, and supported the Viollet-le-Duc Exhibition at the City of Architecture and Patrimony (*Cité de l'architecture et du patrimoine*) and the exhibition dedicated to the architect Bernard Tschumi at the Pompidou Center National Modern Art Museum.
Each year Saint-Gobain also undertakes sponsorships that are as visually beautiful as they are demanding. 2014 will be marked by the restoration of the Cyclop, a dramatic work executed from 1969 to 1994 by Jean Tinguely with Niki de Saint-Phalle, César, Arman and eleven other artists. This monumental sculpture, 22 meters tall, which was built secretly in the Pauvres Forest at Milly-la-Forêt near Paris, is covered with hundreds of sparkling mirrors, which must be replaced and which Saint-Gobain is supplying, in order to withstand the vicissitudes of the weather.
At the Orsay Museum, Saint-Gobain has constructed a glass enclosure to allow visitors to observe the restoration of Courbet's monumental work, the Painter's Workshop, which is being financed through sponsorships and crowd-sourcing.

2014 results
and outlook for 2015

1. Financial results

2014 Key figures

Amounts in €m	2013*	2014	2014/2013*	2014/2013* like-for-like** excluding VNA
Sales	41,761	41,054	-1.7%	+2.2%
EBITDA	4,161	4,151	-0.2%	+3.9%
Operating Income	2,754	2,797	+1.6%	+7.0%
Recurring* net income**	1,027	1,103	+7.4%	
Net income	595	953	+60.2%	
Free cash flow******	1,176	1,002	-14.8%	
Net debt	7,513	7,221	-3.9%	

** 2013: restated in line with IFRS 10-11 and IFRIC 21 (for the half-year analysis).*
*** like-for-like (comparable structure and exchange rates).*
**** excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.*
***** excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions.*

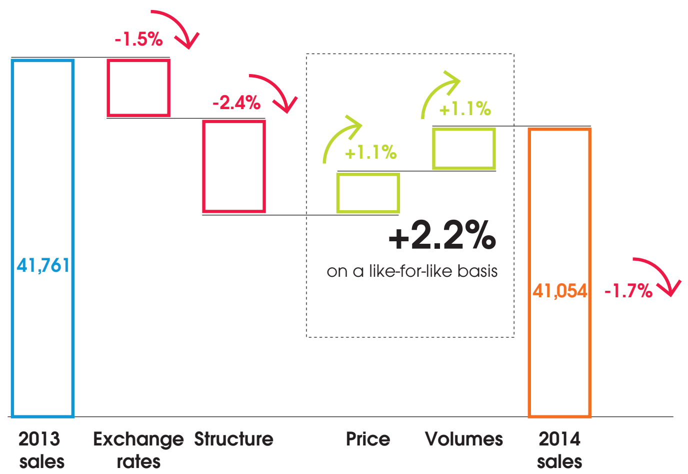
▶ ***Operating income up 7.0% on a like-for-like basis excluding VNA***
- ***Organic growth at 2.2%; at 0.2% in H2 with a slowdown in volumes***
- ***Negative 1.5% currency impact on sales but positive 0.3% impact in H2; negative 2.4% Group structure impact with the disposal of Verallia North America (VNA)***
- ***Sharp 60% rally in net income***
- ***Net debt reduced to €7.2 billion***
- ***2014 dividend: stable at €1.24, 50% payable in cash and 50% in cash or in shares at shareholders' discretion***

1.1 OPERATIONAL PERFORMANCE

Sales climbed 2.2% on a like-for-like basis in 2014. Based on reported figures, sales were down 1.7% due to the negative 1.5% currency impact and the negative 2.4% impact resulting from changes in Group structure – chiefly related to the disposal of Verallia North America.
Volumes moved up 1.1% over the year despite retreating 0.7% in the second half. Sales prices rose 1.1% over the year, in spite of a less inflationary environment and declining prices for Exterior Products in the US in the second half.

Sales

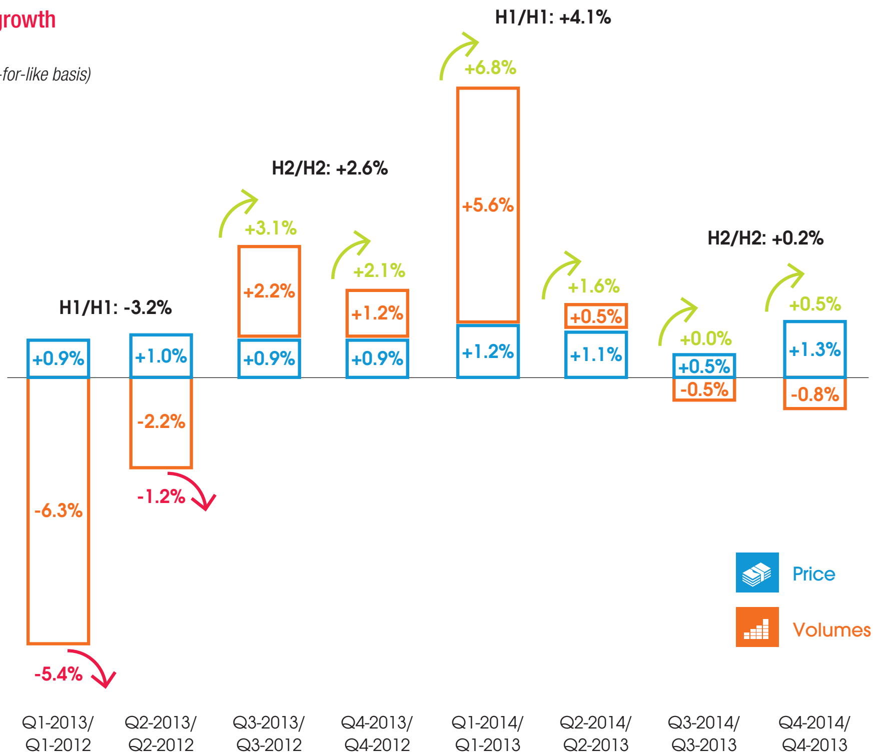
(in €m)



All of the Group's businesses reported organic growth in 2014. In the second half, Exterior Solutions were affected by the contraction in the Roofing business, while Building Distribution and Interior Solutions were hit by the downturn in construction in France and Germany. Out of our four regions, only France failed to advance, down 1.3% year-on-year.

Quarterly organic growth

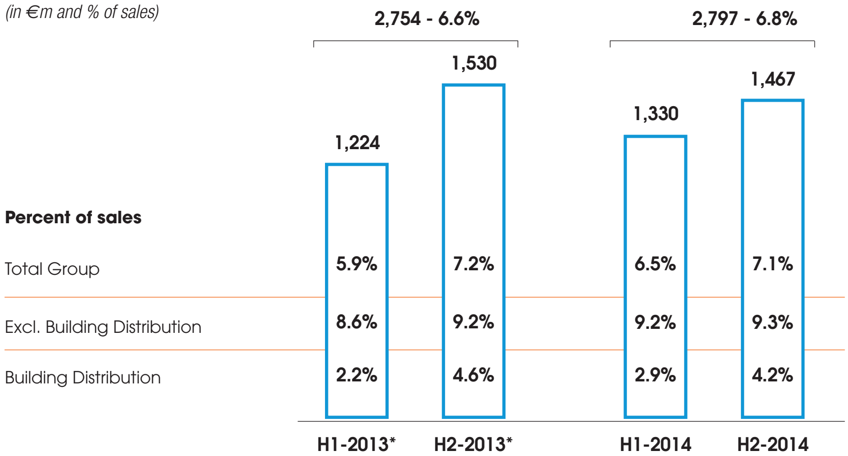
(% change sales on a like-for-like basis)



The Group's **operating margin** increased to 6.8% from 6.6% in 2013, and came in at 7.1% for the second half. Operating income climbed 7.0% on a like-for-like basis excluding Verallia North America, and remained stable in the six months to December 31 despite a 0.7% dip in volumes.

Operating income

(in €m and % of sales)



2014/2013*:
+1.6% and +3.9%
at constant exchange rates**

** 2013 restated in line with IFRS 10-11 and IFRIC 21: H1-2013 impact -€36m and H2-2013 impact +€26m.*
*** 2013 average exchange rates.*

The Group's focus on its action plan priorities continues to pay off:

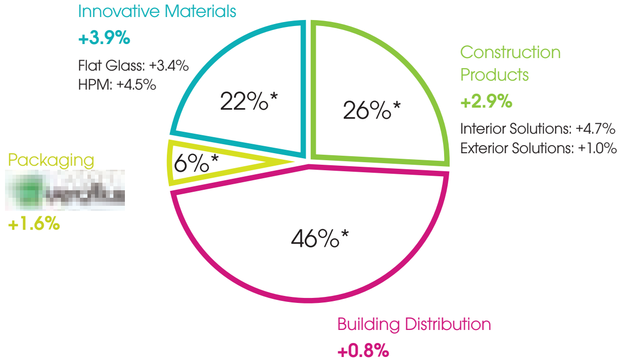
- sales prices increased despite a less inflationary environment;
- costs were scaled back by €450 million in 2014 compared to 2013, with a significant impact in Flat Glass which saw its margin rally at 5.9% versus 2.6% in the previous year;
- capital expenditure remained in check at €1.4 billion, with a strong focus on growth capex outside Western Europe;
- net debt was reduced to €7.2 billion thanks to an ongoing tight rein on cash.

1.1.1 Operational performance by Sector

Sales trends by Sector

(% change in 2014/2013 like-for-like sales)

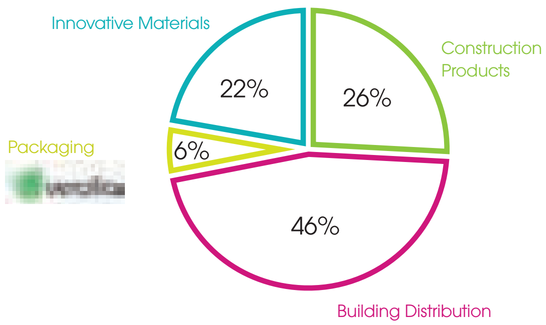
Group
+2.2%



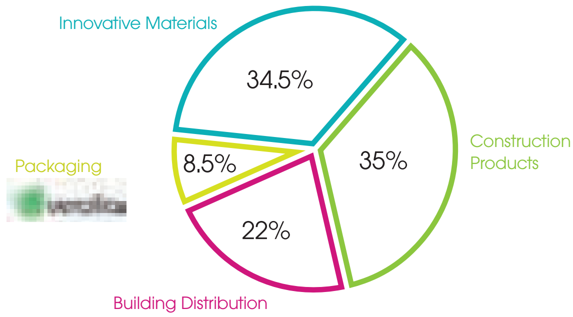
* breakdown of 2014 sales

Breakdown of sales and industrial assets by Sector

(2014 Sales)



Industrial Assets at Dec. 31, 2014



a) Innovative Materials (Flat Glass – HPM)

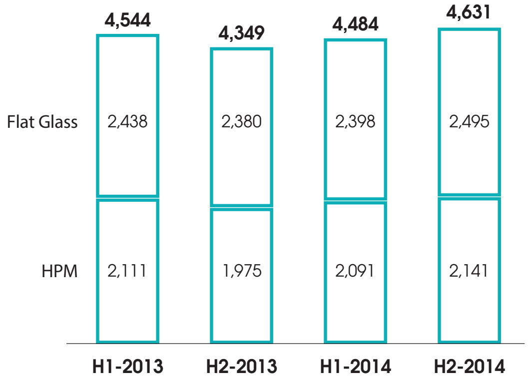
2014/2013 organic growth

(like-for-like)

	2014/2013	H1/H1	H2/H2
Innovative Materials	**+3.9%**	**+3.7%**	**+4.2%**
Flat Glass	+3.4%	+3.4%	+3.4%
HPM	+4.5%	+4.0%	+5.0%

Sales

(in €m)



Innovative Materials sales moved up 3.9% in 2014 on a like-for-like basis, and advanced 4.2% in the second half. The operating margin for the Business Sector widened, from 7.2% to 9.4% (9.6% in the second half), driven by the improved performance for Flat Glass.

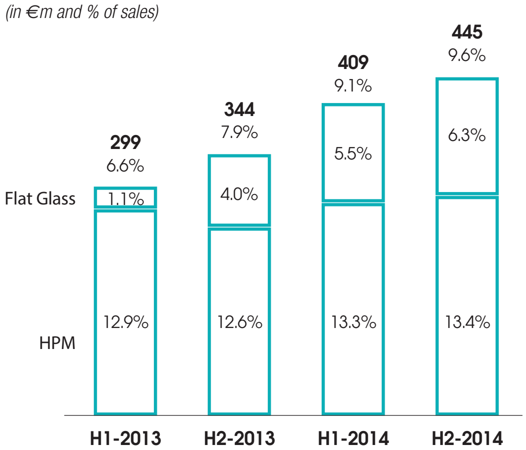
- Like-for-like, **Flat Glass** sales were up 3.4% both over the full year and in the second half. In Western Europe, construction markets remained fragile with prices for commodity products – float glass – stable, but an improved price effect owing to the growing share of high value-added products; the automotive Flat Glass business continued to report small gains. Healthy trading was confirmed in Asia and emerging countries, despite the slowdown in Brazil, fuelled in particular by the downturn in the automotive market.

  Thanks to increased cost cutting efforts, the operating margin rallied, at 5.9% of sales in 2014 (6.3% in the second half) from 2.6% in the previous year.
- **High-Performance Materials (HPM)** delivered a 4.5% year-on-year improvement, up 5.0% in the second half. Performance gains were recorded in all regions, particularly in North America, buoyed by continued upbeat trends in industrial markets. All HPM businesses delivered good organic growth, including Ceramics with a favorable basis for comparison.

  The operating margin for the year widened to 13.4% from 12.7% in 2013.

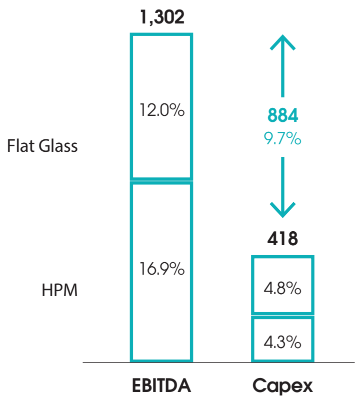
Operating income

(in €m and % of sales)



2014 EBITDA & Capex

(in €m and % of sales)



b) Construction Products

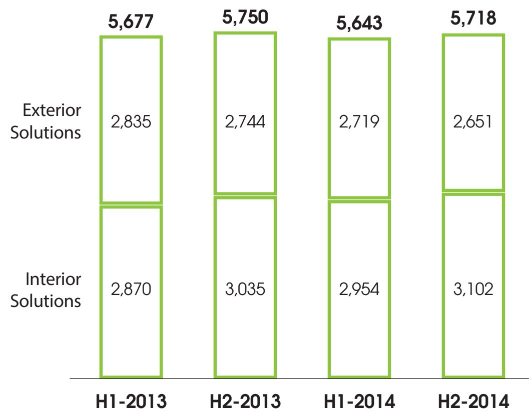
2014/2013 organic growth

(like-for-like)

	2014/2013	H1/H1	H2/H2
Construction Products	**+2.9%**	**+5.5%**	**+0.4%**
Exterior Solutions	+1.0%	+3.9%	-1.6%
Interior Solutions	+4.7%	+7.1%	+2.3%

Sales

(in €m)

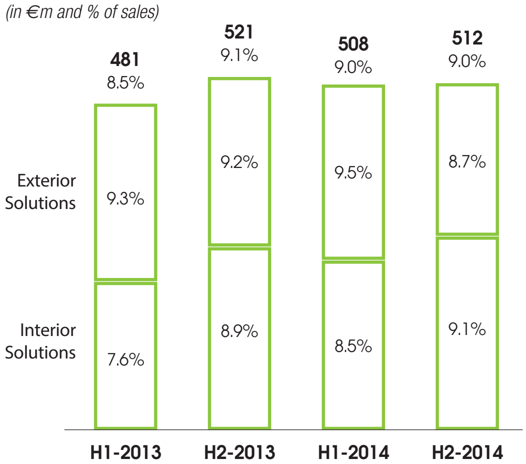


Boosted by its first-half performance, Construction Products (CP) sales moved up 2.9% on a like-for-like basis in 2014 and 0.4% in the second half, owing chiefly to a deterioration in the US Exterior Solutions market. The operating margin improved slightly, at 9.0% versus 8.8% in 2013.

- **Interior Solutions** reported 4.7% organic growth, on the back of continued strong volume and price momentum in the US and a good performance in Asia and emerging countries. In Western Europe, after a first quarter buoyed by mild winter weather, trading proved resilient thanks to our strategic positioning in energy efficiency and despite the downward pressure on prices in a deflationary environment. The operating margin advanced during both halves of the year, coming out at 8.8% for 2014 compared to 8.3% one year earlier.
- **Exterior Solutions** posted 1.0% organic growth, advancing 3.9% in the first half but retreating 1.6% in the second following a downturn in both volumes and prices for US Exterior Products. Pipe Systems were boosted by export contracts and continued to improve, despite a tougher basis for comparison in the second half and the closure of cast iron production capacity in China in the middle of the year. Mortars posted double-digit growth in Asia and emerging countries, but continued to suffer from the macroeconomic climate in Western Europe.
The operating margin held firm at 9.1% of sales despite the sharp deterioration in Exterior Products: margin growth was strong in both Mortars and Pipe Systems, spurred by a positive price-cost spread (commodities and energy).

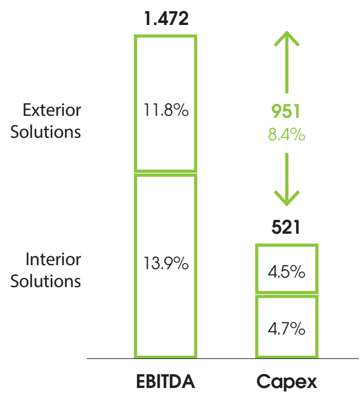
Operating income

(in €m and % of sales)



2014 EBITDA & Capex

(in €m and % of sales)



c) Building Distribution

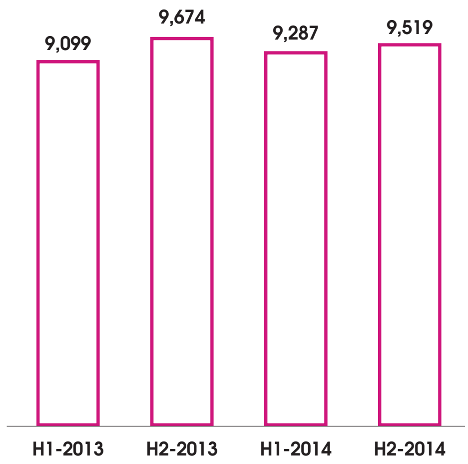
2014/2013 organic growth

(like-for-like)

	2014/2013	H1/H1	H2/H2
Building Distribution	**+0.8%**	**+3.6%**	**-1.8%**

Sales

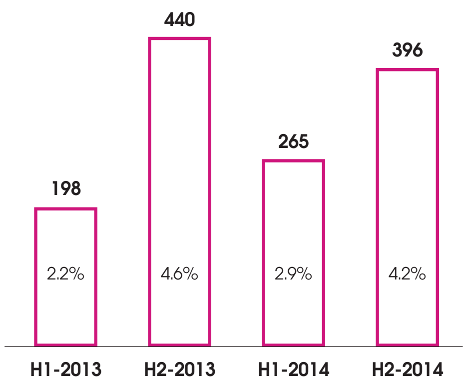
(in €m)



Building Distribution posted 0.8% organic growth, helped by mild winter weather in the first quarter and despite a 1.8% decline in the second half due to the downturn in the French and German markets.
In France, sales declined over the year despite increased market share, hurt by the sharp contraction in the new-build market and sluggish renovation activity. Germany, which was stable over the year, retreated in the second half amid a persistently uncertain economic climate. The upbeat momentum in the UK and Scandinavia was confirmed over the year as a whole. Brazil continued to report good growth despite the general economic slowdown in the country.
Operating income for the Business Sector improved, at €661 million compared to €638 million in 2013, owing to strict cost discipline and a resilient commercial margin. Although the operating margin fell to 4.2% in the second half (versus 4.6% in 2013), hit by slack volumes in France and Germany, Building Distribution still managed to deliver annual margin growth, at 3.5% versus 3.4% in 2013.

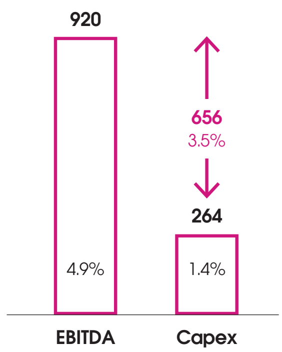
Operating income

(in €m and % of sales)



2014 EBITDA & Capex

(in €m and % of sales)



d) Packaging

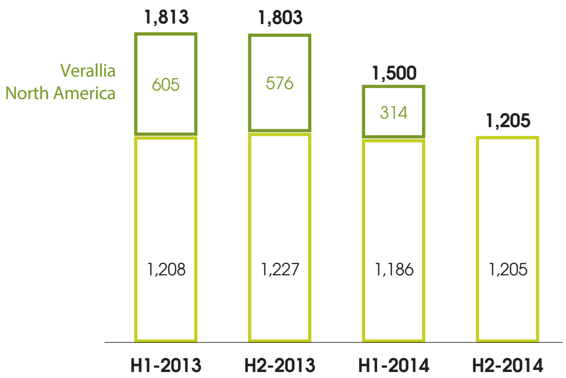
2014/2013 organic growth

(like-for-like)

	2014/2013	H1/H1	H2/H2
Verallia	**+1.6%**	**+1.7%**	**+1.6%**

Sales

(in €m)

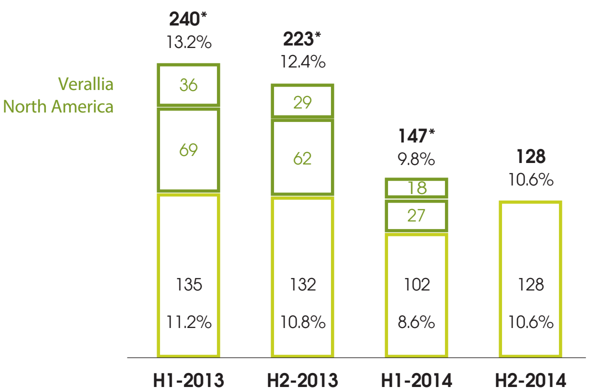


Packaging (Verallia) sales were up 1.6% on a like-for-like basis. In Europe, volumes rose 1.4% over the year, thereby confirming the recovery begun in the six months to June 30 in a competitive pricing environment. Latin America continued to deliver good growth, with price trends reflecting the impact of inflation.

Excluding VNA, which was sold on April 11, 2014, the operating margin came in at 9.6%. The margin was 10.6% in the second half, confirming the upturn in results in line with expectations, after a first half affected by non-recurring items.

Operating income

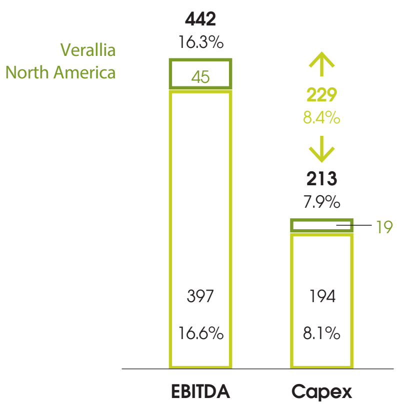
(in €m and % of sales)



** after discontinuing of VNA's fixed assets as of Jan. 1, 2013 (IFRS 5): €36m in H1-2013, €29m in H2-2013 and €18m in H1-2014.*

2014 EBITDA & Capex

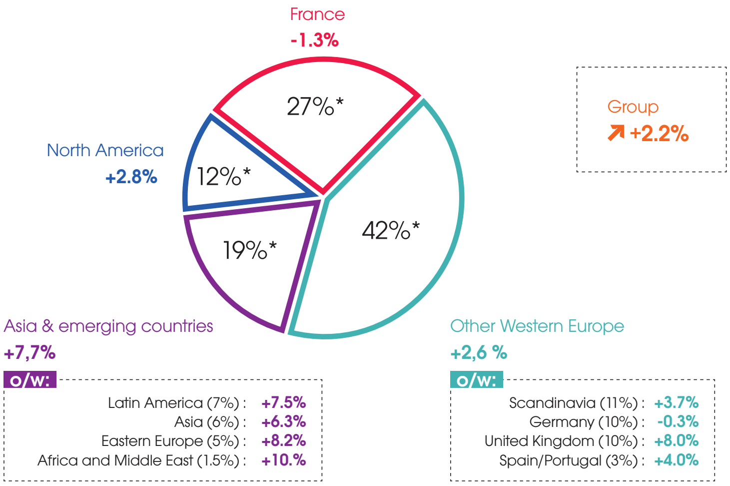
(in €m and % of sales)



1.1.2 Operating performance by geographic area

Sales trends by geographic area

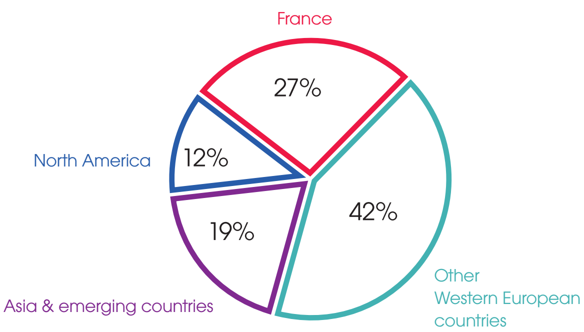
(% change in 2014/2013 like-for-like sales)



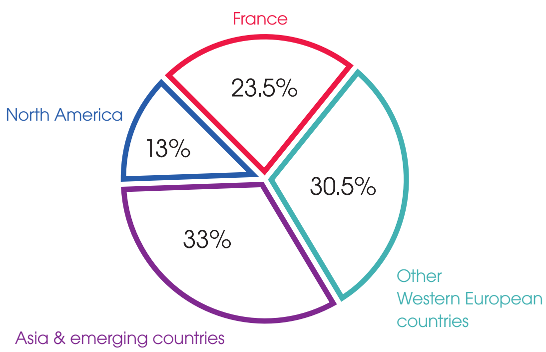
* *breakdown of 2014 sales.*

Breakdown of sales and industrial assets by geographic area

2014 Sales



Industrial assets at Dec 31, 2014



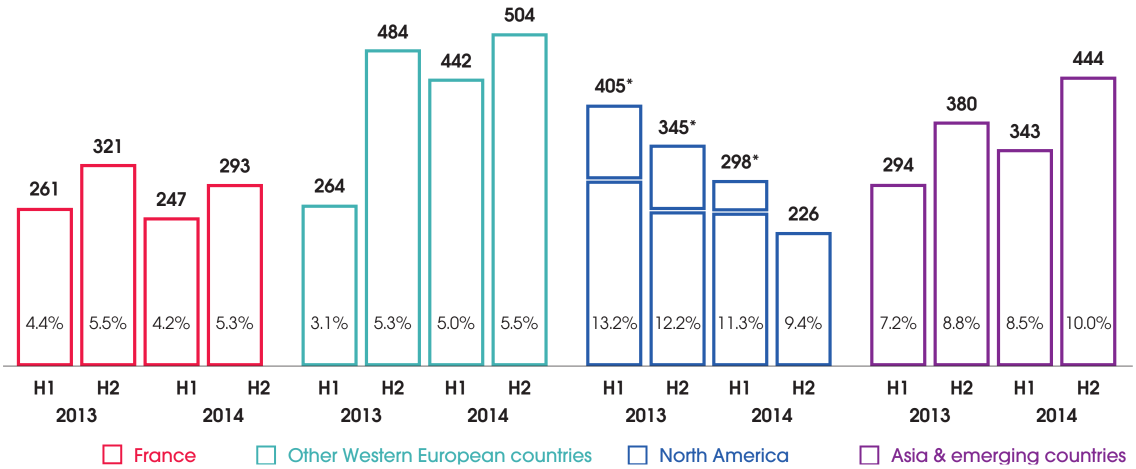
Over the year as a whole, the Group's organic growth was powered by Asia and emerging markets. Profitability improved despite a slowdown in France and the deterioration in the US, attributable solely to Exterior Products.

- **France** posted negative 1.3% organic growth as volumes declined in the construction market, even though the Group continues to outperform its markets. Despite a further decline in volumes, the operating margin held firm at 4.7% (5.0% in 2013).
- **Other Western European countries** reported 2.6% like-for-like sales growth, with sales stable in the second half due to the strong downturn in Germany. The recovery over the year reflects good market conditions in the UK and to a lesser extent in Scandinavia. Trading improved in Southern European countries and particularly Spain, while volumes in Benelux were hit by restructuring operations in Flat Glass. The operating margin rallied, at 5.3% from 4.3% previously.

- **North America** saw continued brisk trading on the construction market and a significant improvement in the Group's industrial activities, as the region posted 2.8% organic growth. Only Exterior Products had a negative impact on sales and margin. The operating margin came in at 10.4% in 2014 (excluding VNA: 10.1% versus 11.7% in 2013).
- **Asia and emerging countries** reported good 7.7% organic growth over the year, and 4.9% growth in the second half. This slower pace of growth was mainly seen in Brazil, Eastern Europe (Poland and the Czech Republic) and in China, which was hit by a plant closure. In contrast, trading in India and Mexico picked up pace during the year. The operating margin was up from 8.0% to 9.3% in 2014.

Operating income by geographic area

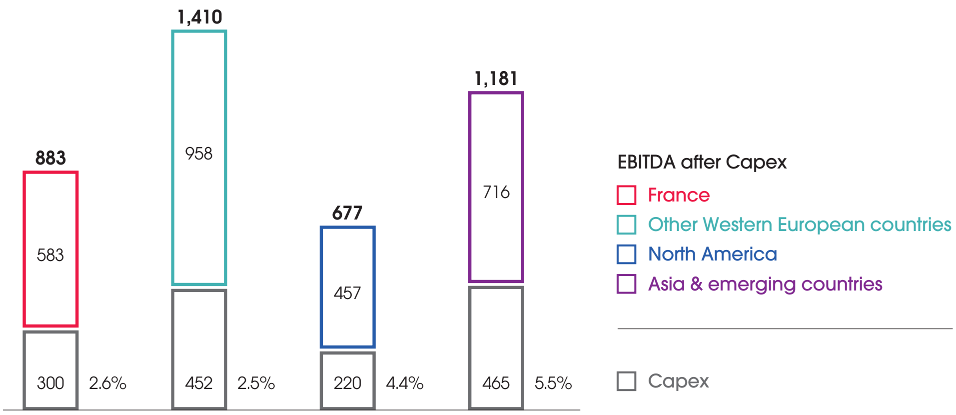
(in €m and % of sales)



** including VNA: €105m in H1-2013, €91m in H2-2013 and €450m in H1-2014.*

EBITDA and Capex by geographic area

(2014, in €m and % of sales)



1.2 FINANCIAL RESULTS

The comments below were prepared based on the restated 2013 annual accounts.

Consolidated sales were down 1.7%. The **currency impact** was a negative 1.5%, resulting primarily from the fall in Latin American and Scandinavian currencies against the euro. The currency impact breaks down as a negative 3.2% impact in the first half and a positive 0.3% effect in the second, owing mainly to the depreciation of the euro against the US dollar. The **impact of changes in Group structure** was a negative 2.4%, primarily reflecting the disposal of VNA on April 11, 2014, along with the sale of certain non-core Exterior Solutions and Building Distribution businesses. Like-for-like (comparable Group structure and exchange rates), sales moved up 2.2%, with both sales prices and volumes gaining 1.1%.

Operating income rose 1.6%, despite the negative currency and Group structure impact (up 7.0% like-for-like excluding VNA). This drove a rise in the operating margin, which came in at 6.8% of sales from 6.6% in the prior-year period, bolstered by cost cutting efforts. Excluding Building Distribution, the operating margin increased from 8.9% to 9.3% in 2014.
The **EBITDA margin** (EBITDA = operating income plus operating depreciation and amortization) stood at 10.1% of sales (10.0% in 2013).

Non-operating costs fell sharply to €190 million (€490 million in 2013), reflecting a provision write-back in the first half linked to the reduction in the automotive Flat Glass fine, along with lower restructuring costs, particularly in second-half 2014. Non-operating costs include a €90 million accrual to the provision for asbestos-related litigation involving CertainTeed in the US, unchanged from 2013.

The **net balance of capital gains and losses on disposals, asset write-downs and corporate acquisition fees** was a negative €398 million, versus a negative €381 million in 2013. This line includes €408 million in gains on disposals of assets relating mainly to the VNA divestment, and €802 million in asset write-downs, of which €350 million was recorded in the second half. Most of the write-downs taken in the six months to December 31 reflect restructuring plans in Europe and the €235 million write-down recorded against goodwill and brands relating to Lapeyre (Building Distribution) following the deterioration in the French market in the second half. Business income jumped 17.3%.

Non-operating items

(in €m)

	2013*	2014	Variation
Operating Income	**2,754**	**2,797**	**+1.6%**
Non-operating costs	-490	-190	
o/w: Provision for asbestos-related litigation	-90	-90	
Other expenses	-400	-100	
Other operating expenses	-381	-398	
o/w: Capital gains on disposals	+99	+408	
Asset write-downs	-476	-802	
Business income	**1,883**	**2,209**	**+17.3%**

**2013: restated in line with IFRS 10-11.*

Net financial expense improved sharply, at €696 million versus €790 million in 2013, with the cost of gross debt falling to 4.3% at December 31, 2014 from 4.4% at end-2013. Income tax expense on recurring net income came out at 34% versus 32% in 2013.

Income tax increased from €463 million to €513 million, chiefly as a result of the improvement in pre-tax earnings.

Net financial expense and income tax

(in €m)

	2013*	2014
Net financial expense	**790**	**696**
Average cost of gross debt **	4.4%	4.3%
Income tax	**463**	**513**
Tax rate on recurring net income	32%	34%

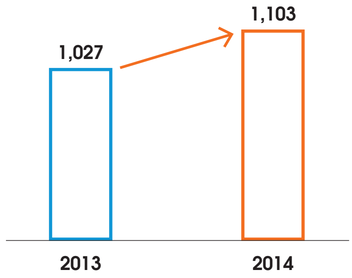
** including the impact of IFRS 10-11 and IFRIC 21 in 2013*
- net financial expense: -€5m
- income tax: -€13m.
*** at December 31.*

Recurring net income (excluding capital gains and losses, asset write-downs and material non-recurring provisions) jumped 7.4% to €1,103 million.

Recurring net income*

(in €m)

2014/2013: **+7.4%,** +10.2% at cer**



Recurring EPS:
€1.97 (+5.9%)

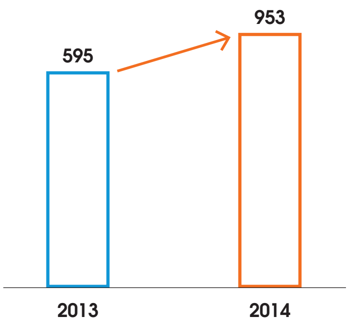
** excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.*
*** estimated change at constant exchange rates (average 2013 exchange rates).*

Net income soared 60.2% to €953 million.

Net income*

(in €m)

2014/2013: **+60.2%,** +64.6% at cer**



EPS:
€1.70 (+57%)

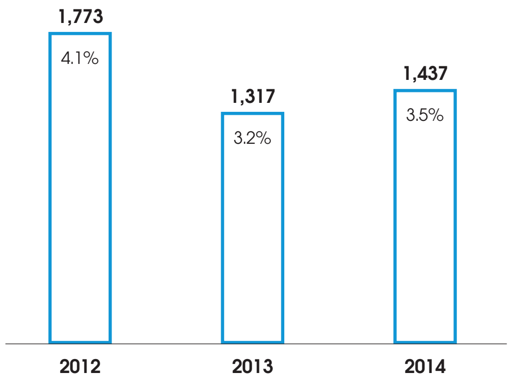
** excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.*
*** estimated change at constant exchange rates (average 2013 exchange rates).*

Capital expenditure totaled €1,437 million, in line with forecasts, representing 3.5% of sales (versus 3.2% in 2013).

Capex

(in €m and % of sales)

2014/2013:
+9.1%



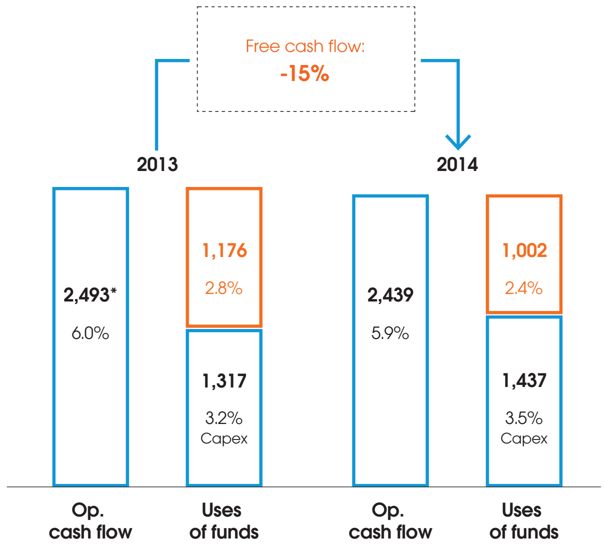
Priority focus on growth Capex outside Western Europe

Cash flow from operations held firm at €2,510 million (€2,520 million in 2013). Before the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions, cash flow from operations retreated 2.2% to €2,439 million.

Due to the acceleration in the capital spending program compared to the low point in 2013, **free cash flow** (cash flow from operations less capital expenditure) was down 10.8% to €1,073 million. Before the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions, free cash flow dropped 14.9% to €1,002 million, at 2.4% of sales (2.8% of sales in 2013).

Cash flow from operations *(excl. tax impact of capital gains/losses)* and Capex

(in €m and % of sales)

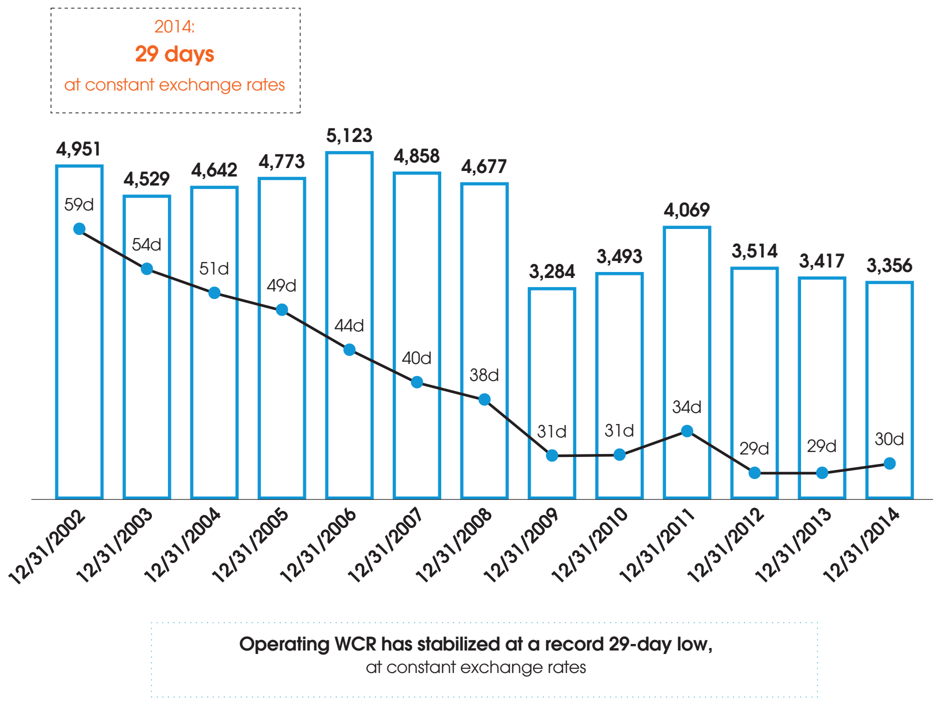


** including the impact of IFRS 10-11 in 2013: -€17m.*

Operating working capital requirements (WCR) continued to improve in value terms (down €61 million to €3,356 million), representing 30 days' sales or 29 days' sales at constant exchange rates. This equals the record 29-day low at end-2013 and testifies to the Group's ongoing efforts to main strict cash discipline.

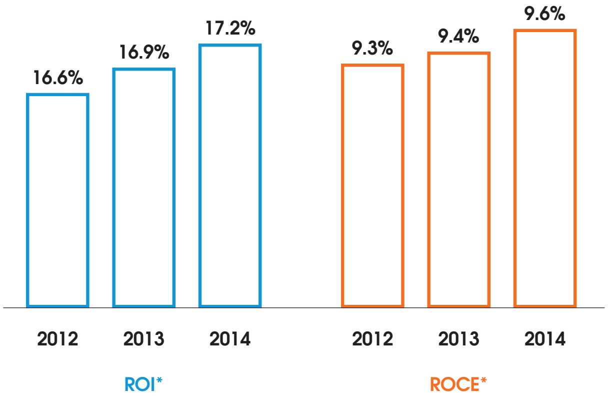
Tight rein on operating WCR

(at December 31, in €m and no. of days)



Investments in securities totaled just €95 million (€102 million in 2013) for small acquisitions focused on the Group's strategic growth drivers.

Steady improvement in ROI and ROCE

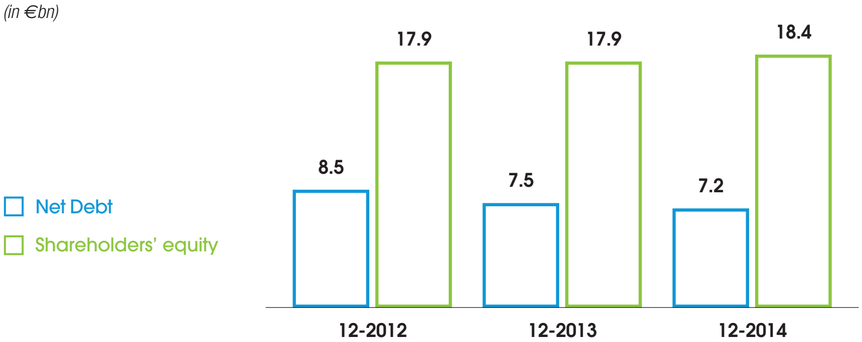


** before tax 2012: restated in line with IAS 19.*

Net debt continues to fall, down 3.9% (to €7.2 billion) versus December 31, 2013, after decreasing 11.4% in the prior-year period. Net debt represents 39% of consolidated equity, versus 42% at end-2013.
The **net debt to EBITDA ratio** was 1.7 compared to 1.8 at December 31, 2013.

Net debt and shareholders' equity

(in €bn)



	12-2012	12-2013	12-2014
Net Debt/Shareholders' equity	47%	42%	39%
Net debt/EBITDA*	1.9	1.8	1.7

Persistently strong balance sheet

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

1.3 2015 OUTLOOK AND STRATEGIC PRIORITIES

1.3.1 2015 strategic priorities

2015 will be dedicated to firmly rolling out the strategy defined at the Group's November 27, 2013 Investor Meeting according to its three main goals:

- Improving the Group's growth potential by focusing more sharply on high value-added, asset-light activities; expanding its footprint in emerging countries; and further strengthening its business portfolio;
- Creating a stronger presence in differentiated products and solutions, with R&D efforts focused on local and co-developed projects with its customers and on the fast-growing markets of sustainable habitat and industrial applications. Marketing initiatives will also be stepped up, with an ambitious digital strategy and the development of ever stronger brands;
- Continuing to work towards management's priorities of achieving operational excellence, and further progress in Corporate Social Responsibility (CSR); attractive returns for shareholders; and a persistently solid financial structure.

The Group's plan to acquire a controlling interest in Sika announced on December 8, 2014 is fully aligned with this strategy. Sika's range of niche products presents an excellent fit with Saint-Gobain's own product offer, particularly chemical products for the construction market and adhesives. Sika's products and services draw on extensive technological expertise in waterproofing, soundproofing, sealing and bonding, and protecting and reinforcing structures. The transaction is subject to clearance from the competent anti-trust authorities.

Over the past few years, Sika has delivered remarkable growth (more than 8% average annual growth between 2007 and 2013) and capacity for development in emerging countries (38% of its sales are made in emerging countries). This strategic move therefore meets Saint-Gobain's dual aim of continuing to develop in emerging markets, Asia and the US (where Sika has a strong presence) and focusing on highly technical solutions offering significant added value.

Saint-Gobain wishes to continue developing the company with respect for its corporate culture, reputation and historical roots. Given the complementary nature of both groups' activities, the deal is expected to generate a large number of growth synergies, thanks chiefly to the geographic fit of our industrial sites and the combination of very strong brands. The synergies are estimated at €100 million as from the second year (2017) and at €180 million per year as from 2019.

On the same date as it announced its plan to acquire a controlling interest in Sika (December 8, 2014), the Group also unveiled its intention to divest its entire Packaging business (Verallia). This move is in line with Saint-Gobain's aim to reorganize its portfolio in order to increase its growth potential.

Following these two transactions, the Group's profile will be greatly enhanced and refocused on its target markets.

1.3.2 2015 outlook

In 2015, the Group should benefit from continued upbeat trading in the US as well as in Asia and emerging markets. In Western Europe, the recovery will be dampened by the decline in France. The first half will be impacted by a tough 2014 basis for comparison. Household consumption is expected to remain firm.

Saint-Gobain will continue to keep a close watch on cash and financial strength and aims to maintain a high level of free cash flow. In particular, it will:

- keep its priority focus on increasing sales prices amid a small rise in raw material costs and energy deflation;
- unlock additional savings of €400 million (calculated on the 2014 cost base) thanks to its ongoing cost cutting program;
- pursue a capital expenditure program of under €1,600 million, focused on growth capex outside Western Europe;
- renew its commitment to invest in R&D in order to support its differentiated, high value-added strategy.

In this setting, the Group is targeting a further like-for-like improvement in operating income for 2015 and a continuing high level of free cash flow.

In line with its strategy, Saint-Gobain will firmly pursue its plan to divest Verallia and also intends to finalize the acquisition of a controlling interest in Sika in the second half of 2015, as announced in December 2014.

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

A review of the areas of the CSR strategy was performed in 2014. A number of employees were involved including a wide range of profiles and experiences. Stakes, a vision and priorities were presented. A few adjustments were made:

- combining in one area the “take action across the value chain” and "support local community development" commitments, both of which originated from the same intention to highlight the Group’s contribution, especially locally;
- creation of a specific area for “industry markets”, to take into account the Group’s Activities outside the habitat market.

The corresponding roadmaps will be deployed in 2015 and performance indicators will be proposed.

2.1 THE FIVE AREAS OF THE CSR STRATEGY

2.1.1 Invent sustainable buildings

Providing solutions to meet the challenges of sustainable construction is an opportunity for Saint-Gobain to create added value and to push better differentiation.
To achieve our ambition to become the reference in sustainable habitat, we develop innovative solutions to build and renovate energy-efficient, comfortable, healthy and esthetically superior buildings, while preserving natural resources.
A product or solution is sustainable if it is high-performing, enhances users' comfort and well- being, helps improving the environment while being cost-efficient.
This strategy comprises two areas: promote sustainable construction and provide sustainable solutions (see Chapter 2, Section 3.2).

Area	Goals	Key actions
Invent sustainable buildings	Promote sustainable construction	Demonstrate that it is possible to design, construct and renovate buildings complying with our vision of sustainable habitat by using Saint-Gobain solutions
		Be an active advocate of sustainable construction
	Develop and distribute sustainable solutions	Include the three pillars of sustainable development in Saint-Gobain’s innovation policy
		Develop Construction and Demolition waste management services and increase the recycled content of Saint-Gobain’s products
		Inform the market about the Group’s solutions and how they meet the challenges of sustainable construction

2.1.2 Industry markets (new)

New opportunities linked to CSR performance are emerging in industrial markets. To capture them, Saint-Gobain’s activities dedicated to industrial markets need to develop innovative solutions that differentiate their offer through economic, social and environmental performance over the entire life cycle of their products and or those of their customers:

- create a competitive advantage through "responsible supplier” performance;
- improve the environmental performance of their products;
- co-develop solutions to increase the performance of their customers and drive the creation of virtuous circles in the value chain.

The following table identifies key actions to capture these new market opportunities.

Area	Goals	Key actions
Industry markets	Be recognized as a responsible supplier	Identify customer expectations and the corresponding performance standards
		Have performance certified at the highest level expected by the customer
	Improve product environmental performance	Assess the environmental impact of products along the entire supply chain (life cycle assessment)
		Offer eco-designed products
	Co-develop innovative solutions	Favor virtuous circles in the customers’ value chain
		Integrate social and societal dimensions into the performance assessment

For example, in 2014 Verallia renewed its social audit program for all its industrial sites. Similarly, a number of activities has developed eco-designed products, such as Saint-Gobain Sekurit with its SGS Coolcoat and SGS Lightweight windshields.

2.1.3 Limit our environmental impacts

Saint-Gobain's vision is to ensure the sustainable development of its activities while preserving the environment from all potential impacts of its processes and services throughout their life cycle. By doing so, Saint-Gobain aims to guarantee the preservation and availability of natural resources and contribute to responding to its stakeholders' expectations and offer its clients the greatest added value for minimum environmental impacts.
To meet the two long-term goals, which are "zero environmental accidents" and maximum reduction of the environmental impact of its activities, Saint-Gobain relies on a risk management approach (deployment of internal standards and external certifications), implementation of the best available techniques and practices, and dissemination of the environmental culture within its teams (training sessions and carrying out environmental awareness).
To anticipate future challenges and constantly improve environmental performance, the Activities identify best available techniques and practices and key R&D programs to be initiated. These structuring actions are combined with action plans by impact type (see Chapter 3, Section 7).

Area	Goals	Key actions
Limit our environmental impacts	Assess and control risks	Implement the environmental management system and Saint-Gobain's standards
		Manage audits and certifications
	Implement best techniques and practices	Develop an inventory of best available techniques and practices
	Innovate to invent the best techniques and practices of the future	Identify key R&D programs to be initiated
	Strengthen and extend the environmental culture	Promote good practices carrying out training sessions and increasing environmental awareness

2.1.4 Encourage employees' professional growth

The OPEN program (see Chapter 3, Section 6.2) is a way of management designed to drive the action plan aiming to strengthening the engagement and the satisfaction of Saint-Gobain employees. Exemplary managerial conduct, social dialogue, respect for others, the Health and Safety of our employees are the foundations of our actions.
Among all medium- and long-term action plans, the following table identifies some strong Saint-Gobain commitments.

Area	OPEN	Examples of actions to be developed over the long term
Encourage employees professional growth	Employee engagement	Creating wage policies meeting the housing needs of all employees according to the country standard
		Propose an enhanced health policy including healthcare cover for all and awareness programs
		Consolidate the proven results of the safety policy
	Team diversity	Promote all types of diversity (gender balance, nationalities, studies, professional career paths, generations, disabilities)
		Accelerate the implementation of mechanisms related to the organization of labour
	Career mobility	Make all position changes mobility opportunities
		Systematically include mobility agreeements into reorganization projects
	Talent development	Be a benchmark employer, known and recognized for the richness of the career path offered
		Intensify management training programs and complete them with specific modules

2.1.5 Support local community development and take action across the value chain

Wherever it is operating, Saint-Gobain ensures that value creation is shared locally. The Group's actions integrate long-term local development, and its presence is combined with respect for local communities, and a continuous dialogue with public authorities and all stakeholders.
This approach is based on the notion of a "social license to operate", which represents acceptance of a facility by a community, whether national or local, beyond regulatory and legal compliance, recognizing that value created is value truly shared.
The following table identifies three levels of initiatives corresponding to the maturity of the local facility and priority actions.

Area	Goals	Key actions
Support local community development and take action across the value chain	Obtaining or validating existing "social license to operate"	Not consuming vital communities resources, minimizing impacts on water, air and land, and local biodiversity
		Establishing active open dialogue with local communities
	Securing the "social license to operate"	Enhancing local skills
		Taking local environmental concerns into account
	Creating shared value	Favoring the local circular economy
		Providing solutions that enhance local lives

Over time, it will become possible to assess Saint-Gobain's local contribution from an economic, social and societal standpoint.

2.2 CSR SCORECARD

The objectives are gathered in the CSR scorecard.
The performance indicators will be finalized, and will therefore be implemented starting 2015.
Examples of actions and results are given below. They illustrate Saint-Gobain's commitment in 2014.
Details of CSR indicators are given in Chapter 9.

Commitment	Long-term objective	Examples of actions/2014 results
Governance	Saint-Gobain referenced in the market's leading external indicators	• GRI G3.1 A+ • Referenced in the FTSE4good index
Invent sustainable buildings	Saint-Gobain is identified as a leader on the sustainable construction market	• Member of over 30 Green Building Councils • Saint-Gobain is also a member of the Corporate Advisory Board of the World BGC
	The Multi-Comfort concept is implemented in all habitat markets all over the world	• Five new Multi-Comfort projects
	A significant share of sales is made with sustainable solutions	• Over 300 managers trained in eco-innovation
Limit our environmental impacts	Reduction of environmental events	• No "major" event
	Reduction of the environmental impact	• CO_2 emissions: -1.4% (iso-production, production of concerned sites) • Water discharge: -9% (iso-production)
Encourage employees professional growth	Safety	• Lost-time and non lost-time accident rate (TRAR) (over 24 hours' lost time): 4,5
	Diversity	• 99 countries represented within Saint-Gobain's management • E-learning on Gender Balance Awareness available in several languages for HR managers and teams
	Employee loyalty	• 2014 Top Employer in 7 countries (United Kingdom, France, Brazil, China, Germany, Italy, Poland)
Support local community development and take action across the value chain	Local value creation (impact on jobs)	• Over 460,000 indirect jobs
	Local value creation (impact on purchasing)	• 20% of Group purchasing (excluding business purchasing from the distribution network) made through local suppliers
Industry markets	Social performance of new products	• SG Sekurit developed SGS Coolcoat and SGS Lightweight eco-designed windshields • Verallia sold 2.4 billion ECOVA products

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 and corporate governance).

Compagnie de Saint-Gobain refers to and complies with the AFEP-MEDEF Corporate Governance Code for publicly listed companies in its updated version of June 2013, which may be found on the MEDEF website at the following address: www.medef.com.
The Company applies all provisions of this Code.

Application of recommendations of the AFEP-MEDEF Corporate Governance Code

Provisions not applied	Reasons for not applying these provisions
None	None

1.1 COMPOSITION OF THE BOARD OF DIRECTORS

1.1.1 Members of the Board of Directors

As of February 1, 2015, the Board of Directors consisted of the 18 members named below, appointed for four-year terms. It includes one Director representing employee shareholders and two members representing employees, in accordance with the law, the latter having assumed their duties as Directors on December 1, 2014.

The following pages present the members of the Board of Directors as of February 1, 2015, and the principal mandates and functions they exercise or have exercised outside the group over the past five years, to the Company's knowledge.

Pierre-André de CHALENDAR

Chairman of the Board of Directors and CEO
Member of the Strategy and CSR Committee

French

Age 56

Compagnie de Saint-Gobain
« Les Miroirs »
18 avenue d'Alsace
92400 Courbevoie

Number of shares held: 150,379
Date of first election: June 2006
Term start date: June 2014
Term end date: Shareholders' meeting convened to approve the financial statements for the 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) 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 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 of the Board of Directors and Chief Operating Officer of Compagnie de Saint-Gobain*

Offices and duties held outside the Group
- Director of Veolia Environnement*
- Director of BNP Paribas*

Other offices held outside the Group and expired over the past five years
None

** listed company.*

Isabelle BOUILLOT

Director

French — 42 rue Henri Barbusse
Age 65 — 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.
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.

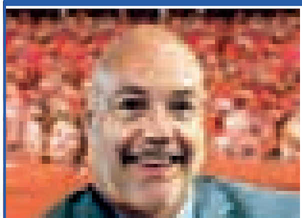
Principal office held: Chairman of China Equity Links

Offices and duties held outside the Group
- Chairman of China Equity Links SAS
- Director of Air France-KLM*
- Director of Umicore* (Belgium)
- Managing Partner of IB Finance
- Chairman of CEL Partners Ltd (Hong Kong)
- 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 May 2012)

** 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 57 — 18 avenue d'Alsace
92400 Courbevoie

Number of shares held: 269
Date of first election: December 2014
Term start date: December 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 his entire professional career in the Vauxrot plant at Saint-Gobain Packaging (SGE). 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 Dialogue 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

Jean-Martin FOLZ

Director
Chairman of the Strategy and CSR Committee

French — Compagnie de Saint-Gobain « Les Miroirs » 18 avenue d'Alsace 92400 Courbevoie

Age 68

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.
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 Alstom*
- Director of Axa*
- Director of Société Générale*

Other offices held outside the Group and expired over the past five years
- 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)
- Chairman of the French Association of Private Businesses - AFEP (up to 2010)

** listed company.*

Bernard GAUTIER

Director
Member of the Nomination, Remuneration and Governance Committee

French — Wendel 89 rue Taitbout 75009 Paris

Age 55

Number of shares held: 1,143
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 2000 as General Partner responsible for the Paris office from 2001 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 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). He joined the Wendel Group in 2003 to become a member of the Management Board in 2005.
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 Board of Wendel

Offices and duties held during the year
- Member of the Management Board of Wendel*
- Chairman of Expansion 17 SA SICAR**, Global Performance 17 SA SICAR**, Management Council of CSP Technologies Sàrl**, Winvest International SA SICAR**, Oranje-Nassau Développement S.A. SICAR**, Chairman of the Management Council of Winvest Conseil Sàrl**
- Legal Manager of Materis Parent** and Constantinople GmbH
- Director of IHS Holding Ltd., Sofisamc**, Stahl Holdings BV**, Stahl Group SA**, Stahl Lux2**, Stichting Administratickantor II Stahl Groep II**, Trief Corporation**, 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 Editis Holding
- Vice-Chairman of the Board of Directors of Deutsch Group SAS** (up to April 2012)
- Member of the Management Committee of Deutsch Group SAS**
- Member of the Supervisory Board of Legron BV** (up to July 2010)

** listed company.*
*** company registered outside of France.*

Anne-Marie IDRAC

Independent Director
Member of the Nomination, Remuneration and Governance Committee

French
Age 63

Compagnie de Saint-Gobain
« Les Miroirs »
18 avenue d'Alsace
92400 Courbevoie

Number of shares held: 800
Date of first election: June 2011
Term start date: June 2011
Term end date: Shareholders' meeting convened to approve the financial statements for the year ending December 31, 2014

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: Consultant

Offices and duties held outside the Group
- Director of Bouygues*
- Director of Total*
- Member of the Supervisory Board of Vallourec*

Other offices held outside the Group and expired over the past five years
- Director of Médiobanca* (Italy) (up to 2014)

** listed company.*

Sylvia JAY

Independent Director
Member of the Nomination, Remuneration and Governance Committee

British
Age 68

38 Markham Street
London SW3 3NR
(Great Britain)

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.

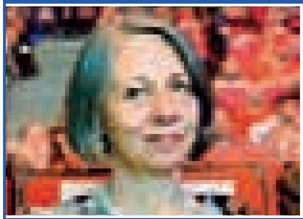
Principal office held: Director of companies

Offices and duties held outside the Group
- Director of Lazard Limited*
- Director of Groupe Casino*

Other offices held outside the Group and expired over the past five years
- Director of Alcatel-Lucent* (up to May 2014)
- Vice Chairman then Chairman of L'Oréal UK & Ireland (up to July 2013)
- Chairman of the Pilgrim Trust (up to end-2014)
- Trustee of The Body Shop Foundation (up to 2011), of the Entente Cordiale Scholarship Scheme and of Prison Reform Trust (up to 2014)

** listed company.*

Pamela KNAPP



Independent Director

German

Age 57

Compagnie de Saint-Gobain
« Les Miroirs »
18 avenue d'Alsace
92400 Courbevoie

Number of shares held: 809
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 S.A., 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 S.A.* (since 2011)
- Member of the Board of Directors of HKP Group AG (Switzerland) (since 2013)

Other offices held outside the Group and expired over the past five years
- Member of the Supervisory Board of Monier Holdings SCA (Luxembourg) (2009 - 2013)
- Member of the Board of GfK SE, (Germany) (2009 - 2014)

** listed company.*

Pascal LAÏ

Employee Director

French

Age 52

Saint-Gobain Sekurit France
249 boulevard Drion
59580 Aniche

Number of shares held: 1,073
Date of first election: December 2014
Term start date: December 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) 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 Dialogue. 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 Financial Statements Committee

French
Age 60

Compagnie de Saint-Gobain
« Les Miroirs »
18 avenue d'Alsace
92400 Courbevoie

Number of shares held: 2,000
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 career with various operational responsibilities within the Rhône-Poulenc Group from September 1980 to December 1985.
Appointed in 1986 as Chief Executive Officer of Industrie Biologique French (IBF), a subsidiary of the Rhône-Poulenc Health Division, she created the IBF Biotechnics subsidiary and developed its activities in the United States.
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/Chief Executive Officer of Lafarge Chaux, a division she has developed in Europe and on the North American continent.
In 2004, since the Group decided to spin off its Lime activity, she executed the sale of various American and European subsidiaries, then took over, together with its senior executives, the Lafarge Chaux subsidiary in the United Kingdom and in 2005 founded Steetley Dolomite Limited. She served as its 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* (since 2012)
- Director of Biomérieux* (since May 2014)
- Member of the Supervisory Board of Vivescia Industries, representing BPI France Participations (since 2011)
- Chairman of Orchad SAS (since December 2014)

Other offices held outside the Group and expired over the past five years
- Member of the Supervisory Board of Areva* (up to January 2015)
- Executive Chairman of Steetley Dolomite Limited (United Kingdom) (up to October 2014)
- Member of the Supervisory Board of Mersen* (up to May 2013)

** listed company.*

Frédéric LEMOINE

Director
Member of the Financial Statements Committee
Member of the Strategy and CSR Committee

French
Age 49

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 General Secretary of the Alain Carpentier Foundation which supported that hospital from 2004 to 2013.
From 1995 to 1997 he was Deputy Chief of Staff to the Ministry of Labour 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 Board of Directors of Capgemini as 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 President of the Republic 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 left 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* (since April 2009)
- Chairman of the Supervisory Board of Oranje-Nassau Groep BV (Netherlands)
- Chairman of the Board of Directors of Trief Corporation (Luxembourg)
- Chairman of the Board of Directors of Bureau Veritas*

Other offices held outside the Group and expired over the past five years
- Vice-Chairman of the Board of Directors of Bureau Veritas*
- Director of Flamel Technologies (up to 2011),
- Director of Groupama* (2005-2012) and Chairman of the Audit and Financial Statements Committee (2005-2011)
- Director of Legrand* (2009-2013)
- Chairman of Winbond SAS

** listed company.*

Gérard MESTRALLET

Director

French

Age 65

GDF Suez
1 place Samuel de Champlain,
Faubourg de l'Arche
92930 La Défense Cedex

Number of shares held: 1,121
Date of first election: November 1995
Term start date: June 2011
Term end date: Shareholders' meeting convened to approve the financial statements for the year ending December 31, 2014

Expertise and experience

Mr. Gérard Mestrallet is a graduate of École Polytechnique, the École de l'Aviation Civile, Institut d'Études Politiques de Toulouse and École Nationale d'Administration.
He was Civil Administrator of the Treasury Division, then Technical Advisor for Industrial Affairs under Mr. Jacques Delors, Minister of Economics and Finance.
In 1984 Mr. Gérard Mestrallet joined Compagnie de Suez as a Technical Advisor under Mr. Jean Peyrelevade. In 1986, he was appointed Executive Director for Industrial Affairs under Mr. Gérard Worms.
In February 1991, he was appointed Executive Director and Chairman of the Management Committee of Société Générale of Belgium.
Mr. Gérard Mestrallet was successively named Chairman and Chief Executive Officer of Compagnie de Suez (1995), Chairman of the Board of Suez Lyonnaise des Eaux (1997), and Chairman and Chief Executive Officer of Suez (2001) and of GDF SUEZ (2008). He was reelected to these positions on April 23, 2012.
Mr. Gérard Mestrallet is Honorary Chairman of the International Board of the City Council of Chongqing, member of the International Board of the City Council of Shanghai and of JP Morgan Chase, member of the European Round Table of Industrialists, Chairman of the Paris Europlace Association, Director of Tongji University (Shanghai) and Doctor Honoris Causa of the University of Cranfield (United Kingdom).
His other offices and duties held over the past five years are described below.
Mr. Gérard Mestrallet has been a Director of Compagnie de Saint-Gobain since November 1995.

Principal office held: Chairman and Chief Executive Officer of GDF SUEZ

Offices and duties held outside the Group
- Chairman and Chief Executive Officer of GDF SUEZ*
- Chairman of the Board of Directors of GDF SUEZ Energy Services**, SUEZ Environment Company**, Electrabel** (Belgium) and GDF SUEZ Energy Management Trading** (Belgium)
- Vice Chairman of the Board of Directors of Sociedad General de Aguas de Barcelona** S.A. (Spain)
- Director of International Power** (United Kingdom)
- Member of the Supervisory Board of Siemens AG* (Germany)

Other offices held outside the Group and expired over the past five years
- Positions within various companies of the GDF SUEZ Group
- Chairman of the Board of Directors of Hisusa (Spain) (up to June 2010)
- Member of the Supervisory Board of Axa* (up to April 2010)
- Director of Pargesa Holding S.A. (Switzerland) (up to May 2014)

** listed company.*
*** company belonging to the GDF Suez Group.*

Jacques PESTRE

Director representing employee shareholders

French

Age 58

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 2011
Term end date: Shareholders' meeting convened to approve the financial statements for the year ending December 31, 2014

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 responsible for the Point.P brand

Offices and duties held outside the Group
None

Other offices held outside the Group and expired over the past five years
None

Olivia QIU

Independent Director

French and Chinese
Age 48

Philips Lighting
Building HBT-11
Amstelplein 2
1096 BC Amsterdam
(The Netherlands)

Number of shares held: 800
Date of first election: June 2011
Term start date: June 2011
Term end date: Shareholders' meeting convened to approve the financial statements for the year ending December 31, 2014

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.

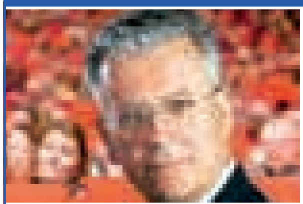
Principal office held: Director of strategy and innovation for Philips Lighting
Executive Vice Chairman of Philips

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



Independent Director
Member of the Financial Statements Committee

French
Age 63

Airbus Group
37 boulevard de Montmorency
75016 Paris

Number of shares held: 888
Date of first election: June 2003
Term start date: June 2011
Term end date: Shareholders' meeting convened to approve the financial statements for the year ending December 31, 2014

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 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 High Committee for Corporate Governance (Haut Comité de Gouvernement d'Entreprise), Chairman of the ParisTech Foundation and Chairman of the École Polytechnique Foundation.
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
- Chairman of the Board of Directors of Airbus Group*
- Director of CMA-CGM

Other offices held outside the Group and expired over the past five years
- Chairman of the Board of Directors of Technicolor*
- Chairman of the Board of Directors of Scilab Entreprises
- Director of Fonds Stratégique d'Investissement (FSI) and of CGG* (up to 2012)

** listed company.*

Gilles SCHNEPP

Director

French
Age 56

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 (2004), 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
- Chairman and Chief Executive Officer of Legrand*
- Various positions and functions within subsidiaries of the Legrand Group

Other offices held outside the Group and expired over the past five years
- Various positions and functions within subsidiaries of the Legrand Group

** listed company.*

Jean-Dominique SÉNARD

Independent Director
Chairman of the Financial Statements Committee

French
Age 62

Michelin
23 place des Carmes-Déchaux 63040
Clermont-Ferrand Cedex 9

Number of shares held: 1,770
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 Sénard 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. Sénard 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.
His other offices and duties held over the past five years are described below.
Mr. Jean-Dominique Sénard has been a Director of Compagnie de Saint-Gobain since June 2012.

Principal office held: Chairman of the Management Board of Michelin

Offices and duties held outside the Group
- Chairman of the Management Board of Michelin*

Other offices held outside the Group and expired over the past five years
- Director of SEB* (up to May 2013)

** listed company.*

Philippe VARIN

Independent Director
Chairman of the Nomination, Remuneration and Governance Committee

French	Areva
Age 62	1 place Jean Millier
	92400 Courbevoie

Number of shares held: 1,016
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 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* (since January 2015)
- Director of EDF* (since December 2014)

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 BG Group Plc (from May 2006 to February 2013)
- Director of GEFCO SA
- Director of Faurecia SA*
- Director of Banque PSA Finance SA
- Director of PCMA Holding BV

** listed company.*

1.1.2 Independence of the members of the Board of Directors, gender parity, employee shareholder representation and employee representation

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.

It concluded from this review that, as of February 1, 2015, eight Directors out of 15 (i.e. 53%) completely satisfied these criteria, and were therefore considered independent Directors: Anne-Marie Idrac, Sylvia Jay, Pamela Knapp, Agnès Lemarchand, Olivia Qiu and Denis Ranque, Jean-Dominique Sénard and Philippe Varin. Under the AFEP-MEDEF Code, Jacques Pestre, representing employee shareholders, and Alain Destrain and Pascal Laï, representing employees, were not included in calculating that proportion.

At February 1, 2015, the Board included six women among sixteen members (37%), 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 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.

Pursuant to Article 9 of the bylaws as amended by the General Shareholders' Meeting of June 5, 2014, Alain Destrain and Pascal Laï were appointed Directors representing employees by the Company's Group Committee, and assumed their positions on December 1, 2014. These two Directors, as well as Mr. Pestre, the Director representing employee shareholders, 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, two members of the Works Council (Ms. Daveau and Mr. Cotrel, elected by the members of the Works Council and representing employees) hold seats on the Board of Directors in a consultative capacity. As of the start of the terms of the employee directors mentioned in the previous paragraph, only one member of the Works Council (Ms. Daveau) still sits on the Board of Directors in a consultative capacity, in accordance with the law.

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 Re-election of Directors

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, 2014	Anne-Marie Idrac (June 2011) Gérard Mestrallet (November 1995) Jacques Pestre (June 2011) Olivia Qiu (June 2011) Denis Ranque (June 2003)
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 Sénard (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)

A proposal will be made at the General Shareholders' Meeting to be held on June 4, 2015 to re-elect Ms. Idrac and Ms. Qiu as Directors, as well as Messrs. Ranque and Pestre. These Directors have demonstrated a high rate of attendance as they attended every meeting of the Board held in 2014, except one, for two of them.

Mr. Mestrallet did not seek re-election to his position; for the twenty years of his mandate his experience and judgment have contributed greatly to the Board's discussions and decisions.

In the event of renewal of the terms of office of each of these Directors by the General Shareholders' Meeting to be held on June 4, 2015, upon completion of this meeting the number of women sitting on the Board will rise to six out of fifteen (i.e. 40%), and the number of independent Directors on the Board shall be seven out of fourteen (i.e. 50%).

1.1.4 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, 2015 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 10, Section 1.1.2).

1.2 FUNCTIONING OF THE BOARD OF DIRECTORS

1.2.1 Governance structure: Combining of management roles

At its meeting on 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 Pierre-André de Chalendar as Chairman and Chief Executive Officer and naming Jean-Louis Beffa as Honorary Chairman, effective from the date of the meeting.

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 Jean-Louis Beffa – then reaching the age limit for the position of Chief Executive Officer – and Pierre-André de Chalendar.

Within Compagnie de Saint-Gobain combining the two roles helps to ensure more responsive and efficient corporate governance and strategic management. 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.

In the Board's 2013 assessment of its organization and procedures, on the occasion of the renewal of Mr. de Chalendar's term of office and once again in 2014, all the Directors were satisfied at the combining of the roles and sought for it to be extended.

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 Section 1.2.2 of this Chapter and Chapter 10, Section 1.1).

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) and chairmen of Board committees, 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 approved by the Annual General Meeting of June 5, 2014. To this should be added the role played by the Nomination, Remuneration and Governance Committee, which is in particular responsible for preparing the Board's examination of questions relating to governance and for conducting an assessment each year of the Board of Directors.

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 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, Financial Statements Committee, Strategy and Corporate Social Responsibility Committee).

The version of the internal rules in force at February 1, 2015 was approved by the Board of Directors at its meeting of September 25, 2014; it specifically incorporates the June 2013 revision of the AFEP-MEDEF Code.

The main provisions of the Board's internal rules are reproduced in their entirety in Chapter 10, Section 1.1.2, with the exception of the provisions of these internal rules regarding the Board Committees 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.

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

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 2014

a) Principal activities of the Board in 2014

The Board of Directors held seven meetings in 2014. The rate of Director attendance at all these meetings was 92%. Eleven of the sixteen Directors (no Board meeting was held after the date of entry into service of the Directors representing the employees) attended every meeting of the Board. Three Directors missed a single meeting, one Director missed two meetings and one Director missed four 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. At six out of seven meetings, including a half-day seminar dedicated to presentations by the Sector Directors, 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, at its meeting of November 20, 2014 it reviewed 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 for trading in Switzerland, by acquisition of the holding company Schenker Winkler Holding AG which, as of the date the plan was announced, held 16.1% of share capital and 52.4% of voting rights in Sika, and gave its approval to complete the deal (see Chapter 2, Section 4.3). During this same meeting, it authorized the launch of a competitive process for selling the Packaging Sector (Verallia) (see Chapter 2, Section 4.3).

At two meetings, one point on the agenda was dedicated to subjects relating to Corporate Social Responsibility.

Financial management

Pursuant to its legal competency, the Board prepared annual and interim financial statements, both corporate and consolidated, as well as the various reports corresponding to them, after hearing the Financial Statements Committee and the Statutory Auditors. It also prepared the draft resolutions to be submitted to the General Shareholders' Meeting of June 5, 2014, specifically the proposed dividend distribution, as well as reports be provided to shareholders at that time, and convened the General Shareholders' and holders of *Titres Participatifs*'s Meetings.

It prepared the 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.

It resolved to implement the Company's stock buyback program on June 5, 2014 and to reduce its share capital at November 28, 2014 (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 processes and resolved, at the proposal of the Financial Statements Committee, to update the principal risk mapping.

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 climate. It acknowledged the implementation and changes in the Group's Compliance program (see Chapter 3, Section 1.1).

Governance

Pursuant to the AFEP-MEDEF code of corporate governance for 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 updated its internal rules, specifically following the assessment performed in 2013 (see Chapter 10, Section 1.1.2).

It reviewed the situation of Director independence and resolved to propose the renewal of Mr. Pierre-André de Chalendar's term of office as Director, which was due to expire, to the General Shareholders' Meeting of June 5, 2014. At the proposal of the Nomination, Remuneration and Governance Committee, it also discussed the size and changes in its composition due to expiration of the terms of office of certain Directors following the General Shareholders' Meeting of June 4, 2015 (see Chapter 5, Section 1.1.3).

It prepared new rules for the distribution of attendance fees following the revision of the total package set by the General Shareholders' Meeting of June 5, 2014 (see Chapter 5, Section 2.1).

Finally, it confirmed the existence and 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 / Chief Executive Officer and long-term employee profit sharing

On the occasion of the renewal of Mr. Pierre-André de Chalendar's term of office, the Board reviewed and prepared the various components of compensation (fixed and variable shares, 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 needed 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 2015, 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 2014

The Board has established three Committees aimed at improving the Board's operations and effectively contributing to the preparation of its activities: the Financial Statements Committee, 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 2014 were regularly presented to the Board in the form of activity reports and proposals.

Financial Statements Committee

• Composition

Chairman: Mr. Jean-Dominique Sénard (since June 6, 2013)
Members: Ms. Agnès Lemarchand
Mr. Frédéric Lemoine
Mr. Denis Ranque

As of February 1, 2015, three of the four Committee members (75%), including its Chairman, were independent Directors. No executive Directors sit on the Committee.

By virtue of their current or past positions, each Committee member has considerable experience and high-level expertise in financial and accounting matters (see their biographies in Chapter 5, Section 1.1.1).

• Responsibilities (extracts from the Board's internal rules)

In line with the Board of Directors' internal rules, the Financial Statements Committee has the following responsibilities:

- Overseeing the following matters, without encroaching on the role specifically vested in the Board of Directors:
  - processes used to prepare financial information;
  - efficiency of the internal control and risk management systems;
  - work performed by the auditors on the financial statements of the Company and the Group;
  - 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 auditors' work plan and conclusions of their checks, as well as the post-audit report prepared by the auditors concerning their main observations and the accounting options selected for preparation of the financial statements;
- It conducts the 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;
- It reviews the advisory and other services that the 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 2014

The Financial Statements Committee met four times in 2014, in February, April, July and September, with an attendance rate at these meetings of 87.5%.

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 auditors prior to the meetings scheduled with the Board of Directors. On these occasions, the Committee discussed with the 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 current activities relating to the mapping of primary risks and the Group's risk management policy, 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 discussed in detail with the 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 at subsequent meetings.
- Fees received by each statutory auditor of the Group's companies during 2014 for their auditing assignments, as well as for their other services (see Chapter 10, Section 1.7.2).
- To this end, since 2003 the Group has applied a procedural memorandum closely defining the services that could be assigned to the auditors of the Saint-Gobain Group companies and their network, and those that are prohibited. The Committee ensured that none of the auditors' contracts needed to be renewed during the next fiscal year.
- Duration of the negative window periods, prior to their review by the Board in February 2014.

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 auditors on cash management transactions, and the Internal Audit and Internal Control Department's activity report for 2014, its 2015 audit program and its report on major fraud incidents, and the activity report of the Doctrine Department (in February 2014).

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 19, July 30 and September 25, 2014.

Nomination, Remuneration and Governance Committee

- Composition

Chairman: Mr. Philippe Varin (since June 6, 2013)
Members: Mr. Bernard Gautier
Ms. Anne-Marie Idrac
Ms. Sylvia Jay

- Responsibilities (extracts from the Board's internal rules)

As of February 1, 2015, three of the four Committee members (75%), including its Chairman, were independent Directors. 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, 2015, is to:

- 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 during 2014

The Nomination, Remuneration and Governance Committee met three times in 2014, in February, September and November, with an attendance rate of 83.3%.

The following were the major topics of discussion:

- The Committee made recommendations to the Board on Pierre-André de Chalendar's 2013 bonus, the amount of the fixed and variable part and the criteria to use to determine the variable part of his salary for 2014, and the performance criteria to be applied in determining the allocation of stock options and performance units due to him (see Chapter 5, Section 2.2).
- The Committee assessed the independence of the Directors and the issue of the renewal of Mr. Pierre-André de Chalendar's term as Director at the General Shareholders' Meeting of June 5, 2014, including commitments to his retirement, pension, severance, non-compete agreement, and exit from stock option and performance unit programs in the event of the cessation of his duties, which have been submitted to vote by shareholders. 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.
- The Committee initiated a process of seeking new independent Directors in light of the Shareholders' Meeting of June 4, 2015 and, after discussing the matter, resolved to propose that the Board should not appoint a new Director following Mr. Mestrallet's decision not to seek renewal of his term of office, with a view to reducing the Board's size. It assessed the consequences of this with regard to committee composition and gender parity.
- 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 deferred, variable, and incentive-based compensation payable to certain employees, all subject to performance criteria being met – and specifically set the attendance and performance criteria that it considered should be applied to these plans.
- The Committee participated in the reflexion concerning the tasks relating to Corporate Social Responsibility assigned to the Strategy and CSR Committee.
- The Committee undertook the process of the Board's self-assessment and presented its result to the Board.
- Following the increase in the annual Directors' compensation package approved by the Shareholders' Meeting on June 5, 2014, the Committee prepared its recommendations on the new distribution of attendance fees.
- Finally, it reviewed the "Corporate Governance" section of the Registration Document.

The Committee reported to the Board on its activities and offered its recommendations during the Board meetings of February 19, September 25 and November 20, 2014.

The Nomination, Remuneration and Governance Committee was also informed of certain aspects of the compensation policies applied to members of senior management other than the Chairman and Chief Executive Officer.

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, 2015, 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 during 2014

The Strategy and CSR Committee met six times in 2014, with an attendance rate of 100%. During these meetings, the Committee discussed the 2014 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, a company publicly listed for trading in Switzerland (see Chapter 2, Section 4.3), the launch of a competitive process to sell the Packaging Sector (Verallia) (see Chapter 2, Section 4.3), and all strategic issues presented to the Board. It also discussed issues relating to Corporate Social Responsibility.

The Committee reported to the Board on its activities during the Board meetings of March 20, May 22, July 30, September 25 and November 20, 2014.

1.2.4 Board assessments

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 2014 assessment was decided by the Board at its meeting of September 25, 2014. The 16 Directors in office as of that date were consulted and participated in the Board's assessment process. The Chairman of the Nomination, Remuneration and Governance Committee and the Chairman and Chief Executive Officer have reviewed the effective contributions of each Director to the Board's work, with regard to their competencies and their respective participation in the discussions. The Nomination, Remuneration and Governance Committee devoted its November 3, 2014 meeting to this assessment and reported on its findings to the Board of Directors on November 20, 2014.

The assessment revealed that the vast majority of the Directors were satisfied with the organization, practices and governance of the Board of Directors and with the changes implemented following the 2013 assessment. This positive perception is therefore assured 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 required to fulfill its role. They noted the constructiveness of the dialogue within the Board, the free discussions and the transparent actions of the Board, and the accessibility of senior management.

In order to move forward, the Board accepted the proposals resulting from the assessment, particularly the following:

- focusing the time of the Board on debating key points, as the preparatory documents are sent in advance of the meetings held;
- dedicating more time to problems related to corporate social responsibility;
- dedicating even more time to strategic problem areas.

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 2014, the Board visited the East Leake gypsum mine and plasterboard plant in the United Kingdom, in the Construction Products 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 will receive initial training dedicated to employee directors, organized in the first half of 2015 by Sciences Po Paris.

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 resolved that the increase would not take effect until January 1, 2015.

2.1.1 2014 rules for distribution

The rules for distribution of attendance fees, applicable to fiscal year 2014, are the following (rules unchanged since 2009):

- the Chairman and Chief Executive Officer receives no attendance fees;
- the other Directors each receive a fixed amount of €22,500 per year plus €3,000 for each Board meeting attended during the year;
- the chairmen and members of the Financial Statements 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 €5,000 and €2,500 per year, respectively, plus a variable portion of €2,000 for each Committee meeting attended during the year;
- for Directors who are elected or retire/resign from the Board during the year, the fixed fee is prorated 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 each Director's attendance rate at the prior year's Board 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 2013 and 2014 are shown in Table 3 below.

Table 3 – Summary of each Director's compensation (AMF nomenclature)

Non-executive Directors	Gross amounts received euros	
	during 2014	during 2013
Jean-Louis Beffa (1)	-	124
Isabelle Bouillot	48,325	46,657
Gerhard Cromme (2)	-	21,886
Alain Destrain (4)	1,911	-
Jean-Martin Folz	65,326	64,907
Bernard Gautier	56,826	58,187
Anne-Marie Idrac	52,825	51,907
Sylvia Jay	56,826	52,168
Pamela Knapp (3)	40,947	24,776
Pascal Laï (4)	1,911	-
Agnès Lemarchand (3)	56,826	30,025
Frédéric Lemoine	73,326	72,687
Gérard Mestrallet	33,568	36,774
Michel Pébereau (2)	-	26,427
Jacques Pestre	48,325	49,687
Olivia Qiu	44,636	43,710
Denis Ranque	53,136	51,198
Gilles Schnepp	48,325	49,645
Jean-Dominique Sénard	61,325	56,240
Jean-Cyril Spinetta (2)	-	31,719
Philippe Varin (3)	55,636	31,276
TOTAL	**800,000**	**800,000**

(1) Mr. Beffa stepped down from his position as Director on June 7, 2012. The attendance fees payable to him for 2012 were adjusted by €124 in 2013.
(2) Until June 6, 2013.
(3) From June 6, 2013.
(4) 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 union organizations 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 withholdings) paid by the Company for their terms as Directors. The net amount of these Director's fees shall consequently be paid directly by Compagnie de Saint-Gobain to those union organizations.

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, responsible for the POINT.P brand, 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 2013 or 2014.

2.1.2 2015 rules for distribution

On September 25, 2014 the Board of Directors, at the recommendation of the Nomination, Remuneration and Governance Committee, resolved to increase the fixed and variable portions of the attendance fees, which had remained unchanged since 2006, by 10% as of January 1, 2015. Consequently:

- the Directors (excluding the Chairman and Chief Executive Officer) will 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 Financial Statements Committee, the Nomination, Remuneration and Governance Committee, the Strategy and the Corporate Social Responsibility Committee (excluding the Chairman and Chief Executive Officer) will also each receive a fixed amount of €5,500 and €2,750 per year, respectively, plus €2,200 for each Committee meeting attended during the year.

The Board moreover resolved that, starting from fiscal year 2015, the distribution of any available balance of the annual amount, which was increased to €1,100,000 by the General Shareholders' Meeting, will be made at the start of the following year, prorated for the variable amounts allocated to Directors, for both Board and Committee meetings held during the year just past (and no longer prorated for actual attendance at Board meetings alone). The Board resolved to amend its internal regulation as a result (see Chapter 10, Section 1.1.2).

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 Pierre-André de Chalendar's compensation is aligned at all times with the recommendations of the AFEP-MEDEF corporate governance code for listed companies.

The Chairman and Chief Executive Officer's compensation package is determined by taking into account all pay components (fixed salary, short-term bonus, long-term incentive bonus, compensation for loss of office and pension benefits), with a view to achieving a balanced mix of these pay components.

For the purpose of determining the components of the Chairman and Chief Executive Officer's compensation, the Board of Directors benchmarks Saint-Gobain against the Group's CAC 40 peers in terms of revenue, employee numbers and international scope.

It also seeks to ensure that the award 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 awarded to the Chairman and Chief Executive Officer

The following table presents a summary of the total compensation, stock options and performance units awarded to Mr. Pierre-André de Chalendar for the years ending December 31, 2013 and 2014.

Table 1 – Summary of compensation, stock options and performance units awarded to the Chairman and Chief Executive Officer (AMF nomenclature)

(in euros before payroll taxes and income taxes)	2014	2013
Pierre-André de Chalendar, Chairman and Chief Executive Officer		
Compensation for the year (see Table 2 for details)	2,280,752	2,017,412
Value of stock options granted during the year (see Table 4 for details)	129,000	298,500
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)	1,114,800	1,414,000
TOTAL	**3,524,552**	**3,729,912**

2.2.3 Compensation and benefits awarded to the Chairman and Chief Executive Officer

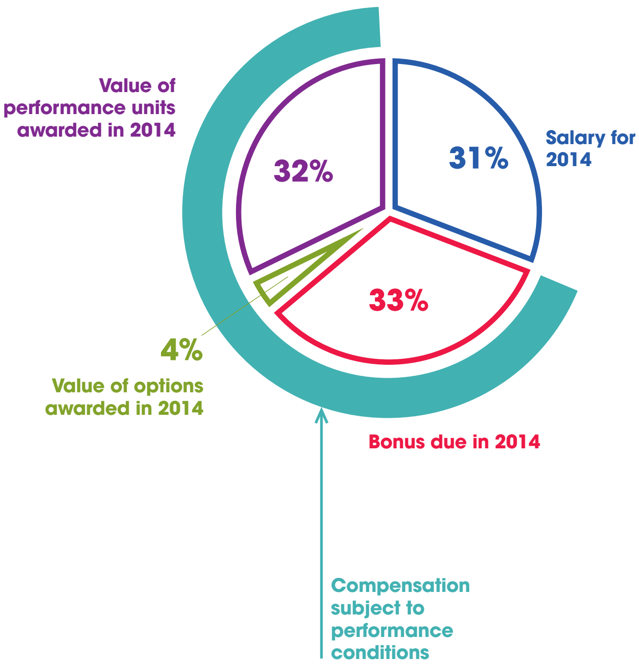
The table below presents a breakdown of the fixed and variable compensation and other benefits awarded to Mr. Pierre-André de Chalendar for the years ending December 31, 2013 and 2014.

Table 2 – Summary of the compensation of the Chief Executive Officer (AMF nomenclature)

(in euros) before payroll taxes and income tax	2014		2013	
	Amount due [2]	Amount paid [3]	Amount due [2]	Amount paid [3]
Pierre-André de Chalendar, Chairman and Chief Executive Officer				
Salary [1]	1,100,000	1,100,000	1,100,000	1,100,000
Bonus [1]	1,178,100	914,760	914,760	834,900
Extraordinary bonus [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	**2,280,752**	**2,017,412**	**2,017,412**	**1,937,552**

(1) Gross, pre-tax.
(2) Compensation awarded 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 he 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 2014.



The various components of the compensation due or granted to Mr. Pierre-André de Chalendar in respect of 2014 were decided by the Board of Directors at its meetings of February 19, 2014, November 20, 2014 and February 25, 2015, as follows:

a) Salary

The salary component is commensurate with the Chairman and Chief Executive Officer's experience and responsibilities, and comparable to salaries offered by similar large companies.

Mr. Pierre-André de Chalendar's 2014 salary was set by the Board at €1,100,000, an amount that has not changed since 2010.

b) Short-term bonus

The short-term bonus, expressed as a percentage of his annual salary, is awarded 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 19, 2014, based on the recommendations of the Nomination, Remuneration and Governance Committee, the Board decided that, on the occasion of the renewal of Mr. Pierre-André de Chalendar's term as Chairman and Chief Executive Officer, the cap of his bonus would be increased from 150% to 170% of his annual salary, after having taken into consideration benchmarks of Saint-Gobain's peer CAC-40 companies comparable in terms of net sales, employee numbers and international scope.

At the proposal of the Nomination, Remuneration and Governance Committee, the Board also decided on the components and targets of Mr. Pierre-André de Chalendar's 2014 bonus, as follows:

- Concerning the quantitative portion of the bonus, which represents two-thirds, four targets adapted to the strategy of the Group, each counting for 25%, were defined specifically, relating to:
  - ROCE (*Return on Capital Employed*);
  - the Group's operating income;
  - the Group's recurring net income per share; and
  - OFCF (*Operating Free Cash Flow*).

  For each quantitative target, the corresponding portion of variable compensation becomes payable if from 90% to 93% of the budget is achieved, depending on the target concerned, and it reaches its maximum if the target reaches 111% to 116% of the budget, depending on the target concerned (with base 100 corresponding to the budget). If actual performance is less than the abovementioned thresholds from 90% to 93%, the portion of variable compensation corresponding to the target in question is equal to 0. When the budget is met, the variable compensation determined according to quantitative criteria is 68% of the fixed part of his salary.
  Within the Group, the budget is based on ambitious objectives that are not always met and the bonus targets are therefore challenging.
- Concerning the qualitative portion of the bonus, which represents one-third, four targets were defined specifically relating to:
  - the implementation of strategic priorities presented at "Investor Day" in November 2013;
  - swift responses to changes in the economic environment;
  - quality and effectiveness of financial communication; and
  - implementation of the corporate social responsibility policy defined in 2014.

At its meeting on February 25, 2015, based on the recommendation of the Nomination, Remuneration and Governance Committee, the Board decided that the quantitative targets had been 57% met and the qualitative targets had been 75% met, representing an aggregate achievement rate of 63%. The Chairman and Chief Executive Officer was therefore awarded a bonus of €1,178,100 for 2014.

In all, Mr. Pierre-André de Chalendar's total compensation (fixed and variable) represented €2,278,100 for the year, an increase of 13.1% over 2013.

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 2014 awards of stock options, performance shares and performance units could not represent a value (according to IFRS standards) of over 100% of his total gross maximum compensation for the current year (salary plus maximum bonus for the current year)

In 2014, these awards represented a total value (according to IFRS standards), at the time of their award, of €1,243,800, corresponding to 41.9% of his 2014 total maximum gross compensation.

Rules for hedging

The Chairman and Chief Executive Officer has formally pledged not to use risk hedging instruments on the options, the shares awarded from the exercise of options, or performance shares or performance units he has been granted, until termination of his duties.

Negative windows

Under the Board's internal regulations (see Chapter 10, Section 1.1.2), in his capacity as Director Mr. Pierre-André de Chalendar 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 net sales, as well as on the day following each of these meetings.

Stock options

The following tables show the 2014 award of stock options to the Chairman and Chief Executive Officer in 2014 and the options he exercised.

Table 4 – Stock options granted in 2014 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)	Number of options granted during the year	Exercise price	Exercise period
Pierre-André de Chalendar	20/11/2014	TBD	€129,000	50,000	€34.13	From 20/11/2018 to 19/11/2024

Table 5 – Stock options exercised in 2014 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
Pierre-André de Chalendar	20/11/2008	new shares	20,000	€25.88

At its meeting of November 20, 2014, the Board granted 50,000 stock options to Mr. Pierre-André de Chalendar, the same as in 2013, representing approximately 0.009% of the capital, and less than the sub-cap set by the General Meeting on June 5, 2014.
The features of the stock options, specifically the attendance and performance conditions to which the award 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 keep a number of Saint-Gobain shares equal to at least 50% of the net capital gain (after deducting payroll taxes and other personal taxes) on acquisition to him at the time the options awarded to him in 2014 are exercised, until such time as he steps down from his duties. However, this obligation will cease to apply if and when the total number of Saint-Gobain shares personally held by him in registered form represents the equivalent of five years' gross fixed salary (based on the opening price quoted for Saint-Gobain shares on the option exercise date and the amount of his gross salary applicable at that time).

Performance shares

The Chairman and Chief Executive Officer was not granted any performance shares during 2014.

Table 6 – Performance shares granted in 2014 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)	Availability date	Performance conditions
Pierre-André de Chalendar	20/11/2014	0	€0	-	-

The table below shows the number of performance shares delivered to the Chairman and Chief Executive Officer during 2014.

Table 7 – Performance shares delivered in 2014 to the Chairman and Chief Executive Officer (AMF nomenclature)

Name	Plan date	Number of shares delivered during year	Availability date
Pierre-André de Chalendar	24/11/2011	9,501	31/03/2016

Performance units

By analogy with the arrangements applicable to performance shares, the tables below present performance units granted to the Chairman and Chief Executive Officer during 2014, and the number of performance units that became exercisable during the year.

Table 6 bis – Performance units granted in 2014 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)	Exercise period	Performance conditions
Pierre-André de Chalendar	20/11/2014	60,000	€1,114,800	20/11/2018 to 19/11/2024	See Chapter 5, Section 2.4.3

Table 7 bis – Performance units that the Chairman and Chief Executive Officer was able to exercise during 2014

Name	Plan date	Number of performance units that became exercisable in 2014
Pierre-André de Chalendar	-	0

At its meeting on November 20, 2014, the Board awarded 60,000 performance units to Mr. Pierre-André de Chalendar, similarly to 2013, which is less than 10% of overall awards of performance shares and performance units, in accordance with the cap decided by the Board. The features of the performance units, specifically the attendance and performance conditions to which the award 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 obliged to acquire and hold a number of Saint-Gobain shares equal to 50% of the net sums (after deducting payroll taxes and other personal taxes) he receives at the time the performance units awarded to him in 2014 are exercised, until such time as he steps down from his duties. However, this obligation to reinvest and hold shares will cease to apply if and when the total number of Saint-Gobain shares personally held by him in registered form represents the equivalent of five years' gross fixed salary (based on the opening price quoted for Saint-Gobain shares on the performance unit exercise date and the amount of his gross salary applicable at that time).

2.2.4 Employment contract, retirement benefits and termination benefits awarded in case of termination of office of the Chairman and Chief Executive Officer

Table 11 – Employment contract, retirement benefits and termination benefits awarded 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] *Resignation on 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 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 receive compensation for termination of office representing up to the equivalent of double his gross total annual compensation, defined as the sum of his final year's fixed salary as Chairman and Chief Executive Officer paid as of the date on which his functions cease, and of the average of the annual bonuses 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 award by the Board of Directors of an average bonus at least equal to one-half of the average maximum amount fixed for this bonus 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 fact that the achievement rate of the objectives corresponding to the annual bonus components of his compensation over the past two years was 63% in 2014 and 55.4% in 2013.

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 the 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

On the recommendation of the Nomination, Remuneration and Governance Committee, at its meeting on March 20, 2014 the Board of Directors decided that, 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, it 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 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 participants in the plan.

Mr. Pierre-André de Chalendar does benefit from the SGPM pension plan covering all employees who joined Compagnie de Saint-Gobain before January 1, 1994, the date the plan was closed to new entrants. As of December 31, 2014, 171 retired former employees of Compagnie de Saint-Gobain were receiving benefits under the plan and a further 45 active employees will be entitled to benefits on retirement.

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 supplementary 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 salary and his years of service with the Group, calculated as from October 1, 1989. If he were to leave after completing the maximum number of pensionable years of service under the SGPM plan, he would be entitled to total guaranteed pension benefits (including pension benefits paid under the compulsory basic and supplementary pension schemes) representing a guaranteed replacement rate of approximately 47% of his final year's fixed salary. 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 compulsory basic and supplementary pension schemes.

Mr. Pierre-André de Chalendar's maximum retirement payout is significantly lower than the AFEP-MEDEF code's recommended replacement rate, which is 45% of the sum of the fixed salary and bonus. In addition, since the abovementioned amount corresponds to a maximum, after 35 years of service, it reflects the fact that the annual increase in Mr. Pierre-André de Chalendar's potential benefits is lower than 3% of the beneficiary's compensation.

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 corporate officer

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 2014 subject to advisory vote by shareholders at the Annual General Meeting of June 4, 2015 (Say on Pay)

The following table shows the compensation components due or granted to the Chairman and Chief Executive Officer in 2014 that are subject to advisory vote by shareholders at the Annual General Meeting of June 4, 2015.

Pursuant to Recommendation 24.3 of the AFEP-MEDEF corporate governance code for listed companies:
Compensation components due or granted to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in respect of 2014

Compensation component due or granted at year-end	Amount or book value submitted to the advisory vote (in euros)	Description
Salary	**Amount due: €1,100,000**	Fixed salary unchanged since 2010
Annual bonus	**Amount due: €1,178,100 (approved by the Board of Directors at its meeting of February 25, 2015)**	During its February 19, 2014 meeting, the Board decided that Mr. Pierre-André de Chalendar's bonus could not exceed 170% of his fixed salary. At its meeting of February 25, 2015, based on the recommendations of the Nomination, Remuneration and Governance Committee, the Board calculated Mr. Pierre-André de Chalendar's bonus as follows, taking into account the quantitative and qualitative targets defined by the Board on February 19, 2014 and observations made on February 25, 2015 as regards the extent to which they have been achieved: • the portion of the bonus based on the fulfillment of the four quantitative targets (ROCE, Group operating income, Group recurring earnings per share and operating free cash flow) amounts to €710,600, corresponding to an overall achievement rate of 57%; • the portion of the bonus based on the fulfillment of the four qualitative targets (implementation of strategic guidelines as presented at the November 2013 Investor Day, responsiveness to changes in the economic environment, quality and effectiveness of its financial communications, and implementation of the corporate social responsibility policy defined in 2014) amounts to €467,500, corresponding to an overall achievement rate of 75%. On this basis, his 2014 bonus represented €1,178,000, corresponding to overall achievement of 63%. Overall, Mr. Pierre-André de Chalendar's total compensation (fixed and variable) amounted to €2,278,000 for 2014, up 13.1% over 2013.
Deferred compensation	**N/A**	Mr. Pierre-André de Chalendar has not been granted any deferred compensation.
Long-term incentive bonus	**N/A**	Mr. Pierre-André de Chalendar has not been granted any long-term incentive bonus.
Extraordinary bonus	**N/A**	Mr. Pierre-André de Chalendar has not been granted any extraordinary bonus.

Pursuant to Recommendation 24.3 of the AFEP-MEDEF corporate governance code for listed companies: Compensation components due or granted to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in respect of 2014		
Compensation component due or granted at year-end	Amount or book value submitted to the advisory vote (in euros)	Description
Stock options	**Amount granted: €129,000 (value established based on method used to prepare the consolidated financial statements)**	At its meeting of November 20, 2014 the Board of Directors granted Mr. Pierre-André de Chalendar 50,000 stock options (unchanged from 2013), i.e. less than the sub-cap set by the Annual General Meeting on June 5, 2014. The Board of Directors resolved that grants of stock options, performance shares and performance units to the Chairman and Chief Executive Officer in 2014 could not, at the time of their award, represent a value (according to IFRS standards) greater than 100% of his total maximum gross compensation for the current year (fixed salary plus maximum bonus for the current year). In 2014 these awards represented a total value (according to IFRS standards) at the time of their granting of €1,243,800, corresponding to 41.9% of his total maximum gross compensation for 2014. For the service and performance conditions on which exercise of the options depends, refer to Chapter 5, Section 2.4.1. The performance conditions for stock options are demanding, as evidenced by the rates of fulfillment of the performance conditions of the last three stock option plans for which the start date of the exercise period has elapsed (0% for the 2010 plan, 66.66% for the 2009 plan and 56.5% for the 2008 plan). Percentage of share capital represented by grants 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 20, 2014.
Performance shares	**N/A**	Mr. Pierre-André de Chalendar has not been granted any performance shares.
Performance units	**Amount granted: €1,114,800 (value established based on method used to prepare the consolidated financial statements)**	On November 20, 2014 the Board of Directors resolved to grant Mr. Pierre-André de Chalendar 60,000 performance units (unchanged from 2013), i.e. less than 10% of the overall grants of performance shares and performance units in 2014, in accordance with the cap set by the Board of Directors.. Refer to the "Stock Options" section 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 2.4.3 for a description of the related service and performance conditions. Date these were granted by the Board of Directors: November 20, 2014.
Directors' attendance fees	**N/A**	Mr. Pierre-André de Chalendar is not paid any Directors' fees.

Pursuant to Recommendation 24.3 of the AFEP-MEDEF corporate governance code for listed companies: Compensation components due or granted to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in respect of 2014		
Compensation component due or granted at year-end	Amount or book value submitted to the advisory vote (in euros)	Description
Benefits of any kind	**Amount due: €2,652 (book value)**	Mr. Pierre-André de Chalendar has use of a company car.
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 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 receive compensation equal to no more than double the amount 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 bonus 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 (Resolution 6).

Pursuant to Recommendation 24.3 of the AFEP-MEDEF corporate governance code for listed companies: Compensation components due or granted to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in respect of 2014		
Compensation component due or granted at year-end	Amount or book value submitted to the advisory vote (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 covering all employees and managers of Compagnie de Saint Gobain who joined the Company prior to January 1, 1994 that 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 1.3) 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 bonus 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 targets 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 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, directly and indirectly from Group companies within and outside France, totaled €14.7 million in 2014 (2013: €13.9 million), including variable bonuses of €4.2 million (2013: €4.0 million) and termination benefits of €1.5 million (2013: €0.9 million).

Pensions and other post-employment benefits (defined benefit obligations in respect of retirement bonuses and pensions) accruing to the Group's senior management totaled €60.6 million at December 31, 2014 (December 31, 2013: €47.2 million).

This increase is due largely to the decline in the discount rate from 3.5% to 1.9% for euro commitments, from 4.45% to 3.55% for pound sterling commitments, and from 4.75% to 4% for US dollar commitments, as well as by the unfavorable change in the euro against these two currencies.

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 awards 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. All awards under these plans are subject to service conditions and to the internal and external performance criteria described below.

In 2014, these plans covered 1,878 Group officers and employees, in France and outside France, including high-potential managers and managers who have performed exceptionally well (223 grantees), key corporate and line executives in the Sectors and Delegations (1,614 grantees), members of the Group Liaison Committee excluding the senior management team (29 grantees) and senior management (12 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 20, 2014 the Board of Directors resolved that the origin of the shares of the 2014 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 54 different nationalities and work in 53 countries.

The other conditions for linking employees to business results are presented in Chapter 9, Section 2.8 and Chapter 7, Section 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 on June 5, 2014, at its meeting of November 20, 2014 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 40 employees and officers of the Group, in France and outside France, who were granted a total of 234,550 options (including awards 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 purchase 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 without rebate or discount based on the average opening price of Saint-Gobain shares in the 20 days preceding the date of the grant by the Board of Directors.

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:* contingent upon Saint-Gobain's stock market performance compared with a benchmark stock market index which is based for 50% on the CAC 40 and for 50% on a sample of eight listed companies operating in one or more of the businesses where Saint-Gobain's operates (with each accounting for 1/8 of the 50%), namely NSG, 3M, Imerys, CRH, Travis Perkins, Wolseley, Owens Corning and Rockwool.

Stock market performance will be calculated by comparing average prices for Saint-Gobain shares for the six months to November 20, 2014 with average prices for the six months to November 20, 2018. At the end of the four-year vesting period, the options will be exercisable as follows:

Performance relative to the Saint-Gobain stock price compared to the benchmark index	Exercisable percentage of initially granted options
At least 10% higher	100%
Between +10% and -20%	[(Saint-Gobain's stock market performance/performance of the benchmark index) - 80%]/[110% - 80%]
Over 20% lower	0%

The performance conditions for stock options are demanding, as evidenced by the fulfillment rates for the last three stock option plans for which the starting date of the exercise period has occurred (0% for the 2010 plan, 66.66% for the 2009 plan and 56.5% for the 2008 plan).

The following table shows stock options granted to the ten highest-paid non-executive employees, and options exercised by them in 2014 (global information).

Table 9 – Stock options granted and exercised by the ten highest-paid non-executive employees during the year (AMF nomenclature)

	Total options granted/Shares subscribed or purchased	Weighted average price during the fiscal year	Plans
Options granted during the year by the issuer and any company included within the scope of the options award, 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	€34.13	2014
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)	100,515	€37.85	2004, 2005, 2008 and 2009

The following table shows the history of the option award plans in place in December 31, 2014. There are no other 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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Date of General Meeting:	05/06/2014	07/06/2012	07/06/2012	04/06/2009	04/06/2009	04/06/2009	07/06/2007	07/06/2007	09/06/2005	09/06/2005
Date of Board of Directors' meeting:	20/11/2014	21/11/2013	22/11/2012	24/11/2011	18/11/2010	19/11/2009	20/11/2008	22/11/2007	27/02/2006 16/11/2006	17/11/2005
Type (*)	Purchase or subscription	Purchase or subscription	Subscription	Purchase or subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription
Total shares under option at the start of the plan	234,550	247,250	253,000	482,150	1,144,730	1,479,460	3,551,900	3,673,000	4,025,800	3,922,250
Adjustment to number of shares under option (**)	N/A	N/A	N/A	N/A	N/A	N/A	375,614	383,133	420,314	397,330
Cumulative number of cancelled or forfeited options	0	0	0	0	1,117,390 (4)	493,154 (3)	773,932 (2)	652,962 (1)	138,460	248,460
Adjusted number of exercisable options:	234,550 (6)	247,250 (6)	253,000 (6)	482,150 (6)	27,340	986,306	3,153,582	3,403,171	4,307,654 (5)	4,071,120 (5)
Of which: options granted to corporate officers										
Mr. Jean-Louis Beffa	N/A	N/A	N/A	N/A	N/A	N/A	46,856 (8)	55,288 (7)	309,610 (5)	309,610 (5)
Mr. Pierre-André de Chalendar	50,000	50,000	50,000	100,000	0 (9)	133,333 (8)	109,331 (8)	110,575 (7)	176,920 (5)	154,805 (5)
Starting date of exercise period	20/11/2018	21/11/2017	22/11/2016	25/11/2015	19/11/2014	20/11/2013	21/11/2012	23/11/2011	17/11/2009 or 17/11/2010	18/11/2008 or 18/11/2009
Expiry date of exercise period	19/11/2024	20/11/2023	21/11/2022	23/11/2021	17/11/2020	18/11/2019	19/11/2018	21/11/2017	15/11/2016	16/11/2015
Exercise price (**)	€34.13	€38.80	€27.71	€31.22	€35.19	€36.34	€25.88	€64.72	€52.52	€41.34
Number of shares acquired (**)	0	10,000	10,000	22,500	27,340	76,965	771,117	0	1,200	64,162
Options outstanding at 12/31/2014 (**)	234,550	237,250	243,000	459,650	0	909,341	2,382,465	3,403,171	4,306,454	4,006,958

(*) The 2005, 2006, 2007 and 2012 plans are for the subscription of new shares. From 2008 to 2011 and in 2013 and 2014, 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 end of the vesting period, and that any options that might be exercised before their type had been determined would be to subscribe new shares. For 2008, 2009 and 2010, the Board of Directors resolved that the plans would be for the subscription of new shares.

(**) Following the March 23, 2009 capital increase for 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 options forfeited because the performance condition was not met (performance condition attached to half of the options granted in November 2007 to the 38 members of senior management).

(2) Including 718,644 options forfeited 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 the 176 members of the Group's senior management).

(3) Including 493,154 options forfeited because the performance condition was only partly met (performance condition attached to all the options granted in November 2009).

(4) Because the performance condition 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) After deducting half of the options granted that are not exercisable because the related performance condition was not met.

(8) After deducting the options granted that are not exercisable because the related performance condition was only partly met.

(9) 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 14th resolution of the Annual General Meeting on June 5, 2014, at its meeting of November 20, 2014 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 1,182 employees and officers of the Group outside France, who were granted a total of 530,240 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.

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;
- *performance condition:* function of the arithmetic average of return on capital employed (ROCE) (including goodwill), for 2015, 2016 and 2017, at constant accounting standards and perimeter, calculated as follows:

Arithmetic average of ROCE 2015-2017	Vesting percentage of performance shares
Greater than 11%	100%
Between 8.5% and 11%	[arithmetic average of the ROCE for 2015, 2016 and 2017– 8.5%]/[11% - 8.5%]
Less than or equal to 8.5%	0%

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 are demanding, as evidenced by the fulfillment rates for the performance share plans for which the vesting period has elapsed during the past two fiscal years (50% for the 2010 plan and 32% for the 2011 plan).

The ten Group employees and non-executive officers outside France who were granted the highest number of shares in 2014 were awarded 48,500 performance shares (global information), valued at €35.02 per share based on closing stock price before the Board of Directors meeting of November 20, 2014 which approved the grants.

The following table shows the history of the performance share grants outstanding at December 31, 2014.

Table 10 – Historical information about performance share plans (AMF nomenclature)

Year	2014	2013	2012	2011	2010
Date of General Meeting	05/06/2014	07/06/2012	07/06/2012	04/06/2009	04/06/2009
Date of Board of Directors' meeting	20/11/2014	21/11/2013	22/11/2012	24/11/2011	18/11/2010
Type of shares	existing	existing	existing	new shares	new shares
Total number of performance share rights initially granted	530,240	541,655	542,370	942,920	737,550
Of which, rights under plans with a 2-year vesting period and a 2-year lock-up period (2+2 plan)	0	0	0	415,560	325,060
Of which, rights under plans with a 4-year vesting period and no lock-up period (4+0 plan)	530,240	541,655	542,370	527,360	412,490
Of which, rights granted to Director, P-A. de Chalendar	0	0	0	30,000	20,000
Cumulative number of shares delivered under the 2+2 plan	0	0	0	175,495	186,495
Cumulative number of shares delivered under the 4+0 plan	0	0	250	170	700
Number of rights forfeited under the 2+2 plan	0	0	0	240,065 [2]	138,565 [1]
Number of rights forfeited under the 4+0 plan	0	0	0	288,434 [2]	162,270 [1]
Of which, rights granted to Director, P-A. de Chalendar, that were forfeited	0	0	0	20,499	10,000
Outstanding rights under the 2+2 plan	0	0	0	0	0
Outstanding rights under the 4+0 plan	530,240	541,655	542,120	238,756	249,520
Total outstanding performance share rights	530,240	541,655	542,120	238,756	249,520

(1) Of which rights forfeited because performance conditions were not met: 126,565 under the 2+2 plan and 143,320 under the 4+0 plan.
(2) 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.

2.4.4 Performance unit plans

The Board has approved the principle of implementing performance unit plans annually since 2012, most recently at its meeting of November 20, 2014, 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 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 (the trading day after receipt of the exercise request) 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 2014 plan covers 697 Group employee and officer grantees in France who were awarded a total of 598,400 performance units (including grants to the Chairman and Chief Executive Officer).

Performance units under the 2014 plan may be exercised from November 20, 2018 to November 19, 2024, 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 above;
- *performance condition (similar to those applicable to performance shares):* a function of the arithmetic average of return on capital employed (ROCE) (including goodwill) for 2015, 2016 and 2017, at constant accounting standards and perimeter, calculated as follows:

Arithmetic average of ROCE 2015-2017	Vesting percentage of performance units
Greater than 11%	100%
Between 8.5% and 11%	[arithmetic average of the ROCE for 2015, 2016 and 2017– 8.5%]/ [11% - 8.5%]
Less than or equal to 8.5%	0%

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, 2014.

Table 10 bis – Historical information about performance unit plans

Year	2014	2013	2012
Date of Board of Directors' meeting	20/11/2014	21/11/2013	22/11/2012
Total number of units initially granted	598,400	588,535	536,400
Of which, units granted to Director, P-A. de Chalendar	60,000	60,000	60,000
Starting date of exercise period	20/11/2018 (1)	21/11/2017 (1)	22/11/2016 (1)
Expiry date of performance unit exercise period	19/11/2024	20/11/2023	21/11/2022
Total number of units that have become exercisable	0	16,500	13,600
Total number of units forfeited	0	0	0
Of which, number of performance units granted to Director, P-A. de Chalendar, forfeited	0	0	0
Performance units outstanding	598,400	572,035	522,800

(1) *Subject to cumulative fulfillment of the service and performance conditions.*

3. Company stock traded by corporate Directors

Transactions by corporate Directors involving Compagnie de Saint-Gobain shares exceeding a total of €5,000 reported to the *Autorité des marchés financiers* in 2014 pursuant to Article L.621-18-2 of the French Monetary and Finance Code were the following:

	Securities	Type of transaction	Transaction date	Unit price	Total amount
P.-A. de Chalendar	Shares	Sale	March 31, 2014	€44.00	€220,000
	Exercise of options for new shares	Acquisition	April 4, 2014	€25.88	€517,600
	Shares	Sale	April 4, 2014	€45.615	€540,355

6 Risks and control

1. Risk 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, 2014, five 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 three are classified as "upper-tier": Bagneaux-sur-Loing (Flat Glass) in France, which stores arsenic (AS2O3), Neuburg (Packaging) in Germany, which stores liquefied petroleum gas (LPG), 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. Ninety-nine 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 10 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, 2014, 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 (€3.6 billion at December 31, 2014) 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 €2.7 billion and €10.5 billion, respectively, at December 31, 2014. 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 (€12.7 billion) represent roughly one-third of total assets and may become impaired in the event of unfavorable development of the business.

1.3 FINANCIAL RISKS

1.3.1 Liquidity risk

a) Liquidity risk on financing

In a crisis environment, 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 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 secure the timely renewal of its financings at an optimal cost. Long-term debt therefore systematically represents a high percentage of overall debt. Similarly, the maturity schedules for long-term debt issues is managed so that refinancings are spread across different periods.

The Group amin 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 *(titres participatifs)*, 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 and 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 reinforce the availability of short-term financing, Compagnie de Saint-Gobain has in place two confirmed syndicated lines of credit (see Section 1 of Chapter 8).

A breakdown of long-and short-term debt is provided by type and maturity in Note 20 to the Consolidated Financial Statements. The main characteristics of the Group's financing programs and confirmed credit lines are also set out in Note 20.

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

Short-term investments consist of bank deposits and mutual fund units. To reduce liquidity and volatility risk, where the investment is not a bank deposit, they are always in money market or bond funds.

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's policy is aimed at securing the cost of its medium-term debt against interest rate risk and, subject to this overriding objective, optimizing its cost. Under Group policy, the derivative financial instruments used to hedge these risks comprise, among others, interest rate swaps, cross-currency swaps, options – including caps, floors and swaptions – and forward rate agreements.

The table below gives an analysis, as at December 31, 2014, 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	9	6
Interest rate decrease of 50 basis points	(9)	(6)

Please refer to Note 21 to the Consolidated Financial Statements (see Chapter 8, Section 1), for more detail on interest rate risk hedging instruments and on the distribution of gross debt by 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, 2014, 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, 2014:

(in million euro equivalents)	Long	Short
EUR	1	5
USD	7	6
Other currencies	0	6
TOTAL	**8**	**17**

The table below gives an analysis, as at December 31, 2014, 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' said residual net foreign exchange exposure:

(in EUR million)	Impact on pre-tax income
EUR	(0.4)
USD	0.1
Other currencies	(0.6)
TOTAL	**(0.9)**

At December 31, 2014, a 10% fall in the exchange rates for these currencies would have the opposite impact, assuming that all other variables were unchanged.

Please refer to Note 21 to the Consolidated Financial Statements (see Chapter 8, Section 1) for more details on interest rate risk hedging instruments.

c) Energy and raw materials risk

The Group is exposed to changes in the price of the energy it consumes and the raw materials used in 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 (Saint-Gobain Achats) and the relevant Delegations.

Hedges of energy purchases (excluding fixed-price purchases negotiated directly with suppliers by the Purchasing Department) are generally arranged by the Group Treasury and Financing Department (or with Delegations' treasury departments) in accordance with instructions received from Saint-Gobain Achats.

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 21 to the Consolidated Financial Statements (see Chapter 8, Section 1) for more details on instruments used for hedging energy and raw materials risks.

1.3.3 Saint Gobain share price risk

The Group is exposed to fluctuations in the Saint-Gobain share price 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 the Saint-Gobain share changes, any expense variation recorded in the income statement will be fully offset by the hedge(s) in place.

Please refer to Note 21 to the Consolidated Financial Statements (see Chapter 8, Section 1) for more details on these share risk hedging instruments.

1.3.4 Financial counterparties 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 2014 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM ("the employers") - which in the past had carried out fiber-cement operations - for asbestos-related occupational diseases, with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect. As at December 31, 2014, a total of 781 such lawsuits had been issued against the two companies since 1997.

As of December 31, 2014, 722 of these 781 lawsuits had been completed in terms of both liability and quantum. In all of 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 €1.4 million.

Concerning the 59 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2014, the merits of three have been decided but the compensation awards have not yet been made, pending issue of medical reports or Appeal Court rulings. A further 27 of these 59 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 29 remaining lawsuits, at December 31, 2014 the procedures relating to the merits of 26 cases were at different stages, with six in the process of being investigated by the French Social Security authorities and 20 pending before the Social Security courts. The final three suits have been struck down. The plaintiffs can ask for them to be re-activated at any time within a two-year period.

In addition, as of December 31, 2014, 212 similar suits had been filed since the outset by current or former employees of fifteen other French companies in the Group (excluding Saint-Gobain Desjonquères and Saint-Gobain Vetrotex, which have been sold), in particular involving circumstances where equipment containing asbestos had been used to protect against heat from furnaces.

As of December 31, 2014, 149 lawsuits had been completed. In 76 of these cases, the employer was held liable for inexcusable fault.

Compensation paid by these companies totaled approximately €1.08 million.

For the 63 suits outstanding at December 31, 2014, arguments were being prepared by the French Social Security authorities in four cases, 44 were being investigated – including 30 pending before the Social Security courts and 14 before the Appeals Courts – and ten had been completed in terms of liability but not in terms of quantum or liability for paying the compensation, of which six were pending before the Appeal Courts and four before the Court of Cassation. The final five suits have been struck down. The plaintiffs can ask for them to be re-activated at any time within a two-year period.

- Anxiety claims

Ten of the Group's French subsidiaries, including six that operate or have operated facilities in France classified as presenting an asbestos hazard, are the subject of damages claims that are different from those described above.

"Facilities classified as presenting an asbestos hazard" are defined as manufacturing facilities that have been closed or are still operating which previously manufactured materials containing asbestos or used asbestos protection and insulation equipment, and are included on the official list of facilities whose current or former employees are entitled to the asbestos workers benefit (ACAATA).

At December 31, 2014, a total of 816 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 816 suits, 154 have been terminated. Three plaintiffs had their claims dismissed, while 151 others were recognized as having been exposed to an asbestos risk, and their claims were accepted, leading to payment of total compensation of €2.2 million. Of the remaining 662 suits, 233 are pending before the competent Appeal Courts, 288 before the competent labour tribunals, 134 have been struck down and six suits have been dismissed by the competent labour tribunals. Finally, one claimant has vacated the suit brought by him.

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 many cases punitive – damages are based on alleged exposure to the 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 2014

About 4,000 new claims were filed against CertainTeed in 2014, compared to about 4,500 in 2013, 4,000 in 2012 and 2011, and 5,000 in 2010. Over the last five 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 6,500 of the pending claims were resolved in 2014, compared to 4,500 in 2013, 9,000 in 2012, 8,000 in 2011, and 13,000 in 2010 and approximately 3,500 claims were designated as inactive as they did not meet required minimum medical impairment criteria. Taking into account the 43,000 outstanding claims at the end of 2013 and the new claims having arisen during the year, as well as claims settled or designated as inactive, some 37,000 claims were outstanding at December 31, 2014. 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 accounts

The Group recorded a €90 million charge in 2014 to cover future developments in relation to claims. This amount is identical to the amount recorded in 2013, 2012 and 2011, and lower than the €97 million recorded in 2010. At December 31, 2014, the Group reserve for asbestos-related claims against CertainTeed in the United States amount to €470 million (USD 571 million), compared with €407 million (USD 561 million) at December 31, 2013, €417 million (USD €550 million) at December 31, 2012, €389 million (USD 504 million) at December 31,2011, and €375 million, (USD 501 million) at December 31, 2010.

- Cash flow impact

Compensation paid in respect of these claims against CertainTeed, including claims settled prior to 2014 but only paid out in 2014, and those fully resolved and paid in 2014, and compensation paid (net of insurance) in 2014 by other Group businesses in connection with asbestos-related litigation, amounted to €51 million (USD 68 million), compared to €66 million (USD 88 million) in 2013, €52 million (USD 67 million) in 2012, €59 million (USD 82 million) in 2011, and €78 million (USD 103 million) in 2010.

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 employees litigants of their legal successors were outstanding at December 31, 2014, 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.

Proceedings in the automotive glass industries

By decision of November 12, 2008 concerning the automotive glass case, the European Commission fined Saint-Gobain Glass France, Saint-Gobain Sekurit France and Saint-Gobain Sekurit Deutschland GmbH, jointly and severally with Compagnie de Saint-Gobain, €896 million for price-fixing agreements with competitors.

Following appeals by the companies concerned, by decision of March 27, 2014, the European Union Tribunal reduced this fine amount to €715 million. Neither the European Commission nor the companies concerned appealed this decision. The total of the fine and the related interest amounts were thus paid and the provision reversed during fiscal year in 2014. This case is now legally closed.

Divestment of Saint-Gobain Containers, Inc. (Verallia North America)

Under an agreement entered into between Ardagh and the US Fair Trade Commission, on April 11, 2014 Compagnie de Saint-Gobain sold Saint-Gobain Containers, Inc. (Verallia North America) to the Ardagh group at an enterprise value of USD 1,694 million (€1,275 million), in accordance with the sale agreement entered into on January 17, 2013.

Saint-Gobain, Ardagh and Pension Benefit Guaranty Corporation (PCBG) also came to an agreement concerning the financing of the defined benefit retirement plans of employees of Saint-Gobain Containers, Inc.

Investigation by the Swiss Fair Trading Commission in the sanitary products wholesale sector

In November 2011 the Swiss Anti-Trust 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 the terms of this notification, the Secretariat requested the Commission to declare a fine of approximately CHF 117 million on Sanitas Troesch on the grounds that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

These allegations have been challenged in their entirety by Sanitas Troesch, which was heard by the Swiss Commission on January 26, 2015.

At this stage of the proceeding, it is neither possible to determine what form the Commission's decision will take, nor, if a fine is imposed, how large it will be.

Investigation by the French Competition Authority in the building insulation products sector

On August 6, 2014, Saint-Gobain ISOVER received a notice of complaints from the French Competition Authority *(Autorité de la concurrence)*. The only complaint made was of having exchanged allegedly strategic and confidential information between March 2002 and March 2007, relating to a certification request lodged by Actis for one of its products, and to a dispute between Actis and the Mineral Wool Insulation Manufacturers association (FILMM), of which Saint-Gobain ISOVER was a member, before the Versailles Commercial Court.

Saint-Gobain ISOVER is challenging this complaint and submitted its statement of defense on November 6, 2014. It is now waiting for the report from the Competition Authority. In parallel with this, Saint-Gobain ISOVER is challenging the visit and seizure operations that took place at its premises in 2009. On February 4, 2014 is appealed the order issued by the Versailles court on January 31, 2014 that validated these operations. The hearing before the appeal court will take place on March 11, 2015. 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 FILMM, before the Paris Supreme Court *(Tribunal de Grande Instance)*, for the adverse consequences of facts forming the subject of 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.

c) Other legal actions and litigation

Some of the Group's companies may also be the subject of other claims 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 implements preventive programs and purchases insurance coverage to protect its assets and revenue. The policy is determined, coordinated and overseen by the Risks and Insurance Department, based on conditions in the insurance market. 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 2012-2013 policies were renewed as 2013-2014 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 two worldwide insurance programs, one for the Group excluding the Packaging Sector and one for the Packaging Sector alone. They do not cover operations in Brazil, which are insured by two local programs, one for the Group's Brazilian entities excluding the Packaging Sector, and one for its Brazilian Packaging Sector entities alone. 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

Two programs provide coverage for third-party personal injury and property damage claims for which the Group would be legally held liable: one for Group subsidiaries, excluding the Packaging Sector, and one for the Packaging Sector. The programs are similarly structured.

The first of these two plans comprises several programs for the lower tranches of coverage.

The first covers all subsidiaries, apart from the Packaging Sector, except those located in the geographic area covered by the United States and Canada Delegation and has a coverage limit of €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.

The second plan insures all subsidiaries in the Packaging Sector with cumulative coverage limits at a level deemed consistent with the insured activities. 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 Packaging Sector 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.

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. Saint-Gobain 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 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, 2015.

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 10, 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 Financial Statements 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 the Paris Stock Exchange.

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.

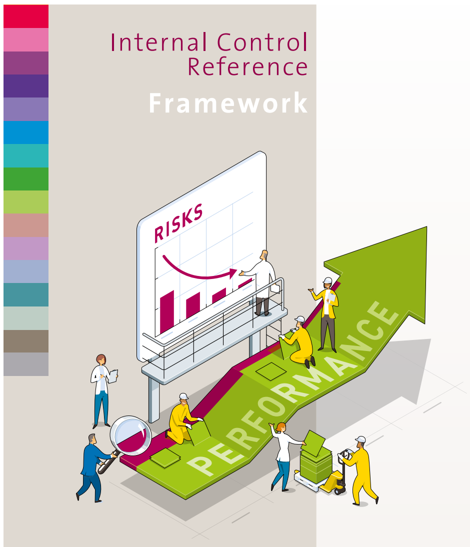
2.2.2 Internal control and risk management process

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 units.

2.3.1 Board of Directors

In 2014, 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 tracking 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	2014 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 • E-learning and training sessions • Intranet and Internal Control Community (My SG) • ACTT data base [1] • Dashboard	• 2014 Reference Framework update • Approximately 200 Directors and managers trained • 440 members of the Internal Control community
Internal Audit	• Analyze compliance statements • Perform risk mapping • Ensure the relevance and effectiveness of internal control systems • Perform organizational advisory tasks at senior management's request	• Audit plan • Audit methodology • 6 Essentials [2] • Best practices library	• 74 internal auditors • 181 assignments • 26 best practice briefs published
Anti-fraud	• Develop anti-fraud policies • Ensure fraud prevention • Investigate fraud incidents	• Training and awareness • Fraud incident reports	• Approximately 100 Directors and managers trained

(1) *Centralized data base for managing compliance statements and action plans.*

(2) *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 units.

Corporate departments	Main Responsibilities	Reference bases and/or Measures	2014 key figures
Environment, Health and Safety Department	• Promotes and coordinates Group EHS policy • Monitors 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: - 61 "12-step" audits - 177 "20-step" audits [1] • Distribution audits: - 61 "ESPR" audits [2]
Information Systems Department	• Defines Group policy for information systems and computer network security • Promotes and coordinates an annual self-assessment plan • Develops 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	• Manages the World-Class Purchasing program, an approach focusing on purchasing performance, department professionalization and supplier innovation • Executes multi-business and multi-country purchasing • Coordinates 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)	• 19 internal audit assignments on technical purchases
Risks and Insurance Department	• Defines Group policy for property damage at industrial or distribution sites • Defines Group policy for insurance and monitoring its implementation • Steering centralized insurance programs	• Prevention/protection reference base • Self-assessment tool • Doctrine memos • Risks and Insurance Intranet	• 472 site inspections • 1,287 sites that have performed self-assessment • 21 prevention training sessions • Regular field inspections
Treasury and Financing Department	• Defines policy for financing, market risk control and banking relationships for the entire Group	• Procedures reference base ➜ for TFD activities ➜ for subsidiary activities • Daily reports (TFD) and monthly reports (subsidiaries and TFD)	• 77,847 internal/external foreign exchange transactions per year • 21,124 internal/external transfers issued per year

(1) Audits 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	2014 key figures
Financial Control Department	• Implements continuous control of the Group's results and operating performance • Participates in drawing up the budget and quarterly budget reviews • Oversees monthly earnings figures at all levels of the organization • Closely analyses and validates 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 • 6 training sessions with the participation of 90 employees • 241 CAR (Credit Authorization Requests) • 52 planned acquisitions, 11 of which have been completed • 44 divestments and mergers completed
Doctrine Department	• Manages, updates and distributes all financial, administrative and management procedures applicable to the Group's companies.	• Group organization and procedures • Financial and accounting standards • Group Intranet	• 315 documents available on the Doctrine Intranet • 470 questions addressed via the hotline • 1,300 employee subscribers to Doctrine News

2.3.5 Sectors and Activities

The heads of the Sectors and Activities participate in the process of updating the Internal Control Reference Framework consistent with the specific nature of their individual business lines. They are responsible for distributing it to their various units 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 OF THE GROUP'S ENTITIES

Saint-Gobain Group units implement the internal control and risk management process and adapt it to their own organization, notably by identifying any operational risks specific to their entity. This entails following a five-step process:

- checking that the fundamentals of internal control have been introduced;
- implementing the essential 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 unit's facilities;
- overseeing the internal control and risk management system, specifically for purposes of the compliance statement.

2.4.1 Compliance statement

Compliance statements are used to periodically assess the compliance of units with a limited number of Internal Control Reference Framework fundamentals.

The Senior Vice Presidents of the operating units, 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 unit 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 reference base.

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 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.

The compliance statement comprises questions covering:

- the control environment;
- fraud prevention and detection; and
- control procedures and activities.

2.4.2 Monitoring action plans

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. All Group subsidiaries are required to implement the controls identified as "essential", of which there are around 200.

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 unit is required to incorporate into the manual any essential controls in its internal procedures.

The internal control reference framework is updated as 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.

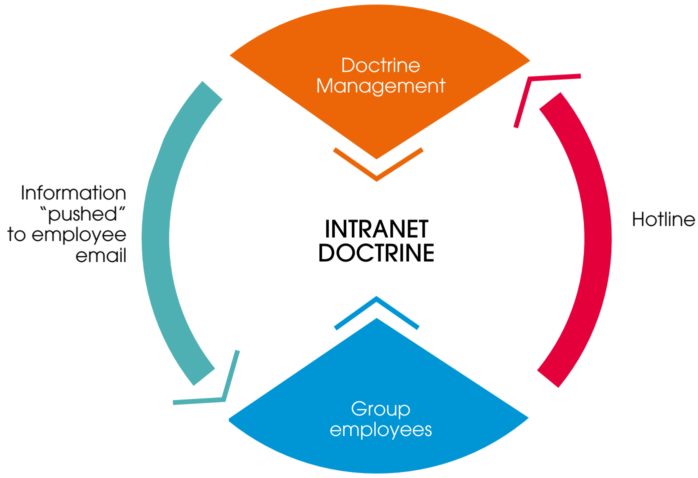
2.5.2 Doctrine

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 units to meet the Group's overall objectives in terms of environmental protection and the prevention of workplace accidents and occupational illnesses. The approach is organized around the core processes of identifying risks, implementing preventive action and assessing and monitoring 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 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 launched in 2014 to accompany its rollout at the Group's sites.

The EHS Department and its network of correspondents have also drawn up Group EHS standards, which must be implemented, describing the methods to be applied to resolve specific environmental, health and safety issues. Implementation guides, procedures, training packs and computer tools have been developed to support application of the standards. These tools help to ensure that risks are measured and controlled according to the same preventive base at all Group units, 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, 221 units) and SGTS Security Reporting (34 control points, 17 SGTS covering 350 units);
- industrial information technology systems, with 14 minimum security rules (20 control points, 288 units with critical or large industrial IT systems);
- research and development systems, with seven minimum security rules (11 control points, 12 units);
- applications, with 17 minimum security rules (35 control points, 49 skills 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 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 standard;
- a position note on risks and measures to be considered in rolling out Cloud solutions;
- a set of security rules to annually monitor the security of the central and regional datacenters (55 Datacenter Rules).

In addition, the ITAC guide was published in 2012 as an addition to the Internal Control Reference Base. It describes the programmed and semi-programmed 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 11 SAP systems);
- ITAC96 for MOVEX M3 systems (deployed in two M3 systems);
- ITAC85 for EXACT systems (deployed in one EXACT system).

2.5.5 Industrial and distribution risk prevention manual

The Group's prevention policy against property damage and the resulting operating losses, as 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 made of points of sale.

Further, regular inspections of the Group's most important sites are carried out by prevention engineers, who are auditors external to the Group (approximately 500 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 is in charge of the monthly reconciliation and substantiation of the accounts and the creation of an audit trail. The organization also acts in an advisory capacity, working to anticipate events and regulatory changes upstream 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 performing controls over compliance with payment procedures and the double signature rule for secure payment methods, 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 that tracks expenses 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 these 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.

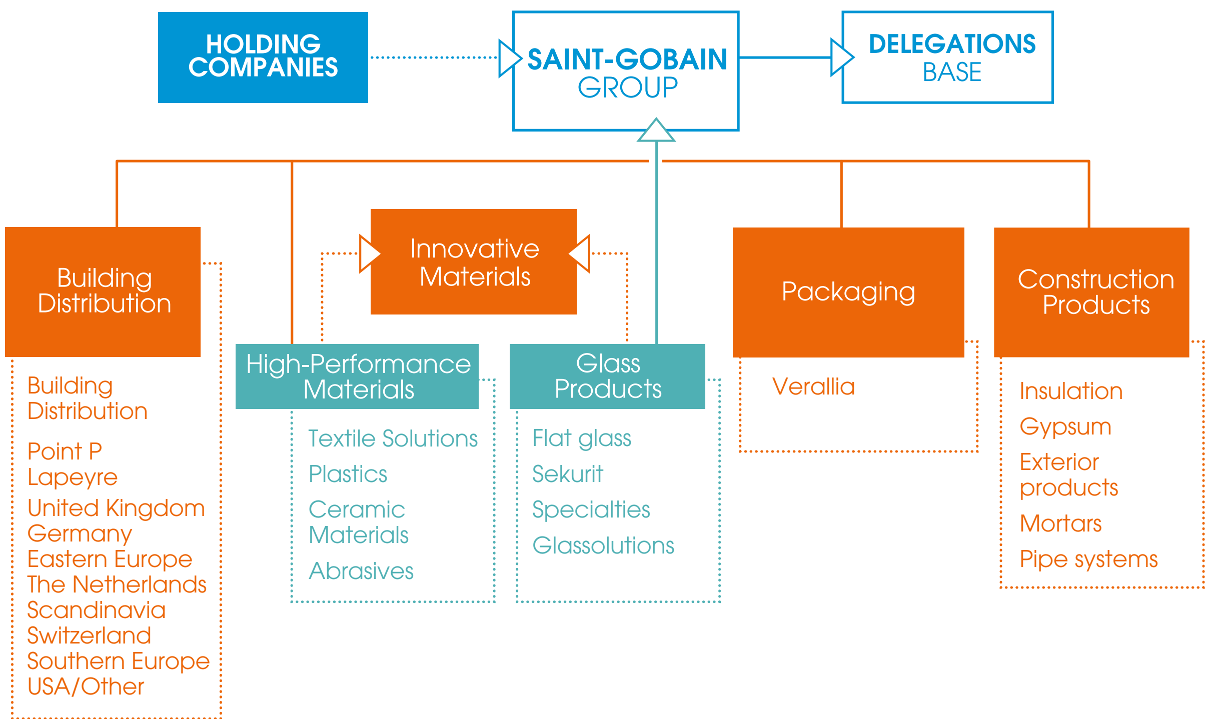
2.6.5 Group standards

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

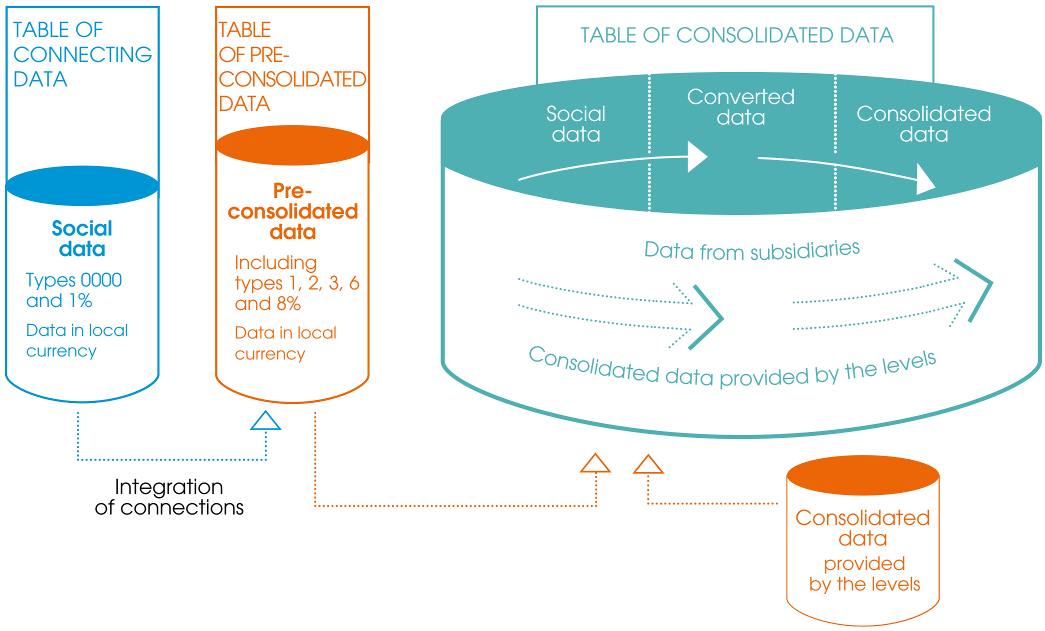
The Group has consolidation teams reporting hierarchically to the head of their Sector, with a dotted-line reporting relationship to the Group Consolidation and Reporting Department.



2.6.7 Processing and control of accounting information

Each subsidiary submits its accounts in accordance with the timeline 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 entire consolidation process may be sketched out as follows:



The consolidated financial statements are then examined by the external auditors in accordance with professional auditing standards.

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. Their review also covers projected actual results to June 30 and December 31, and is 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 discussions and analyses of material events and issues of the period.

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' special 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, 2014

To the Shareholders of Compagnie de Saint-Gobain,

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, 2014.

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, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit Department of KPMG S.A.	
Pierre Coll	Jean-Christophe Georghiou	Jean-Paul Thill	Philippe Grandclerc

7 Capital and ownership structure

1. Capital

1.1 CAPITAL STOCK

1.1.1 Capital stock at December 31, 2014

At December 31, 2014, Compagnie de Saint-Gobain's capital stock amounted to €2,247,582,264, represented by 561,895,566 common shares with par value of €4, compared with 555,176,790 shares at the previous year-end, completely paid in and all of the same category.

At December 31, 2014, 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, 2011, Saint-Gobain's capital stock has changed as follows:

Date	Type of transaction	Capital stock after transaction	Number of shares after transaction
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
12/2012	Allocation of 1,944 performance shares to employees and issuance of 71,084 shares upon exercise of the same number of subscription options	€2,124,502,568	531,125,642
05/2012	Capital reduction: cancellation of 9,540,000 shares	€2,124,210,456	531,052,614
05/2012	Group Savings Plan: issue of 4,387,680 shares (at €28.59)	€2,162,370,456	540,592,614
03/2012	Allocation of 641,211 performance shares to employees	€2,144,819,736	536,204,934

1.1.3 Liens, guarantees and pledges

At December 31, 2014, 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 General Meetings of June 6, 2013 and June 5, 2014 to the Board of Directors and the use made of these delegations during the 2014 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) (A)	2013 AGM, 11th resolution	26 months (August 2015)	€425 million, i.e. approximately 20% of the capital stock (A)+(B)+(C)+(F) limited to €425 million ("Global Cap") [(1)]
Capital increase by incorporation of premiums, reserves, profits and free allocation of shares to shareholders (B)	2013 AGM, 15th resolution	26 months (August 2015)	€106 million, 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 giving access to shares in the Company to which entitlement would be granted by securities to be issued, where applicable, by subsidiaries (C)	2013 AGM, 12th resolution	26 months (August 2015)	€212.5 million, i.e. approximately 10% of the capital stock Included in the Global Cap [(1)]
Option for complementary issuance in case of oversubscription of an issuance of debt securities giving access to the share capital without preferential subscription right (D)	2013 AGM, 13th resolution	26 months (August 2015)	For each issuance, legal limit of 15% of the initial issuance Allocation to the cap of (C), 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)	2013 AGM, 14th resolution	26 months (August 2015)	10% of the capital stock on the date of the 2013 AGM, i.e. approximately €214.3 million 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)	2013 AGM, 16th resolution	26 months (August 2015)	€42.5 million, i.e. approximately 2% of the capital stock Included in the Global Cap [(2)]
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 (G)+(H), limited to 1% of the capital stock [(3)]
Allocation of existing free performance shares (H)	2014 AGM, 14th resolution	26 months (August 2016)	0.8% of the capital stock on the date of the 2014 AGM, i.e. approximately €17.9 million Allocation to the cap of (G) [(4)]
Share buyback program			**Features**
Share buyback [(5)]	2014 AGM, 11th resolution	18 months (December 2015)	10% of the total number of shares on the date of the AGM [(6)] Maximum purchase price: €80
Cancellation of shares [(7)]	2013 AGM, 17th resolution	26 months (August 2015)	10% of the capital stock per 24-month period

(1) *No use of the delegation made in 2014.*

(2) *Confirmation of the issuance of 4,303,388 shares in May 2014 by the Chairman and Chief Executive Officer, acting pursuant to a delegation granted by the Board of Directors on November 21, 2013 to implement a capital increase through the Group Savings Plan.*

(3) *Allocation of 234,550 options to purchase new or existing shares by the Board of Directors on November 20, 2014.*

(4) *Allocation of 530,240 existing free performance shares by the Board of Directors on November 20, 2014.*

(5) *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, offsetting the dilutive impact of potential free shares' allocations or shares issued upon exercise of stock options for new shares.*

(6) *See Chapter 7, Section 1.3 for a description of implementation of the share buyback program in 2014.*

(7) *Cancellation of 6.1 million shares, resulting in a reduction in share capital of a par value of €24.4 million, decided by the Board of Directors of November 20, 2014, effective on November 28, 2014.*

1.3 SAINT-GOBAIN TREASURY SHARES AND ACQUISITION OF OWN SHARES

1.3.1 Treasury shares and own stock

At December 31, 2014, Compagnie de Saint-Gobain directly held a total of 857,741 own shares, i.e. 0.15% of its capital stock, with par value of €4, acquired at an average purchase price of €33.26. At that date, it was not holding any own shares indirectly.

The following table shows, at December 31, 2014, the allocation of treasury shares held directly by Compagnie de Saint-Gobain for purposes of the program authorized by the Annual General Meeting of June 5, 2014:

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)	797,741 shares (0.14% of capital stock)	33.21
Liquidity agreement	60,000 shares (0.01% of capital stock	34.00

During the 2014 fiscal year, no treasury shares were remitted as part of existing performance share or purchase stock option plans.

On November 20, 2014, by resolution of the Board of Directors, 6.1 million shares previously allocated to the coverage of stock options or performance shares plans were reallocated to cancellation and were effectively cancelled on November 28, 2014. This share cancellation resulted in a reduction in the share capital by a par value of €24.4 million.

1.3.2 Information on transactions involving own shares during the 2014 fiscal year (excluding liquidity agreement)

In 2014, as part of the authorizations granted by the Annual General Meetings of June 6, 2013 and June 5, 2014 to the Board of Directors, the Company purchased, excluding the liquidity agreement, 3,786,095 shares, at an average price of €35.35, and did not sell any of its own shares. Total trading expenses, fees and taxes incurred by the Company in 2014 in connection with all transactions on its own shares (including the liquidity agreement) amounted to €504,700.

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, 2014.

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, 2014, 60,000 shares were held in the account, along with €2.6 million in cash.

Cumulative purchases during the 2014 fiscal year under the liquidity agreement involved 1,290,771 shares at an average price of €38.63, while 1,234,771 shares were sold at an average price of €38.68. No shares allocated to the liquidity agreement were reallocated to another purpose of the share buyback program in 2014.

2. Ownership structure

2.1 MAJOR SHAREHOLDERS

At December 31, 2014, Compagnie de Saint-Gobain's capital stock amounted to €2,247,582,264, represented by 561,895,566 common shares, corresponding to 682,962,941 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, 2014			December 31, 2013			December 31, 2012		
	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	89,812,635	16.2	25.8	91,722,635	17.3	26.8
Employees, through the Group Savings Plan	42,365,221	7.5	11.8	41,884,581	7.5	11.3	44,555,467	8.4	12.1
BlackRock Inc.	28,359,250 [3]	5.0	4.2	–	–	–	–	–	–
Treasury stock	857,741	0.2	0.0	3,116,495	0.6	0.0	4,161,065	0.8	0.0
Other shareholders [4]	424,500,719	75.6	64.7	420,363,079	75.7	62.9	390,686,475	73.6	61.1
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 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 10, Section 1.1.1.*

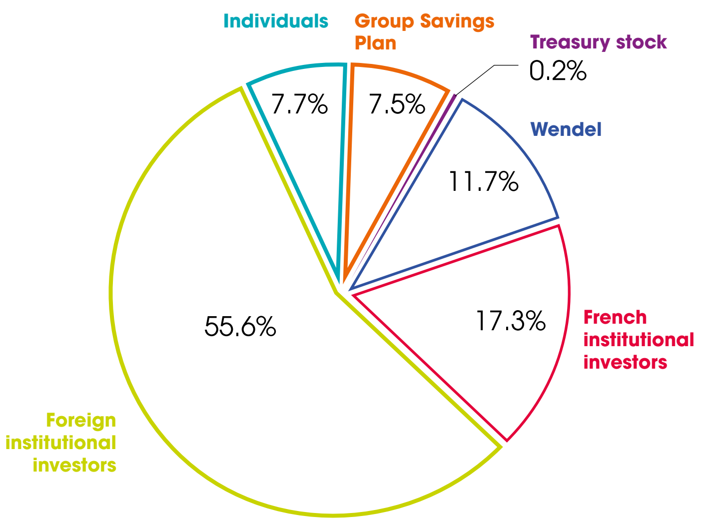
[3] *To the best of the Company's knowledge, based on the disclosure threshold statement prepared by BlackRock, Inc. on September 30, 2014. For further information, see Chapter 7, Section 2.2.3.*

[4] *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, 2014 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, 2014 the number of shareholders was estimated at approximately 220,000.

The following graphic shows Compagnie de Saint-Gobain's ownership structure at December 31, 2014 by major shareholder category.



2.2 DISCLOSURE THRESHOLDS IN 2014

2.2.1 Wendel

On May 15, 2014, the French Financial Markets Authority *(Autorité des marchés financiers)* was notified by Wendel that on May 7, 2014, it had directly and indirectly (through the companies it controls), fallen below the thresholds of 25% and 20% of voting rights, and 15% of the Company's capital stock, and that it consequently held 11.82% of the share capital and 19.45% of the voting rights of Compagnie de Saint-Gobain.

These thresholds crossings resulted from a sale of Company stock over the counter.

2.2.2 Amundi

On June 18 and 19, 2014, the French Financial Markets Authority *(Autorité des marchés financiers)* was notified by Amundi, manager of the Saint-Gobain PEG France corporate mutual fund, that this fund:

- for regularization purposes, had on December 31, 2013 fallen below the threshold of 10% of the Company's voting rights following a sale of Compagnie de Saint-Gobain stock on the market, and that at that date it was holding, on behalf of that mutual fund, 6.65% of the capital stock and 9.99% of the voting rights of the Company;
- had on June 17, 2014, exceeded the threshold of 10% of voting rights following an acquisition of Compagnie de Saint-Gobain shares on the market, and that at that date it was holding, on behalf of that mutual fund, 6.15% of the capital stock and 10.05% of the voting rights of the Company.

In addition, Amundi disclosed, in the name and on behalf of the Saint-Gobain PEG France corporate mutual fund, that the fund:

- financed purchases of Saint-Gobain shares with reinvested dividends directly contributed from employees;
- acts independently;
- does not intend to purchase more Saint-Gobain shares;
- does not intend to acquire control of the Company;
- does not intend to change the Company's strategy or carry out any of the transactions listed in Article 223-17 I 6º of the AMF's General Rules;
- does not hold any of the arrangements or financial instruments listed in 4º and 4º bis of paragraph I of Article L. 223-9 of the French Commercial Code;
- has not entered into any temporary transfer agreements concerning the Company's shares and/or voting rights;
- has one seat on the Company's Board of Directors and does not intend to request any additional seats.

2.2.3 BlackRock

During the 2014 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 January 20, 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 January 15, 2015, it had exceeded the threshold of 5% of the capital stock of Compagnie de Saint-Gobain, holding 5.04% of the capital stock and 4.15% of the voting rights on behalf of those customers and funds.

BlackRock, Inc. also reported that it held 497,531 "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 4,398,574 shares of Compagnie de Saint-Gobain on behalf of customers who have retained the exercise of voting rights.

2.2.4 Other threshold disclosures

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, 2014, Group employees held 7.5% of the capital and 11.8% 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 2014, 4,303,388 shares were issued under a standard plan with a five- or ten-year lock-up, for a total of €145.8 million (compared with 4,499,142 shares and €111.4 million in 2013).

In France, 47.6% of employees invested in the PEG through corporate mutual funds (*Fonds Communs de Placement d'Entreprise,* "FCPE"). With employees in 24 other European countries and 17 countries outside Europe also given the opportunity to take part in the PEG, in all, more than 34,000 Group employees participated in the PEG during 2014.

A new plan will be launched in 2015, 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 General Meeting of June 9, 2011, new agreements with Wendel 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, beyond 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, 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 General Meeting of June 9, 2011 and were approved as related-party transactions by the General Meeting of June 7, 2012.

2.5 CONTROL OF THE COMPANY

At December 31, 2014, 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 operations of the Company

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, 2014 were €8,782 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 160.7 million at December 31, 2014.

3. Stock market/ Securities market information

3.1 THE SAINT-GOBAIN SHARE

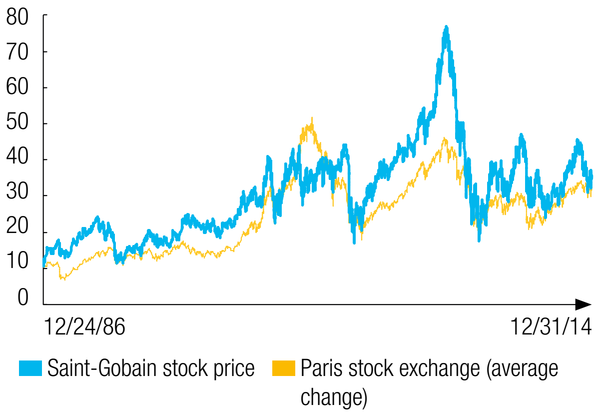
Compagnie de Saint-Gobain shares are traded on Compartment A of the Euronext market in Paris (ISIN FR 0000 125007). As of December 31, 2014, the Company represented the 23rd-largest market capitalization of the CAC 40 (€19,795 million), and the 18th most actively traded stock on this market, with average daily trading volume of 1,986,163 shares during 2014. 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.

It is also included on the STOXX® Global ESG Leaders, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, Ethibel's ESI Excellence Europe and FTSE4Good sustainable development indices.

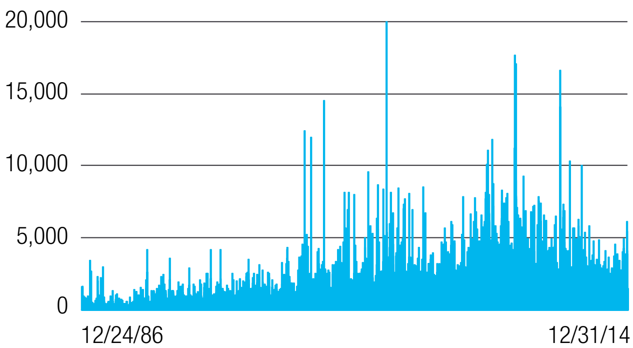
Saint-Gobain equity options are also traded on the options markets in Paris (MONEP) and on the London Stock Exchange, with MONEP trading volume representing 449,426 contracts in 2014, versus 476,389 in 2013.

- Share price [(1)]



- Trading volumes (in thousands) at December 31, 2014 [(1)]

Trading volume adjusted for the 4-for-1 stock split in June 2002



Source: Euronext Paris

(1) Adjusted for the effects of the March 1994 and February 2009 rights issues.

- Highest and lowest share prices

Year	Highest	Lowest	Year-end price
2012	37.625	23.900	32.220
2013	40.325	27.105	39.975
2014	46.395	29.510	35.230

Source: Euronext Paris

3.2 TOTAL SHAREHOLDER RETURN (TSR)

- Since the December 1986 privatization: 9.4% per year

of which: 4.4% price appreciation

5.0% dividend yield
(including the 50% *avoir fiscal* 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 and 2014 stock dividends (50%)

➜ December 31, 2014 share price: €35.230

- Over ten years, from December 31, 2004 to December 31, 2014: 3.8% per year

of which: – 1.3% price depreciation

5.1% dividend yield

Calculated as follows:

➜ December 31, 2004 share price: €40.265

➜ 2005 - 2008 cash dividends

➜ 2009 and 2010 stock dividends

➜ 2011 and 2012 cash dividends

➜ 2013 and 2014 stock dividends (50%)

➜ December 31, 2014 share price: €35.230

- Trading volume since September 2013

Source: Euronext Paris

Paris Stock Exchange ISIN FR0000125007	Number of shares	Amount (in €)	Highest (in €)	Lowest (in €)
2013				
September	30,566,630	1,123,248,023	38.250	34.945
October	38,268,093	1,453,423,985	40.000	36.610
November	29,488,682	1,148,321,789	40.325	37.645
December	31,901,492	1,196,285,691	40.290	36.135
TOTAL	**462,946,216**	**15,423,480,755**		
2014				
January	35,679,154	1,420,315,710	41.670	37.705
February	35,121,479	1,442,773,324	43.910	37.655
March	34,430,939	1,455,378,799	44.260	40.340
April	36,440,959	1,608,879,468	46.395	41.975
May	38,929,710	1,646,036,038	44.355	40.930
June	40,509,383	1,722,945,668	45.000	40.785
July	43,644,715	1,687,510,203	42.575	36.340
August	39,432,951	1,451,180,200	39.210	35.035
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

The London Stock Exchange has provided no details of trading volumes since the end of October 2007.

A total of 1,108,300 shares were traded on the Frankfurt Exchange in 2014 *(source: Datastream)*.

The only other Group companies whose shares are traded on a regulated market are Saint-Gobain Oberland (Frankfurt, Munich and Stuttgart Stock Exchanges), 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

During 2014, Compagnie de Saint-Gobain carried out the following debt management transactions to extend the average maturity of debt while reducing average borrowing costs:

- On March 24, 2014, the private placement of €100 million maturing March 2033 with a coupon of 3.875% was increased to €226 million trough two additions of €100 million and €26 million;
- On May 27, 2014, a private placement of €40 million maturing May 2038 was issued with a coupon of 3.625%;
- On September 5, 2014, a private placement of €34 million maturing September 2034 was issued with a coupon of 3%;
- On December 23, 2014, a private placement of €30 million maturing December 2049 was issued with a coupon of 3%;
- On April 25, 2014, Saint-Gobain Nederland repaid a bond commitment of €501 million that had matured;
- On July 28, 2014, Compagnie de Saint-Gobain repaid a bond commitment of €686 that had matured.

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, 2014, 606,883 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 2014 amounted to €4.69 per security.

- Trading volume since 2013 (1st tranche)

Source: Euronext Paris

Paris Stock Exchange ISIN FR0000140030	Number of securities	Amount (in €)	Highest (in €)	Lowest (in €)
2013				
September	11,789	1,758,788	152.5000	147.250
October	4,978	747,105	153.0000	146.500
November	2,241	340,444	153.9000	148.850
December	8,837	1,329,026	153.0000	148.000
TOTAL	**120,713**	**17,751,594**		
2014				
January	5,344	802,377	155.000	148.550
February	10,244	1,518,203	155.000	143.050
March	5,165	763,636	152.500	145.100
April	5,127	760,163	150.900	147.000
May	6,221	926,359	152.500	141.350
June	3,247	480,246	150.000	144.600
July	960	143,046	155.000	145.100
August	1,026	153,865	155.000	145.000
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

- Trading volume since September 2013 (2nd tranche)

Source: Euronext Paris

Paris Stock Exchange ISIN FR0000047607	Number of secuities	Amount (in €)	Highest (in €)	Lowest (in €)
2013				
September	208	26,129	128.270	123.240
October	106	13,055	123.600	123.000
November	186	22,594	122.100	121.100
December	181	21,310	120.000	116.450
TOTAL	**3,393**	**432,663**		
2014				
January	171	21,006	127.260	116.450
February	1,662	200,667	121.000	120.000
March	814	102,791	128.000	120.990
April	1,149	153,017	135.000	128.000
May	171	23,081	135.500	133.250
June	518	69,928	136.650	133.220
July	80	10,708	136.700	123.000
August	200	26,600	133.000	133.000
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	140.500	148.000

3.4.2 Non-voting participating securities *(titres participatifs)* issued in April1984

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, 2014, 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 to 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 2014 is €58.60, paid in two installments (€30.15 + €28.45).

- Trading volume since September 2010

(Source: Luxembourg Stock Exchange)

Luxembourg Stock Exchange ISIN LU0002804531	Number of securities	Amount (in €)	Highest (in €)	Lowest (in €)
2010				
November	1,999	2,298,850	1,150.00	1,150.00
TOTAL	**1,999**	**2,298,850**		
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**		

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 2014, 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

Numerous meetings were organized throughout 2014 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 Reims, Nantes, Toulouse and Lyon, as well as a conference during the Salon Actionaria in Paris in November, representing the seventeenth 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 General Meetings and meetings with analysts.

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

2015 financial calendar

2014 final results: February 25, 2015, after the market closes

First quarter 2015 sales: April 28, 2015, after the market closes

Annual General Meeting: June 4, 2015 at 3:00 p.m., at Palais des Congrès (Porte Maillot), Paris 17 (France)

Dividend:
- ex-dividend date: June 10, 2015;
- dividend payment date: July 3, 2015;

First-half 2015 results: July 29, 2015, after the market closes;

Sales for the first nine months of 2015: October 28, 2015, after the market closes.

2016 financial calendar

- Annual General Meeting: June 2, 2016

5. Dividends

Year	Number of shares with dividend rights	Net dividend per share (in €)	Adjusted yield based on year-end share price
2012	527,472,147 shares [(1)]	1.24	3.8%
2013	552,064,580 shares [(2)]	1.24	3.1%
2014	561,090,325 shares [(3)]	1.24	3.5%

(1) Based on 531,125,642 shares outstanding (capital stock at December 31, 2012) less 3,653,495 treasury shares held on the ex-dividend date.

(2) 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.

(3) Amount estimated as of January 31, 2015, based on 561,895,566 shares outstanding (capital stock at December 31, 2014) less 805,241 treasury shares held on January 31, 2015.

Dividends not claimed within five years are time-barred and are paid over to the French State.

At its meeting of February 25, 2015, the Board of Directors of Compagnie de Saint-Gobain decided to recommend to the Shareholders' Meeting on June 4, 2015 a dividend of €1.24 per share.

8

Financial and accounting information

8 Financial and accounting information
2014 consolidated financial statements

1. 2014 consolidated financial statements

2. Statutory Auditors’ report on the consolidated financial statements

1. 2014 consolidated financial statements

Consolidated balance sheet

at December 31

ASSETS

(in EUR million)	Notes	2014	2013 restated*
Goodwill	(4)	10,462	10,401
Other intangible assets	(5)	3,085	3,128
Property, plant and equipment	(6)	12,657	12,438
Investments in associates	(7)	386	384
Deferred tax assets	(16)	1,348	1,125
Other non-current assets		646	454
NON-CURRENT ASSETS		**28,584**	**27,930**
Inventories	(9)	6,292	5,953
Trade accounts receivable	(10)	4,923	4,857
Current tax receivable	(16)	156	236
Other receivables	(10)	1,356	1,315
Assets held for sale	(2)	0	974
Cash and cash equivalents	(20)	3,493	4,350
CURRENT ASSETS		**16,220**	**17,685**
TOTAL ASSETS		**44,804**	**45,615**

LIABILITIES

(in EUR million)	Notes	2014	2013 restated*
Capital stock	(11)	2,248	2,221
Additional paid-in capital and legal reserve		6,437	6,265
Retained earnings and consolidated net income		10,411	10,677
Cumulative translation adjustments		(953)	(1,481)
Fair value reserves		(63)	7
Treasury stock	(11)	(67)	(147)
SHAREHOLDERS' EQUITY		**18,013**	**17,542**
Minority interests		405	345
CONSOLIDATED TOTAL EQUITY		**18,418**	**17,887**
Long-term debt	(20)	8,713	9,362
Provisions for pensions and other employee benefits	(15)	3,785	2,783
Deferred tax liabilities	(16)	634	715
Other non-current liabilities and provisions	(17)	1,225	2,185
NON-CURRENT LIABILITIES		**14,357**	**15,045**
Current portion of long-term debt	(20)	1,389	1,707
Current portion of other liabilities	(17)	409	477
Trade accounts payable	(18)	6,062	5,897
Current tax liabilities	(16)	97	66
Other payables and accrued expenses	(18)	3,460	3,269
Liabilities held for sale	(2)	0	473
Short-term debt and bank overdrafts	(20)	612	794
CURRENT LIABILITIES		**12,029**	**12,683**
TOTAL LIABILITIES		**44,804**	**45,615**

** The restatements are explained in Note 3.*

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated income statement

(in EUR million)	Notes	2014	2013 restated*
Net sales	(32)	41,054	41,761
Cost of sales	(23)	(31,075)	(31,795)
General expenses including research	(23)	(7,228)	(7,232)
Share in net income of business associates	(3)	46	20
OPERATING INCOME		**2,797**	**2,754**
Other business income	(23)	481	186
Other business expense	(23)	(1,069)	(1,057)
BUSINESS INCOME		**2,209**	**1,883**
Borrowing costs, gross		(518)	(588)
Income from cash and cash equivalents		33	36
Borrowing costs, net		**(485)**	**(552)**
Other financial income and expense	(24)	(211)	(238)
NET FINANCIAL EXPENSE		**(696)**	**(790)**
Share in net income of non-business associates		0	2
Income taxes	(16)	(513)	(463)
NET INCOME		**1,000**	**632**
GROUP SHARE OF NET INCOME		**953**	**595**
Minority interests		47	37

Income per share (in EUR)			
Weighted average number of shares in issue		557,672,194	538,912,431
Net earnings per share	(26)	1.71	1.10
Weighted average number of shares assuming full dilution		560,186,531	541,981,225
Diluted earnings per share	(26)	1.70	1.10

** The restatements are explained in Note 3.*

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of recognized income and expense

(in EUR million)	2014	2013 restated*
NET INCOME	**1,000**	**632**
Items that may be subsequently reclassified to profit or loss		
Translation adjustments	541	(1,018)
Changes in fair value	(70)	22
Tax on items that may be subsequently reclassified to profit or loss	19	(28)
Items that will not be reclassified to profit or loss		
Changes in actuarial gains and losses	(835)	696
Tax on items that will not be reclassified to profit or loss	287	(260)
INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY	**(58)**	**(588)**
TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE YEAR	**942**	**44**
Group share	883	67
Minority interests	59	(23)

** The restatements are explained in Note 3.*

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

(in EUR million)	Notes	2014	2013 restated*
GROUP SHARE OF NET INCOME		**953**	**595**
Minority interests in net income	(a)	47	37
Share in net income of associates, net of dividends received	(7)	(29)	(3)
Depreciation, amortization and impairment of assets	(23)	2,132	1,879
Gains and losses on disposals of assets	(23)	(408)	(99)
Unrealized gains and losses arising from changes in fair value and share-based payments		2	34
Changes in inventory	(9)	(270)	(133)
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(10)(18)	70	23
Changes in tax receivable and payable	(16)	45	(8)
Changes in deferred taxes and provisions for other liabilities and charges	(15)(16)(17)	(1,179)	(154)
NET CASH FROM OPERATING ACTIVITIES		**1,363**	**2,171**
Purchases of property, plant and equipment [in 2014: (1,437), in 2013: (1,317)] and intangible assets	(5)(6)	(1,568)	(1,419)
Increase (decrease) in amounts due to suppliers of fixed assets	(18)	12	(8)
Acquisitions of shares in consolidated companies [in 2014: (69), in 2013: (65)], net of cash acquired	(2)	(60)	(79)
Acquisitions of other investments	(8)	(7)	(37)
Increase in investment-related liabilities	(17)	17	6
Decrease in investment-related liabilities	(17)	(6)	(3)
Investments		(1,612)	(1,540)
Disposals of property, plant and equipment and intangible assets	(5)(6)	93	190
Disposals of shares in consolidated companies, net of cash divested	(2)	878	152
Disposals of other investments	(8)	0	0
Divestments		971	342
Increase in loans, deposits and short-term loans	(8)	(157)	(59)
Decrease in loans, deposits and short-term loans	(8)	67	42
Change in loans, deposits and short-term loans		(90)	(17)
NET CASH FROM (USED IN) INVESTMENT AND DIVESTMENT ACTIVITIES		**(731)**	**(1,215)**
Issues of capital stock	(a)	412	662
(Increase) decrease in treasury stock	(a)	(137)	31
Dividends paid	(a)	(685)	(654)
Transactions with shareholders of parent company		(410)	39
Minority interests' share in capital increases of subsidiaries		12	4
Acquisitions of minority interests without gain of control		(19)	0
Disposals of minority interests without loss of control		0	13
Changes in investment-related liabilities following the exercise of put options of minority shareholders		4	0
Dividends paid to minority shareholders by consolidated companies and increase (decrease) in dividends payable		(37)	(58)
Transactions with minority interests		(40)	(41)
Increase (decrease) in bank overdrafts and other short-term debt		6	(577)
Increase in long-term debt	(b)	265	1,456
Decrease in long-term debt	(b)	(1,338)	(1,559)
Changes in gross debt		(1,067)	(680)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**(1,517)**	**(682)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(885)**	**274**
Net effect of exchange rate changes on cash and cash equivalents		20	(75)
Net effect from changes in fair value on cash and cash equivalents		8	0
Cash and cash equivalents classified as assets held for sale		0	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**4,350**	**4,150**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,493**	**4,350**

**The restatements are explained in Note 3.*
(a) Refer to the consolidated statement of changes in equity.
(b) Including bond premiums, prepaid interest and issue costs.

Income tax paid amounted to €461 million in 2014 (2013: €619 million) and interest paid net of interest received amounted to €526 million in 2014 (2013: €555 million).

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	Treasury stock	Shareholders' equity	Minority interests	Total equity
At January 1, 2013 published	**531,125,642**	**526,434,577**	**2,125**	**5,699**	**10,313**	**(523)**	**(15)**	**(181)**	**17,418**	**412**	**17,830**
Restatements*					16				**16**		**16**
At January 1, 2013 restated*	531,125,642	526,434,577	2,125	5,699	10,329	(523)	(15)	(181)	**17,434**	412	**17,846**
Income and expenses recognized directly in equity			0	0	408	(958)	22	0	**(528)**	(60)	**(588)**
Net income for the year					595				**595**	37	**632**
Total income and expense for the year			**0**	**0**	**1,003**	**(958)**	**22**	**0**	**67**	**(23)**	**44**
Issues of capital stock											
Group Savings Plan	4,499,142	4,499,142	18	93					**111**		**111**
Stock option plans	2,685,835	2,685,835	11	67					**78**		**78**
Dividends paid in shares	16,866,171	16,866,171	67	406					**473**		**473**
Other									**0**	4	**4**
Dividends paid (EUR 1.24 per share)					(654)				**(654)**	(60)	**(714)**
Shares purchased		(1,799,334)						(63)	**(63)**		**(63)**
Shares sold		2,731,226			(3)			97	**94**		**94**
Share-based payments					14				**14**		**14**
Changes in Group structure					(12)				**(12)**	12	**0**
At December 31, 2013 restated*	**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 period					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**

** The restatements are explained in Note 3.*

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the 2014 consolidated financial statements

NOTE 1 ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The consolidated financial statements of Compagnie de Saint-Gobain and its subsidiaries ("the Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted for use in the European Union as at December 31, 2014.

The accounting policies applied are consistent with those used to prepare the financial statements for the year ended December 31, 2013, 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.

The standards, interpretations and amendments to published standards applicable for the first time in 2014 (see table below) do not have a material impact on the Group's consolidated financial statements. In this respect, the impact of standards IFRS 10, 11 and 12 concerning consolidation, partnerships and information on interests in other entities is presented in Note 3, and the 2013 data referenced in this note have been restated as a result. The new standards, interpretations and amendments to existing standards applicable to accounting periods starting after January 1, 2015 or later (see table below) have not been adopted in advance by the Group, with the exception of interpretation IFRIC 21, the impact of which is presented in Note 3. The 2013 data referenced in this note have also been restated as a result.

These consolidated financial statements were adopted by the Board of Directors on February 25, 2015 and will be submitted to the Shareholders' Meeting for approval. They are presented in million euros.

Estimates and assumptions

The preparation of consolidated financial statements in compliance 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 1), share-based payments (Notes 12, 13 and 14), the measurement of employee benefit obligations (Note 15), deferred taxes (Note 16), provisions for other liabilities and charges (Note 17) and financial instruments (Note 21).

Summary of new standards, interpretations and amendments to published standards

Standards, interpretations and amendments to existing standards applicable in 2014

IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
Amendment to IAS 27	Separate financial statements
Amendment to IAS 28	Investments in associates and joint ventures
Amendment to IAS 32	Offsetting financial assets and financial liabilities
Amendment to IAS 36	Recoverable amount disclosures for non-financial assets
Amendment to IAS 39	Novation of derivatives and continuation of hedge accounting
Amendments to IFRS 10, IFRS12 and IAS 27	Investment entities

Standards, interpretations and amendments to existing standards applicable in advance to 2014 financial statements

IFRIC 21	Levies
Amendment to IAS 19	Employee benefits

Standards adopted by the European Union may be consulted on the European Commission website, at:

http://ec.europa.eu/finance/accounting/ias/index_en.htm

Scope and methods of consolidation

Scope

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.

Significant changes in the Group's scope of consolidation during 2014 are presented in Note 2 and a list of the principal consolidated companies as at December 31, 2014 is provided in Note 33.

Consolidation methods

Companies over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

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.

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 of income of core business associates," and income of other associates is combined under "share of income of non-core business associates" in pre-tax income.

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.

- 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 12 months retroactively at the acquisition date.

The final acquisition price (referred to as "consideration transferred" in the new terminology of IFRS 3R), 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 12 months following the acquisition. Under IFRS 3R, any adjustments to the acquisition price beyond this 12-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 or proportionately consolidated companies). Any subsequent increase in ownership interest 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.

- 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 (an acquisition in stages), 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 (minority) interest, which is then measured at fair value.

- 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.

- Minority interests

Up to December 31, 2009, transactions with minority interests were treated in the same way as transactions with parties external to the Group. As from January 1, 2010, 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), in accordance with IAS 27A. 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.

Non-current assets and liabilities held for sale - 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. In the case of assets and liabilities arising on discontinued operations, the income and expenses are recorded as a single amount on the face of the consolidated income statement.

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.

Intragroup transactions

All intragroup balances and transactions are eliminated in consolidation.

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.

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.

Balance sheet items

Goodwill

See the section above on "Business combinations".

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 as 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 fiscal 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.

Concerning greenhouse gas emissions allowances, a provision is recorded in the consolidated financial statements to cover any difference between the Group's emissions and the allowances granted.

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.

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.

Non-current financial assets

Non-current financial assets include available-for-sale and other securities, as well as other non-current assets, which primarily comprise long-term loans, guarantee deposits and sureties.

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 material, in which case an impairment loss is recorded in the income statement.

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 (36 CGUs at December 31, 2014, with the loss of the Verallia North America CGU and identification of a Distribution CGU in Latin America).

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 2014 and 2013) plus a country risk premium where appropriate depending on the geographic area concerned. The discount rates applied in 2014 for the main operating regions were 7.25% for the Eurozone and North America, 8.25% for Eastern Europe and China and 8.75% for South America.

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.

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.

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.

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 established to cover the risk of total or partial non-recovery.

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 analyzed, and provisions are set aside when appropriate.

Trade and other accounts receivable and payable are due mainly within one year, with the result that their carrying amount approximates fair value.

For trade receivables transferred under securitization programs, the contracts concerned are analyzed 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.

Net debt

- Long-term debt

Long-term debt includes bonds, Medium-Term Notes, perpetual bonds, participating securities and all other types of long-term financial liabilities, including lease liabilities and the fair value of derivatives qualifying as interest rate hedges.

Under IAS 32, the distinction between financial liabilities and equity is based on the substance of the contracts concerned rather than their legal form. As a result, participating securities are classified as debt. At the balance sheet date, long-term debt is measured at amortized cost. Premiums and issuance costs are amortized using the effective interest method.

- Short-term debt

Short-term debt includes the current portion of the long-term debt described above, short-term financing programs such as commercial paper or *"Billets de Trésorerie"* (French commercial paper), bank overdrafts and other short-term bank borrowings, as well as the fair value of credit derivatives not qualifying for hedge accounting. At the balance sheet date, short-term debt is measured at amortized cost, with the exception of derivatives that are held as hedges of debt. Premiums and issuance costs are amortized using the effective interest method.

- Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand, bank accounts and marketable securities that are short-term (i.e., generally with maturities of less than three months), highly liquid investments readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Marketable securities are measured at fair value through profit or loss.

Further details about long- and short-term debt are provided in Note 20.

Foreign exchange, interest rate and commodity derivatives (swaps, options, futures)

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 qualify 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 net financial expense for all other derivatives). However, in the case of derivatives that qualify as cash flow hedges, the effective portion of the gain or loss arising from changes in fair value is recognized directly in equity, and only the ineffective portion is recognized in the income statement.

- Fair value hedges

Most interest rate derivatives used by the Group to swap fixed rates for variable rates are designated and qualify as fair value hedges. 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 is remeasured at fair value and at the level of risk covered. As the loss or gain on the underlying hedged item offsets the effective portion of the gain or loss on the fair value hedge, the income statement is only impacted by the ineffective portion of the hedge.

- Cash flow hedges

Cash flow hedge accounting is applied by the Group mainly for derivatives used to fix the cost of future investments in financial assets or property, plant and equipment, future purchases of gas and fuel oil (fixed-for-variable price swaps) and future purchases of foreign currencies (forward contracts). 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 the hedged item affects income. In the same way as for fair value hedges, cash flow hedging limits the Group's exposure to changes in the fair value of these derivatives to the ineffective portion of the hedge.

- Derivatives that do not qualify for hedge accounting

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in the income statement. Instruments concerned mainly include cross-currency swaps; gas, currency and interest rate options; currency swaps and forward contracts.

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* and not classified as level 1, 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.

** and not classified as level 1.*

Employee benefits - 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.

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.

The Group's obligation for the payment of pensions and length-of-service awards is determined at the balance sheet date by independent actuaries, using a method that takes into account projected final salaries at 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.

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.

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 the United States, Spain and Germany, retired employees receive benefits other than pensions, mainly concerning healthcare. The Group's obligation under these plans is determined using an actuarial method and is covered by a provision recorded in the balance sheet.

Finally, provisions are also set aside on an actuarial basis for some other employee benefits, such as jubilees or other long-service awards, deferred compensation, specific welfare benefits, and termination benefits in various countries. Any actuarial gains and losses relating to these benefits are recognized immediately.

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.

Employee benefits - defined contribution plans
Contributions to defined contribution plans are expensed as incurred.

Employee benefits - share-based payments

- *Stock option plans*

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 plan 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.

For options exercised for new shares, the sum received by the Company when options are exercised is recorded in "Capital stock" for the portion representing the par value of the shares, with the balance - net of directly attributable transaction costs - recorded under "Additional paid-in capital".

- Group Savings Plans

The method used by Saint-Gobain to calculate the costs of its Group Savings Plans (Plans d'Epargne Groupe - "PEG") takes into account the fact that shares granted to employees under the plan are subject to a five- or ten-year lock-up. The lock-up cost is measured and deducted from the 20% discount granted by the Group on employee share awards. The calculation parameters are defined as follows:
- the exercise price, as set by the Board of Directors, corresponds to the average of the opening share prices quoted over the twenty trading days preceding the date of grant, less a 20% discount;
- the grant date of the options is the date on which the plan is announced to employees. For Saint-Gobain Group, this is the date when the plan's terms and conditions are announced on the Group's intranet;
- the interest rate used to estimate the cost of the lock-up feature of employee share awards is 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.

Leveraged plan costs are calculated under IFRS 2 in the same way as for non-leveraged plans, but also take into account the specific advantage accruing to employees who have access to share prices with a volatility profile adapted to institutional investors.

The cost of the plans is recognized in full at the end of the subscription period.

- Performance shares and performance unit grants

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 eligibility criteria based on the grantee's period of service with the Group as well as performance criteria – which are described in Note 14. Plan costs calculated under IFRS 2 take into account these criteria 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 eligibility criteria based on the grantee's period of service with the Group and certain performance criteria. 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.

Equity

- 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.

- 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.

- 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".

Other current and non-current liabilities and provisions

- Provisions for other liabilities and charges

A provision is booked when (i) the Group has a present legal or constructive obligation towards a third party as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be estimated reliably.

If the timing or the amount of the obligation cannot be measured reliably, it is classified as a contingent liability and reported as an off-balance sheet commitment.

Provisions for other material liabilities and charges whose timing can be estimated reliably are discounted to present value.

- 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, including additional purchase consideration. They are reviewed on a periodic basis and any subsequent changes in the fair value of minority shareholder puts are recognized by adjusting equity.

Income statement items

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.

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.

Other business income and expense

Other business income and expense mainly include movements in provisions for claims and 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.

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.

Net financial expense

Net financial expense includes borrowing and other financing costs, income from cash and cash equivalents, interest cost for pension and other post-employment benefit plans, net of the return on plan assets, and other financial income and expense such as exchange gains and losses and bank charges.

Income taxes

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.

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.

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.

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 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.

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, excluding treasury stock.

Diluted earnings per share are calculated by adjusting earnings per share (see Note 26) and the average number of shares outstanding for the effects of all dilutive potential common shares, such as stock options and convertible bonds. The calculation is performed using the treasury stock method, which assumes that the proceeds from the exercise of dilutive instruments are assigned on a priority basis to the purchase of common shares in the market.

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.

The method used for calculating recurring net income is explained in Note 25.

Performance indicators

EBITDA
EBITDA corresponds to operating income before depreciation and amortization of property, plant and equipment and intangible assets.

The method used for calculating EBITDA is explained in Note 25.

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.

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 other liabilities and charges and deferred taxes. Cash flow from operations is adjusted for the effect of material non-recurring provision charges.

The method used for calculating cash flow from operations is explained in Note 25.

Cash flow from operations before tax on capital gains and losses and non-recurring provisions
This item corresponds to cash flow from operations less the tax effect of asset disposals and of non-recurring provision charges and reversals.

The method used for calculating cash flow from operations before tax on capital gains and losses and non-recurring provisions is explained in Note 25.

Segment information

In compliance with IFRS 8, segment information reflects the Group's internal presentation of operating results 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 in 2014 compared with prior years.

NOTE 2 – CHANGES IN GROUP STRUCTURE

Changes in the number of consolidated companies

	France	Outside France	Total
Fully consolidated companies			
At January 1, 2014 published	**162**	**684**	**846**
At January 1, 2014 restated by IFRS 10 and 11	**163**	**685**	**848**
Newly consolidated companies	1	25	26
Merged companies	(3)	(66)	(69)
Deconsolidated companies	(1)	(7)	(8)
Change in consolidation method		6	6
AT DECEMBER 31, 2014	**160**	**643**	**803**
Companies accounted for by the equity method			
At January 1, 2014 published	**4**	**68**	**72**
At January 1, 2014 restated by IFRS 10 and 11	**6**	**90**	**96**
Newly consolidated companies		7	7
Merged companies		(4)	(4)
Deconsolidated companies	(1)	(3)	(4)
Change in consolidation method		(6)	(6)
AT DECEMBER 31, 2014	**5**	**84**	**89**
TOTAL AT JANUARY 1, 2014	**169**	**775**	**944**
TOTAL AT DECEMBER 31, 2014	**165**	**727**	**892**

Significant changes in Group structure

2014

On December 8, 2014, the Group announced its plan to acquire control of Sika, the global leader in construction chemicals. The plan consists of the Group acquiring the holding company Schenker Winkler Holding AG, which holds 16.1% of Sika's share capital and 52.4% of its voting rights. This deal is subject to authorization by the competent anti-trust authorities and is envisioned for no later than the second half of 2015. In accordance with the Group's currency risk hedging policy, an amount of CHF 2.75 billion was hedged in euros.

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 been commenced, as a result of which, the sale of the Packaging Sector does not meet the criteria for classification as a "disposal group held for sale" according to the IFRS 5 definition. The Saint-Gobain Group has 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 will commence 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.

On January 17, 2013, Compagnie de Saint-Gobain signed an agreement with Ardagh for the disposal of Verallia North America (Saint-Gobain Containers, Inc. and subsidiaries), 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. At December 31, 2013, the assets and liabilities of Verallia North America (Saint-Gobain Containers, Inc. and subsidiaries) were classified among assets and liabilities held for purposes of sale on the consolidated balance sheet, in accordance with IFRS 5.

2013

On December 19, 2013, the Group signed an agreement for the sale of its US-based Fiber Cement siding business to Plycem USA, a subsidiary of the Mexican group Elementia. This business was part of Saint-Gobain's Exterior Products Activity of the Construction Products Sector. It manufactures and sells fiber cement siding, trim and accessory products for the United States and Canadian residential and commercial construction markets. The transaction was finalized in early 2014.

On March 7, 2013, the Group signed an agreement for the sale of its US-based PVC Pipe and Foundations business to North American Pipe Corporation, a subsidiary of Westlake Chemical Corporation. The sale was completed on May 1, 2013 once anti-trust approvals had been obtained.

Impact on consolidated balance sheet

In 2014, the impact of changes to the scope and method of consolidation on items in the consolidated balance sheet was as follows:

(in EUR million)	Companies consolidated for the first time	Companies removed from the scope of consolidation	Total
Impact on assets			
Non-current assets	141	(84)	57
Inventories	30	(47)	(17)
Trade accounts receivable	17	(44)	(27)
Other current assets excluding cash and cash equivalents	9	(982)	(973)
	197	**(1,157)**	**(960)**
Impact on equity and liabilities			
Shareholders' equity and minority interests	20	396	416
Provisions for pensions and other employee benefits	1	(9)	(8)
Non-current liabilities	23	(12)	11
Trade accounts payable	10	(16)	(6)
Other payables and accrued expenses	13	(482)	(469)
	67	**(123)**	**(56)**
ENTERPRISE VALUE OF CONSOLIDATED COMPANIES ACQUIRED/DIVESTED (A)	**130**	**(1,034)**	**(904)**
Impact on Group net debt*			
Impact on cash and cash equivalents	(9)	5	(4)
Impact on debt excluding cash and cash equivalents (b)	70	(156)	(86)
	61	**(151)**	**(90)**
ACQUISITIONS/DISPOSALS OF SHARES IN CONSOLIDATED COMPANIES NET OF CASH ACQUIRED/ DIVESTED (A) - (B)	**60**	**(878)**	**(818)**

** Corresponding to the debt, short-term credit facilities and cash equivalents of acquired compagnies.*

NOTE 3 – IMPACT OF CHANGES IN ACCOUNTING METHODS

Impacts of the initial application of IFRS 10, "consolidated statements", and IFRS 11, "partnerships"

Standards IFRS 10 and 11 concerning consolidation and partnerships apply on a mandatory basis as of January 1, 2014, retrospectively to the current fiscal years. Implementation of these standards required the Group to analyze its scope of consolidation and resulted in a change in the consolidation method of most entities subject to proportional consolidation, which will henceforth be consolidated using the equity method. This change explains the €168 million increase in the "securities consolidated under the equity method" item in the 2013 balance sheet restatements.

As part of the implementation of IFRS 11, the Group changed the classification of equity method contributions on the income statement. Income from associates whose activity is to expand the Group's activity is presented on the line "share of income of business associates", with the others on the line "share of income of non-business associates".

Impacts of the initial application of IFRS 12, "disclosure of interests in other entities"

Non-controlling interests do not constitute a significant share of the Group's consolidated financial statements for fiscal years 2014 and 2013.

Impacts of the initial application of the interpretation IFRIC 21 "fees or taxes"

On May 20, 2013, the IASB published a new interpretation covering taxes withheld by a public authority. This interpretation was adopted by the European Union on June 13, 2014 for mandatory application in fiscal years commencing as of June 17, 2014.

The Group decided to apply this recommendation in advance starting January 1, 2014. The impact essentially lies in a different expense allocation at interim period ends. In effect, taking the due date of taxes into strict account results in a full recognition of expenses on this date, rather than spreading them out over the year. The consolidated financial statements of December 31, 2013 were adjusted to allow for the comparison.

The impact of changes in accounting methods on each of the financial statements is presented below:

- Impact on the consolidated balance sheet

The balance sheet at December 31, 2013 has been restated as follows:

(in EUR million)	Dec. 31, 2013 published	IFRS 10 and 11 impact	IFRIC 21 impact	Dec. 31, 2013 restated
ASSETS				
Goodwill	10,413	(12)	0	10,401
Other intangible assets	3,131	(3)	0	3,128
Property, plant and equipment	12,635	(197)	0	12,438
Investments in associates	216	168	0	384
Deferred tax assets	1,125	0	0	1,125
Other non-current assets	407	47	0	454
Current assets	17,799	(114)	0	17,685
TOTAL ASSETS	**45,726**	**(111)**	**0**	**45,615**
EQUITY AND LIABILITIES				
Group shareholders' equity	17,526	0	16	17,542
Minority interests	344	1	0	345
Long-term debt	9,395	(33)	0	9,362
Provisions for pensions and employee benefits	2,785	(2)	0	2,783
Deferred tax liabilities	712	(6)	9	715
Other non-current liabilities	2,189	(4)	0	2,185
Current liabilities	12,775	(67)	(25)	12,683
TOTAL EQUITY AND LIABILITIES	**45,726**	**(111)**	**0**	**45,615**

- Impact on the consolidated income statement

The impact on the 2013 consolidated income statement can be summarized as follows:

(in EUR million)	2013 published	Impact IFRS 10 and 11	Impact IFRIC 21	2013 restated
Net sales and additional proceeds	42,025	(264)		41,761
OPERATING INCOME	**2,764**	**(10)**		**2,754**
BUSINESS INCOME	**1,891**	**(8)**		**1,883**
FINANCIAL INCOME	**(795)**	**5**	**0**	**(790)**
CONSOLIDATED NET INCOME	**631**	**1**		**632**
ATTRIBUTED TO EQUITY HOLDERS OF THE PARENT	**595**	**0**	**0**	**595**
Minority interests	36	1	0	37

• Impact on the statement of recognized income and expense

The impact on the 2013 consolidated statement of recognized income and expense can be summarized as follows:

(in EUR million)	2013 published	Impact IFRS 10 and 11	Impact IFRIC 21	2013 restated
CONSOLIDATED NET INCOME	**631**	**1**	**0**	**632**
Items that may be subsequently reclassified to profit or loss				
Translation adjustments	(1,018)	0	0	(1,018)
Changes in fair value	22	0	0	22
Tax on items that may be subsequently reclassified to profit or loss	(28)	0	0	(28)
Items that will not be reclassified to profit or loss				
Changes in actuarial gains and losses	696	0	0	696
Tax on items that will not be reclassified to profit or loss	(260)	0	0	(260)
INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY	**(588)**	**0**	**0**	**(588)**
TOTAL INCOME AND EXPENSE FOR THE YEAR	**43**	**1**	**0**	**44**
Attributable to equity holders of the parent	67	0	0	67
Minority interests	(24)	1	0	(23)

• Impact on the consolidated statement of cash flows

The impact on the 2013 consolidated statement of cash flows can be summarized as follows:

(in EUR million)	2013 published	Impact IFRS 10 and 11	Impact IFRIC 21	2013 restated
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**595**	**0**	**0**	**595**
Other profit or loss items	1,865	(17)	0	1,848
Change in working capital	(121)	3	0	(118)
Changes in deferred taxes and provisions for other liabilities and charges	(153)	(1)	0	(154)
NET CASH FROM OPERATING ACTIVITIES	**2,186**	**(15)**	**0**	**2,171**
NET CASH FROM (OR USED IN) INVESTING ACTIVITIES	**(1,231)**	**16**	**0**	**(1,215)**
NET CASH FROM (OR USED IN) FINANCING ACTIVITIES	**(664)**	**(18)**	**0**	**(682)**
INCREASE (DECREASE) IN CASH	**291**	**(17)**	**0**	**274**
Net effect of exchange rate changes on cash	(80)	5	0	(75)
Net effect from changes in fair value on cash	0	0	0	0
Cash and cash equivalents classified as assets held for sale	1	0	0	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,179**	**(29)**	**0**	**4,150**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**4,391**	**(41)**	**0**	**4,350**

NOTE 4 – GOODWILL

(in EUR million)	2014	2013 restated
At January 1		
Gross value	11,403	11,750
Accumulated impairment	(1,002)	(829)
NET VALUE	**10,401**	**10,921**
Movements during the year		
Changes in Group structure	43	12
Reclassification to assets held for sale	0	8
Impairment	(360)	(216)
Translation adjustments	378	(324)
TOTAL	**61**	**(520)**
At December 31		
Gross value	11,899	11,403
Accumulated impairment	(1,437)	(1,002)
NET	**10,462**	**10,401**

In 2014, movements in goodwill mainly arose from impairment charged in the Construction and Building Distribution Sectors and translation adjustments. In 2013, movements in goodwill mainly arose from impairment of goodwill in the Building Distribution Sector and translation adjustments.

The net values of goodwill are detailed in the table below:

(in EUR million)	At December 31, 2014	At December 31, 2013
Flat Glass	261	248
High Performance Materials	1,434	1,285
Construction Products	5,770	5,674
Building Distribution	2,942	3,135
Packaging	55	59
TOTAL	**10,462**	**10,401**

Goodwill is allocated mainly to the Construction Products Sector, and chiefly relates to Gypsum (€3,356 million at December 31, 2014), Industrial Mortars (€1,915 million at December 31, 2014) and the Building Distribution Sector, primarily in the United Kingdom, France and Scandinavia. Details of goodwill and unamortizable brands by Sector are provided in the segment information tables in Note 32.

Goodwill impairment test

When the annual impairment test reveals that the recoverable amount of an asset is less than its carrying amount, an impairment loss is recorded.

In the first half of 2014, impairments recorded of €253 million are linked to the restructuring projects launched during this period, chiefly in Flat Glass in Europe, Pipe Systems in China and Spain, and to impairment of goodwill in the Building Distribution Sector in the USA (taking into account lower sales) and in Spain (taking into account the downturn there in the construction market). The tests carried out in the second half of 2014 led to an additional impairment of goodwill of €107 million, essentially linked to persistent problems in the housing fitting market in France, which led to additional impairment of net residual goodwill being recorded of €99 million, and an impairment of €136 million on unamortizable brands on Lapeyre Europe.

The breakdown of impairments on assets by Sector for fiscal years 2014 and 2013 is provided in the segment information tables in Note 32.

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.

As at December 31, 2014, a 0.5 point decrease in the discount rate for all the CGUs would lead to approximately €98 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, applied to all the CGUs would result in additional write-downs of intangible assets of around €83 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 €29 million, and a 0.5 point decrease of the rate for distribution activities would have generated an additional write-down of €80 million.

(in EUR million)	Impact of +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*	(28)	(24)	(29)	(21)
High Performance Materials				
Construction Products				
Building Distribution	(70)	(59)		(59)
Packaging				
TOTAL	**(98)**	**(83)**	**(29)**	**(80)**

** The €21 million refers solely to the distribution activity of Flat Glass (Glassolutions).*

NOTE 5 – OTHER INTANGIBLE ASSETS

(in EUR million)	Patents	Non-amortizable brands	Software	Development costs	Other	Total
At January 1, 2013 restated						
Gross value	140	2,806	869	118	338	4,271
Accumulated amortization and impairment	(112)		(715)	(65)	(186)	(1,078)
NET	**28**	**2,806**	**154**	**53**	**152**	**3,193**
Movements during the year						
Changes in Group structure and reclassifications	1	(1)	6	(4)	(15)	(13)
Reclassification to assets held for sale	0	0	2	0	0	2
Acquisitions	3		55	22	22	102
Disposals	0		(1)	0	(2)	(3)
Translation adjustments	(1)	(39)	(7)	(1)	(6)	(54)
Amortization and impairment	(4)		(64)	(20)	(11)	(99)
TOTAL MOVEMENTS	**(1)**	**(40)**	**(9)**	**(3)**	**(12)**	**(65)**
At December 31, 2013 restated						
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						
Changes in Group structure and reclassifications	0		2	1	11	14
Acquisitions	0		88	13	30	131
Disposals	0		(1)	(1)	(1)	(3)
Translation adjustments	1	54		2	7	64
Amortization and impairment	(4)	(145)	(60)	(25)	(15)	(249)
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**

The “Other” column includes amortizable manufacturing brands totaling €48 million at December 31, 2014 (December 31, 2013: €47 million).

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

(in EUR million)	Land and quarries	Buildings	Machinery and equipment	Assets under construction	Total
At January 1, 2013, restated					
Gross value	2,496	8,655	21,115	1,431	33,697
Accumulated depreciation and impairment	(451)	(4,682)	(14,953)	(100)	(20,186)
NET	**2,045**	**3,973**	**6,162**	**1,331**	**13,511**
Movements during the year					
Changes in Group structure and reclassifications	17	(24)	20	(15)	(2)
Reclassification to assets held for sale	1	4	(61)	(1)	(57)
Acquisitions	17	49	258	993	1,317
Disposals	(42)	(63)	(31)	(16)	(152)
Translation adjustments	(69)	(157)	(303)	(86)	(615)
Depreciation and impairment	(35)	(330)	(1,192)	(7)	(1,564)
Transfers		231	910	(1,141)	0
TOTAL MOVEMENTS	**(111)**	**(290)**	**(399)**	**(273)**	**(1,073)**
At December 31, 2013, restated					
Gross value	2,392	8,489	20,900	1,113	32,894
Accumulated depreciation 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					
Changes in Group structure and reclassifications	42	51	76	(4)	165
Acquisitions	31	86	300	1,020	1,437
Disposals	(29)	(25)	(43)	(7)	(104)
Translation adjustments	40	70	101	33	244
Depreciation and impairment	(32)	(336)	(1,149)	(6)	(1,523)
Transfers		227	804	(1,031)	0
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**

In 2014, other movements in property, plant and equipment included assets acquired under finance leases for an amount of €12 million (December 31, 2013: €18 million). These finance leases are not included in the cash flow statement, in accordance with IAS 7. At December 31, 2014, total property, plant and equipment acquired under finance leases amounted to €72 million (December 31, 2013: €77 million) (see Note 27).

NOTE 7 – INVESTMENTS IN ASSOCIATES

(in EUR million)	2014	2013 restated
At January 1		
Equity in associates	338	320
Goodwill	46	50
INVESTMENTS IN ASSOCIATES	**384**	**370**
Movements during the year		
Changes in Group structure	(22)	18
Translation adjustments	(2)	(33)
Transfers, share issues and other movements	(4)	27
Dividends paid	(16)	(20)
Group share in net income of associates	46	22
TOTAL MOVEMENTS DURING THE PERIOD	**2**	**14**
At December 31		
Equity in associates	355	338
Goodwill	31	46
INVESTMENTS IN ASSOCIATES	**386**	**384**

The principal financial aggregates of associates are as follows:

	2014		2013 restated	
(in EUR million)	Associates	Affiliates	Associates	Affiliates
Net sales	797	678	855	717
Net income	31	76	34	27
Shareholders' equity	623	359	603	403
Total assets and liabilities	1,145	579	1,110	804

NOTE 8 – OTHER NON-CURRENT ASSETS

(in EUR million)	Available-for-sale and other securities	Loans, deposits and surety	Pension plan surpluses	Total
At January 1, 2013 restated				
Gross value	59	311	57	427
Provisions for impairment in value	(18)	(5)		(23)
NET	**41**	**306**	**57**	**404**
Movements during the year				
Changes in Group structure	(16)	2		(14)
Increases / (decreases)	37	17	21	75
Provisions for impairment in value	0	1		1
Translation adjustments	(2)	(21)	(1)	(24)
Transfers and other movements	(2)	14		12
TOTAL MOVEMENTS DURING THE PERIOD	**17**	**13**	**20**	**50**
At December 31, 2013 restated				
Gross value	74	325	77	476
Provisions for impairment in value	(16)	(6)		(22)
NET	**58**	**319**	**77**	**454**
Movements during the year				
Change in Group structure	(32)	(94)		(126)
Increases / (decreases)	26	90	55	171
Provisions for impairment in value	0	(1)		(1)
Translation adjustments	0	3	5	8
Transfers and other movements	0	140		140
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**

In 2014, changes in “transfers and other movements” of loans, deposits and surety are chiefly linked 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 Impôt Recherche (CIR)). The short-term portion is entered under other current receivables.

As discussed in Note 1, available-for-sale and other securities are measured at fair value.

NOTE 9 – INVENTORIES

(in EUR million)	December 31, 2014	December 31, 2013 restated
Gross value		
Raw materials	1,483	1,397
Work in progress	261	247
Finished goods	4,983	4,791
GROSS INVENTORIES	**6,727**	**6,435**
Provisions for impairment in value		
Raw materials	(153)	(143)
Work in progress	(10)	(9)
Finished goods	(272)	(330)
PROVISIONS FOR IMPAIRMENT IN VALUE	**(435)**	**(482)**
NET	**6,292**	**5,953**

In 2014, cost of sales came to €31,075 million (2013: €31,795 million).

Impairment losses on inventories recorded in the 2014 income statement totaled €168 million (2013: €158 million). Impairment reversals, due to increases in the net realizable value of inventories, amounted to €132 million in 2014 (2013: €123 million) and were recorded as a deduction from impairment losses for the year.

NOTE 10 – TRADE AND OTHER ACCOUNTS RECEIVABLE

(in EUR million)	December 31, 2014	December 31, 2013 restated
Gross value	5,393	5,357
Provisions for impairment in value	(470)	(500)
TRADE ACCOUNTS RECEIVABLE	**4,923**	**4,857**
Advances to suppliers	537	547
Prepaid payroll taxes	26	21
Other prepaid and recoverable taxes (other than income tax)	367	349
Other	431	402
Of which:		
France	95	96
Other Western European countries	148	149
North America	13	15
Emerging countries and Asia	175	142
Provisions for impairment in value	(5)	(4)
OTHER RECEIVABLES	**1,356**	**1,315**

The change in impairment provisions for trade accounts receivable in 2014 primarily reflects €103 million in additions (2013: €125 million) and €135 million in reversals (2013: €102 million) – resulting from recoveries as well as write-offs. Bad debt write-offs are also reported under this caption for €82 million (2013: €83 million).

Net past-due trade receivables amounted to €968 million at December 31, 2014, after deducting provisions of €393 million (December 31, 2013: €932 million, after deducting provisions of €426 million), including €235 million over three months past due (December 31, 2013: €208 million).

NOTE 11 – EQUITY

Number of shares outstanding

At December 31, 2014, Compagnie de Saint-Gobain's capital stock comprised 561,895,566 shares of common stock with a par value of €4 each, all in the same class (December 31, 2013: 555,176,790 shares). At December 31, 2014, capital stock comprised a single share class.

During 2014, 4,303,388 new shares were issued to members of the 2014 Group Savings Plan at a price of €33.89, representing total proceeds of €145 million.

Treasury stock

Saint-Gobain shares held by Compagnie de Saint-Gobain and Saint-Gobain Corporation are shown as a deduction from equity under "Treasury stock" at acquisition cost. At December 31, 2014, 1,509,600 shares were held in treasury (December 31, 2013: 3,759,173 shares). 5,086,047 shares were bought back by the Group on the market during 2014 (2013: 1,799,334 shares) and 1,235,620 shares were sold (2013: 2,731,226 shares). Finally, 6,100,000 shares were canceled in 2014 and none in 2013.

The liquidity contract set up with EXANE BNP PARIBAS on November 16, 2007 was rolled over in 2014 and 2013. 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.

NOTE 12 – STOCK OPTION PLANS

Compagnie de Saint-Gobain has stock option plans available to certain employees.

The Board of Directors grants options to grantees which are exercisable for Saint-Gobain shares at a price based on the average share price for the 20 trading days preceding the grant date. Since 1999, no stock options have been granted at a discount to the average price.

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, 2014, the options granted between 2005 and 2007 and in 2012 are subscription options for new shares. For plans launched between 2008 and 2011 and in 2013 and 2014, the Board of Directors has decided that it would determine the type of option, for subscription or purchase of shares, at the latest at the end of the vesting period, with any options exercised before the decision is made being exercised for new shares. The Board of Directors decided that options granted under the 2008, 2009 and 2010 plans would be exercisable 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 2014 plan, the value used to calculate the 30% *contribution sociale* tax due by grantees employed by French companies in the Group is €2.58 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, 2012	**24,381,403**	**42.46**
Options granted	247,250	38.80
Options exercised	(2,497,850)	31.26
Options forfeited	(667,106)	32.26
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**

** Of which 3,679,814 options granted under the 2004 plan that had not been exercised when the plan expired on November 17, 2014, and 1,117,390 options granted under the 2010 plan that had lapsed as a result of failure to meet the performance conditions.*

Stock option expense recorded in the income statement amounted to €2 million in 2014 (2013: €4 million). The fair value of options granted in 2014 amounted to €1 million.

The table below summarizes information about stock options outstanding at December 31, 2014, after taking into account partial fulfillment of the performance criteria attached to certain plans.

	Options exercisable			Options not exercisable		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
2005	41.34	4,006,958	11			4,006,958	Subscription
2006	52.52	4,306,454	23			4,306,454	Subscription
2007	64.72	3,403,171	35			3,403,171	Subscription
2008	25.88	2,382,465	47			2,382,465	Subscription
2009	36.34	909,341	59			909,341	Subscription
2010	35.19	0	71			0	Subscription
2011			83	31.22	459,650	459,650	Subscription or Purchase*
2012			95	27.71	243,000	243,000	Subscription
2013			107	38.80	237,250	237,250	Subscription or Purchase*
2014			119	34.13	234,550	234,550	Subscription or Purchase*
TOTAL		**15,008,389**			**1,174,450**	**16,182,839**	

** 2011, 2013 and 2014 plans: see text above.*

At December 31, 2014, 15,008,389 stock options were exercisable (at an average exercise price of €47.09) and 1,174,450 options (average exercise price €32.61) had not yet vested.

NOTE 13 – GROUP SAVINGS PLAN

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. The purchase price of the shares, as set by the Chairman and Chief Executive Officer on behalf of the Board of Directors, corresponds to the average of the opening share prices quoted over the 20 trading days preceding the pricing date.

In 2014, the Group issued 4,303,388 shares with a par value of €4 (2013: 4,499,142 shares) to members of the PEG, for a total of €145 million (2013: €111 million).

In some years, as well as the standard plans, leveraged plans are offered to employees in countries where this is allowed under local law and tax rules.

- Standard plans

Under the standard plans, eligible employees are offered the opportunity to invest in Saint-Gobain stock at a 20% discount. The stock is subject to a 5- or 10-year lock-up, except following the occurrence of certain events. The compensation cost recorded in accordance with IFRS 2 is measured 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 (see Note 1 for details of the calculation).

The standard plan cost recorded in the income statement amounted to €0 in 2014 (2013: €0 million), net of the lock-in cost for employees of €27 million (2013: €20 million).

The following table shows the main features of the standard plans, the amounts invested in the plans and the valuation assumptions applied in 2014 and 2013:

		2014	2013
Plan characteristics			
	Grant date	March 21	March 25
	Plan duration (in years)	5 or 10	5 or 10
	Benchmark price (in EUR)	42.36	30.96
	Purchase price (in EUR)	33.89	24.77
	Discount (in %)	20.00%	20.00%
(a)	Total discount on the grant date (in %)	19.29%	16.82%
	Employee investments (in EUR million)	145.8	111.4
	Total number of shares purchased	4,303,388	4,499,142
Valuation assumptions			
	Interest rate paid by employees*	6.00%	5.80%
	5-year risk-free interest rate	0.96%	0.89%
	Repo rate	0.41%	0.94%
(b)	Lock-up discount (in %)	22.20%	23.50%
	Total cost to the Group (in %) **(a-b)**	- 2.91%	- 6.68%

** A 0.5-point decline in borrowing costs for the employee would have no impact on the 2014 cost as calculated in accordance with IFRS 2.*

- Leverage plans

No leveraged plans were set up in 2014 or 2013.

NOTE 14 – PERFORMANCE SHARE AND PERFORMANCE UNIT PLANS

Performance share plans

Various performance share plans have been set up by Saint-Gobain since 2009.

As of December 31, 2014, 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 18, 2010. The shares were subject to service and performance conditions, which were partially met. This plan consists of 737,550 performance share rights, as follows:
  - for eligible Group employees in France, the vesting period ended on March 29, 2013 and the shares were delivered on March 30, 2013 (185,905 shares were delivered, to which 590 shares delivered in advance must be added). 126,565 rights were forfeited because the performance conditions were not fully met and 12,000 rights were forfeited due to the grantees leaving the Group. The vesting period has been followed by a two-year lock-up, such that the shares may not be sold until March 31, 2015, 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, 2015 and the shares will be delivered on March 31, 2015 (249,520 shares will be potentially deliverable, to which must be added the 700 shares delivered in advance). 143,320 rights were forfeited because the performance conditions were not fully met and 18,950 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 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 (238,756 shares will be potentially deliverable, to which must be added 170 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 in France and abroad 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, of which 250 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. 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. 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.

The table below shows changes in the number of performance share rights:

	Number of rights
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2012	**2,665,846**
Performance share rights granted in November 2013	541,655
Shares issued/delivered	(188,055)
Lapsed and canceled rights	(1,960)
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**

The fair value of the performance shares corresponds to the 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 2014 for the two plans amounted to €8 million (2013: €10 million).

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, 2014	End of vesting period	Type of rights
November 18, 2010	249,520	end of March 2015	transmitting
November 24, 2011	238,756	end of March 2016	transmitting
November 22, 2012	542,120	end of November 2016	existing
November 21, 2013	541,655	end of November 2017	existing
November 20, 2014	530,240	end of November 2018	existing
TOTAL	**2,102,291**		

Performance unit plans

Performance unit plans were set up in 2012, 2013 and 2014. 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, 2014, three 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 2014, 13,600 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 2014, 16,500 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.

The expense recognized in 2014 in respect of these plans amounted to €8 million (2013: €5 million).

NOTE 15 – PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions for pensions and other social commitments consist of the following:

(in EUR million)	December 31, 2014	December 31, 2013 restated
Pension commitments	2,818	2,006
Length-of-service awards	371	295
Post-employment healthcare benefits	453	352
TOTAL PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**3,642**	**2,653**
Healthcare benefits	26	23
Long-term disability benefits	19	18
Other long-term benefits	98	89
PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS	**3,785**	**2,783**

The following table shows defined benefit obligations under pension and other post-employment benefit plans and the related plan assets:

(in EUR million)	December 31, 2014	December 31, 2013 restated
Provisions for pensions and other post-employment benefit obligations	3,642	2,653
Pension plan surpluses	(137)	(77)
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**3,505**	**2,576**

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, 2013 RESTATED	**10,042**	**(6,790)**	**14**	**3,266**
Movements during the year				
Service cost	213			213
Interest cost / return on plan assets*	396	(277)		119
Contributions to pension		(184)		(184)
Employee contributions		(11)		(11)
Actuarial gains and losses and asset ceiling*	(595)	(107)	6	(696)
Currency translation adjustments	(292)	224	(1)	(69)
Benefit payments	(468)	376		(92)
Past service cost	(58)			(58)
Changes in Group structure				0
Curtailments / settlements	(31)			(31)
Changes in liabilities held for sale	150	(31)		119
TOTAL MOVEMENTS	**(685)**	**(10)**	**5**	**(690)**
AT DECEMBER 31, 2013 RESTATED	**9,357**	**(6,800)**	**19**	**2,576**
Movements during the year				
Service cost	177			177
Interest cost / return on plan assets*	402	(303)		99
Contributions to pension		(192)		(192)
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	(439)	349		(90)
Past service cost	(2)			(2)
Changes in Group structure	(15)	7		(8)
Curtailments / settlements	(13)			(13)
TOTAL MOVEMENTS	**2,439**	**(1,499)**	**(11)**	**929**
AT DECEMBER 31, 2014	**11,796**	**(8,299)**	**8**	**3,505**

** The actual return on plan assets amounted to €1,174 million for the year (2013: €384 million).*

The following tables show the funded status of pension and other post-employment benefit obligations by geographic area:

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 obligation - funded plans	566	2,616	4,481	2,771	134	10,568
Defined benefit obligation - 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**

December 31, 2013 restated *(in EUR million)*	France	Other Western European countries	United Kingdom	North America	Rest of the World	Net total
Average duration *(in years)*	13	15	19	13	9	16
Defined benefit obligation - funded plans	476	2,126	3,568	2,085	122	8,377
Defined benefit obligation - unfunded plans	309	312		334	25	980
Fair value of plan assets	(281)	(1,408)	(3,396)	(1,614)	(101)	(6,800)
DEFICIT/(SURPLUS)	**504**	**1,030**	**172**	**805**	**46**	**2,557**
Asset ceiling						19
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS						**2,576**

Description of defined benefit plans

The Group's main defined benefit plans are as follows:

In France, 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.

Provisions for other long-term employee benefits amounted to €143 million at December 31, 2014 (December 31, 2013: €130 million), and covered all other employee benefits, notably long-service awards in France, jubilees in Germany and employee benefits in the United States. The related defined benefit obligation is generally calculated on an actuarial basis using the same rules as for pension obligations.

Measurement of pension and other post-employment benefit obligations

Pensions and other post-employment benefit obligations are determined on an actuarial basis using the projected unit credit method, based on estimated final salaries.

The Group's total pension and other post-employment benefit obligations amounted to €11,796 million at December 31, 2014 (December 31, 2013: €9,357 million).

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 €192 million (2013: €184 million). The actual return on plan assets came to €1,174 million for the year (2013: €384 million).

The fair value of plan assets – which totaled €8,299 million at December 31, 2014 (December 31, 2013: €6,800 million) – is deducted from the Group's defined benefit obligation, as estimated using the projected unit credit 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 2015 are estimated at around €180 million.

Actuarial assumptions used to measure defined benefit obligations and plan assets

Assumptions related to mortality, employee turnover and future salary increases take into account the economic conditions specific to each country and group company.

The assumptions used in 2014 for the Group's main plans were as follows:

		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%

** A cap applies to the reference salaries used to calculate benefit entitlements.*

The assumptions used in 2013 for the Group's main plans were as follows:

		Other European Countries		
(in %)	France	Eurozone	United Kingdom	United States
Discount rate	3.50%	3.50%	4.45%	4.75%
Salary increases	2.50%	2.00% to 2.60%	2.00%*	3.00%
Return on plan assets	3.50%	3.50%	4.45%	4.75%
Inflation rate	1.90%	1.80% to 2.00%	2.25%	2.10%

** A cap applies to the reference salaries used to calculate benefit entitlements.*

Discount rates were set by region or country based on observed bond rates at December 31, 2014.

A 0.5-point decrease (increase) in the discount rate would lead to an increase (decrease) in defined benefit obligations of around €200 million for the North American plans, €250 million for the Eurozone plans and €360 million for the UK plans. A 0.5-point increase in the inflation rate would lead to an overall increase in defined benefit obligations of €500 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 7.38% per year. A one-point increase in this rate would lead to an increase in the related projected benefit obligation of around €60 million.

Actuarial gains and losses

In 2006, the Group elected to apply the option available under IAS 19 and to record in equity actuarial gains and losses and the change in the asset ceiling (Note 1). Actuarial differences result from changes in actuarial assumptions and the variances between the funds' actual rates of return and the discount rates applied. In 2014, €835 million was recognized in equity (increase in provisions). This amount corresponds to €1,716 million in actuarial differences, including a €90 million experience adjustment (corresponding to the effects of differences between previous actual assumptions and what has actually occurred), €10 million due to the raising of the asset ceiling, and a €871 million increase in plan assets.

Favorable equity and bond markets helped to add €1,174 million to the value of plan assets, compared with an estimated increase of €303 million at the discount rate applied. A 0.5-point increase or decrease in the actual return on plan assets would have an impact of approximately €40 million on equity.

Plan surpluses and the asset ceiling

When plan assets exceed the defined benefit obligation, the excess is recognized in other non-current assets under "Plan surplus". The asset ceiling corresponds to the maximum future economic benefit. Changes in the asset ceiling are recognized in equity.

Plan surpluses and provisions for pensions and other post-employment benefits classified as assets and liabilities held for sale

In accordance with IFRS 5, the provisions for pensions and other post-employment benefits for employees of Verallia North America were classified as liabilities held for sale at December 31, 2013, for an amount of €210 million. Including provisions for other long-term benefits in the amount of €18 million, the total amount reclassified as "Liabilities held for sale" was €228 million.

These amounts were recorded at the time of the sale of Verallia North America.

Employee benefits expense

The cost of the Group's pension and other post-employment benefit plans (excluding other employee benefits) is as follows:

(in EUR million)	2014	2013 restated
Service cost	177	213
Interest cost	402	396
Expected return on plan assets	(303)	(277)
Curtailments and settlements	(15)	(89)
PENSIONS, LENGTH-OF-SERVICE AWARDS AND OTHER POST-EMPLOYMENT BENEFITS	**261**	**243**
Employee contributions	(11)	(11)
TOTAL	**250**	**232**

Additional information about defined contribution plans

Contributions to defined contribution plans for 2014 represented an estimated €640 million (2013: €644 million), including €433 million for government-sponsored basic pension schemes (2013: €447 million), €138 million for government-sponsored supplementary pension schemes, mainly in France (2013: €138 million), and €69 million for corporate-sponsored supplementary pension plans (2013: €59 million).

NOTE 16 – CURRENT AND DEFERRED TAXES

The pre-tax income of consolidated companies is as follows:

(in EUR million)	2014	2013 restated
Consolidated net income	1,000	632
Less:		
Share in net income of associates	46	22
Income taxes	(513)	(463)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	**1,467**	**1,073**

Income tax expense breaks down as follows:

(in EUR million)	2014	2013 restated
CURRENT TAXES	**(506)**	**(611)**
France	(121)	(123)
Outside France	(385)	(488)
DEFERRED TAXES	**(7)**	**148**
France	58	38
Outside France	(65)	110
TOTAL INCOME TAX EXPENSE	**(513)**	**(463)**

The effective tax rate breaks down as follows:

(in %)	2014	2013 restated
Tax rate in France	34.4	34.4
Impact of tax rates outside France	(8.0)	(8.9)
Impact of Finance Law in France	3.6	3.6
Capital gains and losses and asset impairments	1.3	12.1
Provisions for deferred tax assets	3.0	11.8
Effect of changes in future tax rates	0.8	(6.6)
Research tax credit	(1.2)	(2.2)
Other deferred and miscellaneous taxes	1.1	(1.0)
EFFECTIVE TAX RATE	**35.0**	**43.2**

The impact of the change in tax rates abroad (-8% in 2014 compared with -8.9% in 2013) is explained by the contribution of some countries with low tax rates. The main contributing countries are the United Kingdom, Czech Republic, Poland, Switzerland, Sweden, Germany and Norway.

In the balance sheet, changes in net deferred tax liability break down as follows:

(in EUR million)	Net deferred tax assets/(liability)
AT JANUARY 1, 2013 RESTATED	**450**
Deferred tax (expense)/benefit	148
Changes in deferred taxes on actuarial gains and losses recognized in accordance with IAS 19 (Note 15)	(260)
Translation adjustments	(10)
Impact of changes in Group structure and other	82
AT DECEMBER 31, 2013 RESTATED	**410**
Deferred tax (expense)/benefit	(7)
Changes in deferred taxes on actuarial gains and losses recognized in accordance with IAS 19 (Note 15)	287
Translation adjustments	65
Impact of changes in Group structure and other	(41)
AT DECEMBER 31, 2014	**714**

The table below shows the principal components of the deferred tax:

(in EUR million)	December 31, 2014	December 31, 2013 restated
Deferred tax assets	1,348	1,125
Deferred tax liabilities	(634)	(715)
NET DEFERRED TAX	**714**	**410**
Pensions	1,007	680
Brands	(700)	(738)
Depreciation & amortization, accelerated capital allowances and tax-driven provisions	(1,007)	(985)
Tax loss carry-forwards	793	873
Other	621	580
TOTAL	**714**	**410**

Deferred taxes are offset at the level of each tax entity, i.e., by tax group where applicable (mainly in France, the United Kingdom, Spain, Germany, the United States and the Netherlands).

Deferred tax assets of €1,348 million were recognized at December 31, 2014 (December 31, 2013: €1,125 million). They primarily include deferred tax assets of €649 million in the United States that are expected to be recovered within the maximum utilization period of 20 years and €249 million in Germany, where the *Organschaft* group relief system allows deferred tax assets to be recovered within a short period. Deferred tax liabilities recognized at December 31, 2014 amounted to €634 million (December 31, 2013: €715 million), including €158 million in France and €200 million in the United Kingdom.

Deferred tax liabilities recognized in other countries represented considerably smaller amounts.

At December 31, 2014, deferred tax assets whose recovery is not considered probable totaled €426 million (December 31, 2013: €349 million) and are fully accrued.

Unrecognized deferred tax assets chiefly relate to the following countries: China, Germany, United States, Belgium and Spain. In these countries, tax loss carry-forwards may have indefinite expiry dates nevertheless, after analyzing each situation, the Group may decide not to recognize them.

NOTE 17 – OTHER CURRENT AND NON-CURRENT LIABILITIES AND PROVISIONS

(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, 2013 restated									
Current portion	102	16	97	32	105	101	**453**	2	**455**
Non-current portion	1,446	133	87	35	151	261	**2,113**	82	**2,195**
TOTAL PROVISIONS FOR OTHER DEBTS AND INVESTMENT-RELATED LIABILITIES	**1,548**	**149**	**184**	**67**	**256**	**362**	**2,566**	**84**	**2,650**
Movements during the year									
Additions	168	12	184	35	96	60	**555**		**555**
Reversals	(25)	(7)	(32)	(11)	(25)	(46)	**(146)**		**(146)**
Utilizations	(109)	(9)	(140)	(16)	(50)	(37)	**(361)**		**(361)**
Changes in Group structure	0	0	0	0	0	1	**1**		**1**
Other (reclassifications and translation adjustments)	(18)	13	(1)	(4)	(8)	(34)	**(52)**	15	**(37)**
TOTAL MOVEMENTS DURING THE PERIOD	**16**	**9**	**11**	**4**	**13**	**(56)**	**(3)**	**15**	**12**
At December 31, 2013 restated									
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	148	31	60	58	**419**		**419**
Reversals	(215)	(6)	(37)	(7)	(20)	(31)	**(316)**		**(316)**
Utilizations	(1,005)	(10)	(129)	(25)	(73)	(36)	**(1,278)**		**(1,278)**
Changes in Group structure	0	0	0	1	0	0	**1**		**1**
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**

Provisions for claims and litigation

As at 31 December, 2014, the litigation provision mainly covered asbestos-related legal actions filed against the Group. The change in the provision may largely be explained by payment of the fine for competitive litigation for €715 million. These provisions are described in further detail in Note 28.

Provisions for environmental risks

Provisions for environmental risks cover costs relating to environmental protection measures, as well as site rehabilitation and clean-up costs.

Provisions for restructuring costs

Provisions for restructuring costs amounted to €174 million at December 31, 2014 (December 31, 2013: €195 million), including net additions of €111 million during the year. The provisions primarily concern Benelux (€65 million), Germany (€25 million), France (€22 million) and the United Kingdom (€14 million).

Provisions for personnel costs

These provisions primarily cover indemnities due to employees that are unrelated to the Group's reorganization plans.

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.

Provisions for other contingencies

At December 31, 2014, provisions for other contingencies amounted to €307 million and mainly concerned Germany (€88 million), France (€79 million), the United States (€49 million) and Latin America (€40 million).

Investment-related liabilities

Changes in investment-related liabilities primarily concerned liabilities arising from put options granted to minority shareholders in subsidiaries.

NOTE 18 – TRADE AND OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

(in EUR million)	December 31, 2014	December 31, 2013 restated
TRADE ACCOUNTS PAYABLE	**6,062**	**5,897**
Customer deposits	861	829
Payables to suppliers of non-current assets	307	277
Grants received	90	89
Accrued personnel expenses	1,163	1,131
Accrued taxes other than on income	396	368
Other	643	575
France	91	74
Germany	53	57
Great Britain	131	108
Other Western European countries	97	104
North America	49	41
Emerging countries and Asia	222	191
TOTAL OTHER PAYABLES AND ACCRUED EXPENSES	**3,460**	**3,269**

Trade and other accounts payable are due mainly within one year, with the result that their carrying amount approximates fair value.

NOTE 19 – RISK FACTORS

FINANCIAL RISKS

Liquidity Risk

- Liquidity risk on financing

In a crisis environment, 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 secure the timely renewal of its financings at an optimal cost. Long-term debt therefore systematically represents a high percentage of overall debt. Similarly, the maturity schedule for long-term debt issues is managed so that refinancings are spread across different periods.

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 reinforce the availability of short term financing, Compagnie de Saint-Gobain has in place two confirmed syndicated lines of credit.

A breakdown of long- and short-term debt is provided by type and maturity in Note 20. The main characteristics of the Group's financing programs and confirmed credit lines are also set out in Note 20.

The BBB rating of Saint-Gobain's long-term debt was confirmed by Standard & Poors 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.

- Liquidity risk on investments

Short-term investments consist of bank deposits and mutual fund units. To reduce liquidity and volatility risk, where the investment is not a bank deposit, they are always in money-market or bond funds.

Market risks

- 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's policy is aimed at securing the cost of its medium-term debt against interest rate risk and, subject to this overriding objective, optimizing its cost. Under Group policy, the derivative financial instruments used to hedge these risks comprise, among others, interest rate swaps, cross-currency swaps, options – including caps, floors and swaptions – and forward rate agreements.

The table below gives an analysis, as at December 31, 2014, 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	9	6
Interest rate decrease of 50 basis points	(9)	(6)

Please refer to Note 21 of the Notes to the Consolidated Financial Statements for more detail on interest rate risk hedging instruments and on the distribution of gross debt by rate type (fixed or variable) after hedging.

- 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, 2014, 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, 2014:

(in million euro equivalents)	Long	Short
EUR	1	5
USD	7	6
Other currencies	0	6
TOTAL	**8**	**17**

The table below gives an analysis, as at December 31, 2014, 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' said residual net foreign exchange exposure:

(in EUR million)	Impact on pre-tax income
EUR	(0.4)
USD	0.1
Other currencies	(0.6)
TOTAL	**(0.9)**

At December 31, 2014, a 10% fall in the exchange rates for these currencies would have the opposite impact, assuming that all other variables were unchanged.

Please refer to Note 21 of the Notes to the Consolidated Financial Statements for more detail on interest rate risk hedging instruments.

- Energy and raw materials risk

The Group is exposed to changes in the price of the energy it consumes and the raw materials used in 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 (Saint-Gobain Achats) and the relevant Delegations.

Hedges of energy purchases (excluding fixed-price purchases negotiated directly with suppliers by the Purchasing Department) are generally arranged by the Group Treasury and Financing Department (or with the Delegations' treasury departments) in accordance with instructions received from Saint-Gobain Achats.

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 21 of the Notes to the Consolidated Financial Statements for more detail on instruments used for hedging energy and raw materials risk.

Saint-Gobain share price risk

The Group is exposed to changes in the Saint-Gobain share price 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 the Saint-Gobain share changes, any expense variation recorded in the income statement will be fully offset by the hedge(s) in place.

Please refer to Note 21 of the Notes to the Consolidated Financial Statements for more detail on these share risk hedging instruments.

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.

NOTE 20 – NET DEBT

Long- and short-term debt

Long- and short-term debt consists of the following:

(in EUR million)	December 31, 2014	December 31, 2013 restated
Bond issues and Medium-Term Notes	7,690	8,374
Perpetual bonds and participating securities	203	203
Long-term securitization	400	400
Other long-term debt including finance leases	380	350
Fair value of interest rate hedges	40	35
TOTAL LONG-TERM DEBT (EXCLUDING CURRENT PORTION)	**8,713**	**9,362**
CURRENT PORTION OF LONG-TERM DEBT	**1,389**	**1,707**
Short-term financing programs (US CP, Europe CP, *Billets de trésorerie*)	0	110
Securitizations short-term	107	91
Bank overdrafts and other short-term bank borrowings	508	595
Fair value of derivatives not qualified as hedges of debt	(3)	(2)
SHORT-TERM DEBT AND BANK OVERDRAFTS	**612**	**794**
TOTAL GROSS DEBT	**10,714**	**11,863**
Cash at bank	(1,285)	(1,281)
Mutual funds and other marketable securities	(2,208)	(3,069)
CASH AND CASH EQUIVALENTS	**(3,493)**	**(4,350)**
TOTAL DEBT, INCLUDING ACCRUED INTEREST	**7,221**	**7,513**

The fair value of gross long-term debt (including the current portion) managed by Compagnie de Saint-Gobain amounted to €10 billion at December 31, 2014, for a carrying amount of €9 billion. The fair value of bonds corresponds to the market price on the last day of the year. For other borrowings, fair value is considered as being equal to the amount repayable.

Debt repayment schedule

Debt at December 31, 2014 can be analyzed as follows by maturity:

(in EUR million)	Currency	Within 1 year	1 to 5 years	Beyond 5 years	Total
Bond issues and Medium-Term Notes	EUR	999	3,786	2,701	7,486
	GBP		385	701	1,086
	JPY		34		34
	NOK		83		83
Perpetual bonds and participating securities	EUR			203	203
Long-term securitizations	EUR	116	400		516
Other long-term debt including finance leases	All currencies	104	196	184	484
Fair value of interest rate hedges	All currencies			40	40
Accrued interest long-term debt	All currencies	170			170
TOTAL LONG-TERM DEBT		**1,389**	**4,884**	**3,829**	**10,102**
TOTAL SHORT-TERM DEBT		**612**	**0**	**0**	**612**
TOTAL GROSS DEBT		**2,001**	**4,884**	**3,829**	**10,714**

At December 31, 2014, future interest payments on gross long-term debt (including the current portion) managed by Compagnie de Saint-Gobain 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	369	937	904	2,210

Interest on perpetual bonds and participating securities is calculated through to 2049.

Bonds

During 2014, Compagnie de Saint-Gobain carried out the following debt management transactions to extend the average maturity of debt while reducing average borrowing costs.

- On March 24, 2014, the private placement of €100 million maturing March 2033 with a coupon of 3.875% was increased to €226 million through two additions of €100 million and €26 million;
- On May 27, 2014, a private placement of €40 million maturing May 2038 was issued with a coupon of 3.625%;
- On September 5, 2014, a private placement of €34 million maturing September 2034 was issued with a coupon of 3%;
- On December 23, 2014, a private placement of €30 million maturing December 2049 was issued with a coupon of 3%.

On April 25, 2014, Saint-Gobain Nederland repaid a bond commitment of €501 million that had matured.

On July 28, 2014, Compagnie de Saint-Gobain repaid a bond commitment of €686 million that had matured.

Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued €125 million worth of perpetual bonds (25,000 bonds with a face value of €5,000).

Up to December 31, 2014, 18,496 perpetual bonds had been bought back and cancelled, and 6,504 perpetual bonds were outstanding, representing a total face value of €33 million.

The bonds bear interest at a variable rate indexed to Euribor. The amount paid out per bond in 2014 was €33.28.

The bonds are not redeemable and interest on them is classified as a component of finance costs.

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 participating securities have been bought back over the years. At December 31, 2014, 606,883 securities 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 Saint-Gobain Group's consolidated income. The amount paid out per security in 2014 was €4.69.

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 securities have been bought back over the years. At December 31, 2014, 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 to 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 of its publication by the Luxembourg Stock Exchange on July 1, 2014 ceased. The amount paid per security in 2014 is €58.60, paid in two installments (€30.15 + €28.45).

These participating securities are not redeemable and the interest paid on them is reported under "Borrowing costs".

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, 2014, issuance under these programs was as follows:

(in EUR million)	Authorized drawings	Authorized limits at December 31, 2014	Outstanding issues at December 31, 2014	Outstanding issues at December 31, 2013
Medium Term Notes		15,000	8,219	8,675
US Commercial Paper	up to 12 months	824*	0	0
Euro Commercial Paper	up to 12 months	824*	0	0
Billets de trésorerie	up to 12 months	3,000	0	110

** Equivalent of USD 1,000 million based on the exchange rate at December 31, 2014.*

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. 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 that 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.

Based on the 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, 2014.

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, 2014, it amounted to €516 million (December 31, 2013: €581 million). Based on observed seasonal fluctuations in receivables included in the program and on the contract's features, €400 million of this amount was classified as non-current and the balance as current.

The US program, which is rolled over each year, amounted to €107 million at December 31, 2014 (December 31, 2013: €91 million).

Bank overdrafts and other short-term bank borrowings

This item includes bank overdrafts, local short-term bank borrowings taken out by subsidiaries, and accrued interest on short-term debt.

Collateral

At December 31, 2014, €16 million of Group debt was secured by various non-current assets (real estate and securities).

NOTE 21 – FINANCIAL INSTRUMENTS

Derivatives

The following table presents a breakdown of the principal derivatives used by the Group:

(in EUR million)	Fair value at December 31, 2014				Nominal value broken down by maturity at December 31, 2014			
	Derivatives recorded in assets	Derivatives recorded in liabilities	Total	Fair value at December 31, 2013	Within 1 year	1 to 5 years	Beyond 5 years	Total
FAIR VALUE HEDGES			**0**	**0**				**0**
Cash flow hedges								
Currency	2	(9)	(7)	8	2,497	18	0	2,515
Interest rate	0	(40)	(40)	(35)	0	0	416	416
Energy and commodities	0	(9)	(9)	0	43	3	0	46
Other risks	0	(1)	(1)	3	0	55	0	55
CASH FLOW HEDGES - TOTAL	**2**	**(59)**	**(57)**	**(24)**	**2,540**	**76**	**416**	**3,032**
Derivatives not qualifying for hedge accounting								
Currency	6	(3)	3	(5)	1,582	0	0	1,582
Interest rate			0	0				0
Energy and commodities			0	0				0
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING - TOTAL	**6**	**(3)**	**3**	**(5)**	**1,582**	**0**	**0**	**1,582**
TOTAL	**8**	**(62)**	**(54)**	**(29)**	**4,122**	**76**	**416**	**4,614**
of which derivatives used to hedge net debt	5	(42)	(37)	(33)				

Currency instruments

- Currency swaps

The Group uses currency swaps mainly to convert euro-denominated funds into foreign currencies for cash management purposes.

- Forward foreign exchange contracts and currency options

Forward foreign exchange contracts and currency options are used to hedge foreign currency transactions, particularly commercial transactions (purchases and sales) and investments.

Interest rate instruments

- Interest rate swaps

The Group uses interest rate swaps to convert part of its fixed (variable) rate bank debt and bond debt to variable (fixed) rates.

- Cross-Currency swaps

The Group uses cross-currency swaps to convert foreign currency debt (euro debt) into euro debt (foreign currency debt).

Energy and commodity instruments

- 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.

Other risks

- Equity derivatives

Equity derivatives are used to hedge the risk of changes in the Saint-Gobain share price in connection with the performance units-based long-term incentive plan.

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, 2014, credit value adjustments were not material.

Impact on equity of financial instruments qualifying for hedge accounting

At December 31, 2014, the cash flow hedge reserve carried in equity in accordance with IFRS had a debit balance of €64 million, consisting mainly of:

- a debit balance of €34 million in relation to qualified cross-currency swaps for hedging future cash flows, enabling the translation of a bond issue into euros;
- a debit balance of €13 million corresponding to changes in the value of qualified energy hedges and raw materials hedges for hedging future cash flows;
- a debit balance of €9 million corresponding to changes in the value of qualified energy hedges and raw materials hedges for hedging future cash flows;
- a debit balance of €7 million corresponding to changes in the value of qualified energy hedges and raw materials hedges for hedging future cash flows.

Derivatives classified as cash flow hedges showed no material effectiveness.

Impact on income of financial instruments not qualifying for hedge accounting

The fair value of derivatives taken out by Compagnie de Saint-Gobain classified as financial assets and liabilities at fair value through profit or loss represented a €3 million gain at December 31, 2014 (December 31, 2013: €5 million loss).

Embedded derivatives

Saint-Gobain regularly analyzes its contracts in order to separately identify financial instruments classified as embedded derivatives under IFRS.

At December 31, 2014, no embedded derivatives deemed to be material at Group level were identified.

Group debt structure

The weighted average interest rate on total debt under IFRS, after hedging (using currency swaps, cross-currency swaps and interest rate swaps) was 4.3% at December 31, 2014 (December 31, 2013: 4.4%).

The average internal yield on the most important item of the Group's long-term debt before hedging (bond issues and medium-term notes) is 4.5% as at December 31, 2014, compared with 4.9% as at December 31, 2013.

The table below presents the breakdown by interest rate (fixed or variable) of the Group's gross debt at December 31, 2014, after giving effect to interest rate swaps, cross-currency swaps and currency swaps.

	Gross debt after hedging		
(in EUR million)	Variable rate	Fixed rate	Total
EUR	1,673	7,865	9,538
Other currencies	(61)	1,020	959
TOTAL	**1,612**	**8,885**	**10,497**
	15%	85%	100%
Fair value of restated derivatives			37
Accrued interest			180
TOTAL GROSS DEBT			**10,714**

NOTE 22 – FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are classified as follows in accordance with IFRS 7:

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	Derivatives designated as hedges	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: quoted prices and cash	Level 2: internal model using observable factors	Level 3: internal model using non-observable factors	Total financial instruments measured at fair value
Trade and other accounts receivable	(10)				0		6,279		6,279				0
Loans, deposits and surety	(8)				0		457		457				0
Available-for-sale and other securities	(8)				0	52			52				0
Derivatives recorded in assets	(20) (21)	5	0		5				5		5		5
Cash and cash equivalents	(20)			3,493	3,493				3,493	3,493			3,493
TOTAL ASSETS		**5**	**0**	**3,493**	**3,498**	**52**	**6,736**	**0**	**10,286**	**3,493**	**5**	**0**	**3,498**
Trade and other accounts payable	(18)				0			(9,522)	(9,522)				0
Long- and short-term debt	(20)				0			(10,677)	(10,677)				0
Derivatives recorded in liabilities	(20) (21)	(2)	(40)		(42)				(42)		(42)		(42)
TOTAL LIABILITIES		**(2)**	**(40)**	**0**	**(42)**	**0**	**0**	**(20,199)**	**(20,241)**	**0**	**(42)**	**0**	**(42)**
TOTAL		**3**	**(40)**	**3,493**	**3,456**	**52**	**6,736**	**(20,199)**	**(9,955)**	**3,493**	**(37)**	**0**	**3,456**

At December 31, 2013 restated

(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	Derivatives designated as hedges	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: quoted prices and cash	Level 2: internal model using observable factors	Level 3: internal model using non-observable factors	Total financial instruments measured at fair value
Trade and other accounts receivable	(10)				0		6,172		6,172				0
Loans, deposits and surety	(8)				0		319		319				0
Available-for-sale and other securities	(8)				0	58			58				0
Derivatives recorded in assets	(20) (21)	3	11		14				14		14		14
Cash and cash equivalents	(20)			4,350	4,350				4,350	4,350			4,350
TOTAL ASSETS		**3**	**11**	**4,350**	**4,364**	**58**	**6,491**	**0**	**10,913**	**4,350**	**14**	**0**	**4,364**
Trade and other accounts payable	(18)				0			(9,166)	(9,166)				0
Long- and short-term debt	(20)				0			(11,830)	(11,830)				0
Derivatives recorded in liabilities	(20) (21)	(8)	(39)		(47)				(47)		(47)		(47)
TOTAL LIABILITIES		**(8)**	**(39)**	**0**	**(47)**	**0**	**0**	**(20,996)**	**(21,043)**	**0**	**(47)**	**0**	**(47)**
TOTAL		**(5)**	**(28)**	**4,350**	**4,317**	**58**	**6,491**	**(20,996)**	**(10,130)**	**4,350**	**(33)**	**0**	**4,317**

NOTE 23 – BUSINESS INCOME BY EXPENSE TYPE

(in EUR million)	2014	2013 restated
NET SALES	**41,054**	**41,761**
Personnel costs		
Salaries and payroll taxes	(7,906)	(8,166)
Share-based payments [(a)]	(18)	(19)
Pensions [(b)]	(170)	(129)
Depreciation and amortization	(1,354)	(1,407)
Share of net income of business associates	46	20
Other [(c)]	(28,855)	(29,306)
OPERATING INCOME	**2,797**	**2,754**
Other business income [(d)]	481	186
Negative goodwill recognized in income	0	0
OTHER BUSINESS INCOME	**481**	**186**
Restructuring costs [(e)]	(252)	(306)
Provisions and expenses relating to claims and litigation [(f)]	102	(145)
Impairment of assets and other business expenses [(g)]	(879)	(568)
Other	(40)	(38)
OTHER BUSINESS EXPENSE	**(1,069)**	**(1,057)**
BUSINESS INCOME	**2,209**	**1,883**

(a) Details of share-based payments (IFRS 2 expense) are provided in Notes 12, 13 and 14.

(b) Changes in pension costs are presented in Note 15 “Provisions for pensions and other employee benefits”.

(c) 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 for the other Sectors. This item also includes research and development costs recorded under operating expenses, amounting to €398 million in 2014 (2013: €415 million).

(d) In 2014, this item primarily included proceeds from the disposal of Verallia North America and capital gains on disposals of property, plant and equipment and intangible assets.

(e) Restructuring costs in 2014 mainly consisted of employee termination benefits totaling €151 million (2013: €186 million).

(f) In both 2014 and 2013, provisions and reversals and expenses relating to litigation corresponded for the most part to asbestos-related litigation and the provision for the competition litigation discussed in Notes 17 and 28.

(g) Impairment losses on assets in 2014 included €360 million on goodwill (2013: €216 million) and €418 million on property, plant and equipment and intangible assets (2013: €256 million), and €24 million on provisions on financial assets or current assets (€4 million in 2013). The caption “Other” includes capital losses on disposals of assets and scrapping for €73 million (2013: €87 million), and acquisition costs incurred in connection with business combinations for €4 million (2013: €5 million).

NOTE 24 – NET FINANCIAL EXPENSE

Breakdown of other financial income and expense

(in EUR million)	2014	2013 restated
Interest cost - pension and other post-employment benefit obligations	(407)	(403)
Expected return on plan assets	303	277
INTEREST COST - PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS - NET	**(104)**	**(126)**
Other financial expense	(119)	(129)
Other financial income	12	17
OTHER FINANCIAL INCOME AND EXPENSE	**(211)**	**(238)**

Recognition of financial instruments

Net financial expense amounted to €696 in 2014 (2013: €790 million). Of this amount, €519 million (2013: €522 million) relates to instruments carried at amortized cost by Compagnie de Saint-Gobain and Saint-Gobain Nederland. Instruments measured at fair value by these two entities resulted in a positive impact of €2 million (2013: €4 million).

NOTE 25 – EBITDA - RECURRING NET INCOME - CASH FLOW FROM OPERATIONS

EBITDA

EBITDA amounted to €4,151 million in 2014 (2013: €4,161 million), calculated as follows:

(in EUR million)	2014	2013 restated
Operating income	2,797	2,754
Depreciation of intangible assets and property, plant and equipment	1,354	1,407
EBITDA	**4,151**	**4,161**

Recurring net income

Recurring net income totaled €1,103 million in 2014 (2013: €1,027 million). Based on the weighted average number of shares outstanding at December 31 (557,672,194 shares in 2014 and 538,912,431 shares in 2013), recurring earnings per share amounted to €1.98 in 2014 and €1.91 in 2013.

The difference between net income and recurring net income corresponds to the following items:

(in EUR million)	2014	2013 restated
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**953**	**595**
Less:		
Gains on disposals of assets	408	99
Impairment of assets and acquisition costs incurred in connection with business combinations	(806)	(480)
Provision for anti-trust litigation and other non-recurring provision charges	187	(77)
Impact of minority interest	(10)	0
Tax impact	71	26
RECURRING NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**1,103**	**1,027**

Cash flow from operations

Cash flow from operations for 2014 amounted to €2,510 million (2013: €2,520 million). Excluding tax on capital gains and non-recurring provision charges, cash flow from operations amounted to €2,439 million in 2014 (2013: €2,493 million). These amounts are calculated as follows:

(in EUR million)	2014	2013 restated
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**953**	**595**
Minority interests in net income	47	37
Share in net income of associates, net of dividends received	(29)	(3)
Depreciation, amortization and impairment of assets	2,132	1,879
Gains and losses on disposals of assets	(408)	(99)
Non-recurring charges to provisions	(187)	77
Unrealized gains and losses arising from changes in fair value and share-based payments	2	34
CASH FLOW FROM OPERATIONS	**2,510**	**2,520**
Tax on capital gains and losses and non-recurring charges to provisions	(71)	(27)
CASH FLOW FROM OPERATIONS BEFORE TAX ON CAPITAL GAINS AND LOSSES AND NON-RECURRING CHARGES TO PROVISIONS	**2,439**	**2,493**

NOTE 26 – EARNINGS PER SHARE

The calculation of earnings per share is shown below.

	Net income attributable to equity holders of the parent (in EUR million)	Number of shares	Earnings per share (in EUR)
2014			
Weighted average number of shares outstanding	953	557,672,194	1.71
Weighted average number of shares assuming full dilution	953	560,186,531	1.70
2013 restated			
Weighted average number of shares outstanding	595	538,912,431	1.10
Weighted average number of shares assuming full dilution	595	541,981,225	1.10

The weighted average number of shares outstanding is calculated by deducting treasury stock (1,509,600 shares at December 31, 2014, from the average number of shares outstanding during the year.

The weighted average number of shares assuming full dilution is calculated based on the weighted average number of shares outstanding, assuming conversion of all dilutive instruments. The Group's dilutive instruments include stock options and performance share grants corresponding to a weighted average of 957,895 and 1,556,442 shares respectively in 2014.

NOTE 27 – COMMITMENTS

Commitments related to shares in subsidiaries and associates

Puts granted to minority shareholders are carried in the balance sheet under investment-related liabilities. They are reviewed on a periodic basis and any subsequent changes in their fair value are recognized by adjusting equity.

Financing-related commitments

The Group's commitments related to debt and financial instruments are discussed in Notes 20 and 21, respectively.

Commitments related to operating activities

- Obligations under finance leases

Non-current assets acquired under finance leases are recognized as an asset and a liability in the balance sheet.

In 2014, €24 million of future minimum lease payments due under finance leases was for land and buildings. Total assets held under finance leases recorded in consolidated assets amounted to €72 million in 2014 (2013: €77 million).

(in EUR million)	2014	2013 restated
Future minimum lease payments		
Due within 1 year	18	19
Due in 1 to 5 years	44	42
Due beyond 5 years	9	14
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**71**	**75**
Less finance charge	(9)	(12)
PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**62**	**63**

- 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.

Net rental expense for non-cancellable leases was €847 million in 2014, comprised of rental expense of €865 million – of which €574 million for property leases – less €18 million in revenue from subleases.

Future minimum payments due under non-cancellable operating leases are as follows:

(in EUR million)	Total 2014	Payments due by period Within 1 year	In 1 to 5 years	Beyond 5 years	Total 2013 restated
Operating leases					
Rental expense	3,079	723	1,505	851	3,064
Subletting revenue	(62)	(15)	(29)	(18)	(60)
TOTAL	**3,017**	**708**	**1,476**	**833**	**3,004**

- Non-cancellable purchase commitments

Non-cancellable purchase commitments include commitments to purchase raw materials and services and firm orders for property, plant and equipment.

(in EUR million)	Total 2014	Payments due by period Within 1 year	In 1 to 5 years	Beyond 5 years	Total 2013 restated
Non-cancelable purchase commitments					
Non-current assets	58	49	9	0	58
Raw materials and energy	1,349	372	777	200	1,100
Services	320	129	167	24	312
Investments and other	2,400	2,347	31	22	40
TOTAL	**4,127**	**2,897**	**984**	**246**	**1,510**

Non-cancellable purchase commitments in 2014 include the commitment on an equity holding in the Sika Group totaling €2,293 million.

- Guarantee commitments

In some cases, the Group grants seller's warranties to the buyers of divested businesses. A provision is set aside whenever a risk is identified and the related cost can be estimated reliably.

The Group also receives guarantees, amounting to €146 million at December 31, 2014 (December 31, 2013: €118 million).

- Commercial commitments

(in EUR million)	Total 2014	Commitment amounts by period Within 1 year	In 1 to 5 years	Beyond 5 years	Total 2013 restated
Commercial commitments					
Security for borrowings	50	14	21	15	49
Other commitments given	179	84	46	49	166
TOTAL	**229**	**98**	**67**	**64**	**215**

At December 31, 2014, pledged assets amounted to €819 million (December 31, 2013: €612 million). This year-on-year net decline mainly reflected an increase in pledges of financial assets in the United Kingdom.

Guarantees given to the Group in respect of receivables amounted to €116 million at December 31, 2014 (December 31, 2013: €122 million).

- Other commitments

Greenhouse gas emissions allowances granted to Group companies under the 2008-2012 plan represent approximately 6.9 million metric tons of CO2 emissions per year. The 2014 and 2013 allowances are above the greenhouse gas emissions for those years and, consequently, no provision has been recorded in this respect in the Group accounts.

NOTE 28 – 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.

Asbestos-related litigation

Asbestos-related litigation in France

- Inexcusable fault lawsuits

In France, further individual lawsuits were filed in 2014 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM ("the employers") – which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases, with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect. As at December 31, 2014 a total of 781 such lawsuits had been issued against the two companies since 1997.

As of December 31, 2014, 722 of these 781 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 €1.4 million.

Concerning the 59 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2014, the merits of three have been decided but the compensation awards have not yet been made, pending issue of medical reports or Appeal Court rulings. A further 27 of these 59 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 29 remaining lawsuits, at December 31, 2014 the procedures relating to the merits of 26 cases were at different stages, with six in the process of being investigated by the French Social Security authorities and 20 pending before the Social Security courts. The final three suits have been struck down. The plaintiffs can ask for them to be re-activated at any time within a two-year period.

In addition, as of December 31, 2014, 212 similar suits had been filed since the outset by current or former employees of fifteen other French companies in the Group (excluding Saint-Gobain Desjonquères and Saint-Gobain Vetrotex, which have been sold), in particular involving circumstances where equipment containing asbestos had been used to protect against heat from furnaces.

As of December 31, 2014, 149 lawsuits had been completed. In 76 of these cases, the employer was held liable for inexcusable fault.

Compensation paid by the companies totaled approximately €1.08 million.

For the 63 suits outstanding at December 31, 2014, arguments were being prepared by the French Social Security authorities in four cases, 44 were being investigated – including 30 pending before the Social Security courts and 14 before the Appeal Courts – and ten had been completed in terms of liability but not in terms of quantum or liability for paying the compensation, of which six were pending before the Appeal Courts and four before the Court of Cassation. The final five suits have been struck down. The plaintiffs can ask for them to be re-activated at any time within a two-year period.

- Anxiety claims

Ten of the Group's French subsidiaries, including six that operate or have operated facilities in France classified as presenting an asbestos hazard, are the subject of damages claims that are different from those described above.

"Facilities classified as presenting an asbestos hazard" are defined as manufacturing facilities that have been closed or are still operating which previously manufactured materials containing asbestos or used asbestos protection and insulation equipment and are included on the official list of facilities whose current or former employees are entitled to the asbestos workers benefit (ACAATA).

At December 31, 2014, a total of 816 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 816 suits, 154 have been terminated. Three plaintiffs had their claims dismissed, while 151 others were recognized as having been exposed to an asbestos risk, and their claims were accepted, leading to payment of total compensation of €2.2 million. Of the remaining 662 suits, 233 are pending before the competent Appeal Courts, 288 before the competent labour tribunals, 134 have been struck down, and six suits have been dismissed by the competent labour tribunals. Finally, one claimant has vacated the suit brought by him.

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 many cases punitive – damages are based on alleged exposure to the 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 2014

About 4,000 new claims were filed against CertainTeed in 2014, compared to about 4,500 in 2013, 4,000 in 2012 and 2011, and 5,000 in 2010. Over the last five 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 6,500 of the pending claims were resolved in 2014, compared to 4,500 in 2013, 9,000 in 2012, 8,000 in 2011, and 13,000 in 2010 and approximately 3,500 claims were designated as inactive as they did not meet required minimum medical impairment criteria.

Taking into account the 43,000 outstanding claims at the end of 2013 and the new claims having arisen during the year, as well as claims settled or designated as inactive, some 37,000 claims were outstanding at December 31, 2014. 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 accounts

The Group recorded a €90 million charge in 2014 to cover future developments in relation to claims. This amount is identical to the amount recorded in 2013, 2012 and 2011, and lower than the €97 million recorded in 2010. At December 31, 2014, the Group reserve for asbestos-related claims against CertainTeed in the United States amount to €470 million (USD 571 million), compared with €407 million (USD 561 million), €417 million (USD €550 million) at December 2012, €389 million (USD 504 million) at December 31, 2011, and €375 million, (USD 501 million) at December 31, 2010.

- Cash-flow impact

Compensation paid in respect of these claims against CertainTeed, including claims settled prior to 2014 but only paid out in 2014, and those fully resolved and paid in 2014, and compensation paid (net of insurance) in 2014 by other Group businesses in connection with asbestos-related litigation, amounted to € 51 million (USD 68 million), compared to €66 million (USD 88 million) in 2013, €52 million (USD 67 million) in 2012, €59 million (USD 82 million) in 2011, and €78 million (USD 103 million) in 2010.

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, 2014, and they do not present a material risk for the subsidiaries concerned.

Competition law and related proceedings

Proceedings in the automotive glass industries

By decision of November 12, 2008 concerning the automotive glass case, the European Commission fined Saint-Gobain Glass France, Saint-Gobain Sekurit France and Saint-Gobain Sekurit Deutschland GmbH, jointly and severally with Compagnie de Saint-Gobain, €896 million for price-fixing agreements with competitors.

Following appeals by the companies concerned, by decision of March 27, 2014 the European Union Tribunal reduced this fine amount to €715 million. Neither the European Commission nor the companies concerned appealed this decision. The total of the fine and the related interest amounts were thus paid and the provision reversed during fiscal year 2014. This case is now legally closed.

Investigation by the Swiss Antitrust Commission in the sanitary market sector

In November 2011, the Swiss Antitrust Commission *(Commission Suisse de la Concurrence)* opened an investigation of 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 the terms of 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.

These allegations have been challenged in their entirety by Sanitas Troesch, which was heard by the Swiss Commission on January 26, 2015.

At this stage of the proceeding, it is not possible to determine what form the Commission's decision will take, nor, if a fine is imposed, how large it will be.

Investigation by the French Competition Authority in the building insulation products sector

On August, 6, 2014, Saint-Gobain ISOVER received a notice of complaints from the French Competition Authority. The only complaint made was of having exchanged allegedly strategic and confidential information, between March 2002 and March 2007, relating to a certification request lodged by Actis for one of its products, and to a dispute between Actis and the mineral wool manufacturers' association (FILMM), of which Saint-Gobain ISOVER was a member, before the Versailles Commercial Court.

Saint-Gobain ISOVER is challenging this complaint and submitted its statement of defense on November 6, 2014. It is now waiting for the report from the Competition Authority.

Parallel with this, Saint-Gobain ISOVER is challenging the visit and seizure operations that took place at its premises in 2009. On February 4, 2014 it appealed the order issued by the Versailles court on January 31, 2014 that validated these operations. The hearing before the appeal court will take place on March 11, 2015.

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 Supreme 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.

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 29 – RELATED-PARTY TRANSACTIONS

Balances and transactions with associates

(in EUR million)	2014	2013 restated
Assets		
Financial receivables	2	3
Inventories	0	0
Short-term receivables	10	5
Cash and cash equivalents	0	0
Provisions for impairment in value	0	0
Liabilities		
Short-term debt	2	1
Cash advances	0	0
Expenses		
Purchases	5	3
Income		
Sales	47	30

Transactions with key shareholders

Some subsidiaries of the 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.

NOTE 30 – MANAGEMENT COMPENSATION

Direct and indirect compensation and benefits paid to members of the Board of Directors and the Group's senior management were as follows in 2014 and 2013:

(in EUR million)	2014	2013
Attendance fees	0.8	0.8
Direct and indirect compensation (gross)		
Fixed portion	9.0	9.0
Variable portion	4.2	4.0
Estimated compensation cost - pensions and other employee benefits (IAS 19)	2.1	2.0
IFRS 2 expense - Share-based payments*	4.2	3.6
Compensations in termination, retirement or other benefits	1.5	0.9
TOTAL	**21.8**	**20.3**

Direct and indirect compensation and benefits paid in 2014 to members of the Group's senior management by the French and foreign companies in the Group amounted to €14.7 million (2013: €13.9 million), including €4.2 million (2013: €4.0 million) in variable compensation and €1.5 million in termination, retirement or other benefits (2013: €0.9 million).

Provisions for pensions and other post-employment benefits (defined-benefit obligations in respect of retirement bonuses and pensions) accruing to the Group's officers totaled €60.6 million at December 31, 2014 (December 31, 2013: €47.2 million).

NOTE 31 – EMPLOYEES

(average number of employees)	2014	2013 restated
Fully consolidated companies		
Managers	26,844	26,956
Administrative employees	76,440	77,628
Other employees	77,449	81,609
TOTAL	**180,733**	**186,193**

At December 31, 2014, the total number of employees was 178,799 (December 31, 2013: 183,835) for fully consolidated companies.

NOTE 32 – SEGMENT INFORMATION

Segment information by Sector and Activity

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
- Packaging Sector

Management uses several different internal indicators to measure operational performance and to make resource 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 accounting policies used are the same as those applied for consolidated financial reporting purposes, as described in Note 1. The column "Other" corresponds solely to holding companies and certain corporate support functions (tax, cash management, purchasing, etc.).

2014

	INNOVATIVE MATERIALS				CONSTRUCTION PRODUCTS				BUILDING DISTRIBUTION	PACKAGING	Other*	Total
(in EUR million)	Flat Glass	High Performance Materials	Intra-Segment Eliminations	Total	Interior Solutions	Exterior Solutions	Intra-Segment Eliminations	Total				
External sales	4,862	4,119		8,981	5,487	5,053		10,540	18,803	2,705	25	**41,054**
Internal sales	31	113	(10)	134	569	317	(65)	821	3	0	(958)	**0**
Net sales	4,893	4,232	(10)	9,115	6,056	5,370	(65)	11,361	18,806	2,705	(933)	**41,054**
Operating income/(loss)	289	565		854	533	487		1,020	661	275	(13)	**2,797**
Business income/(loss)	245	472		717	483	286		769	186	629	(92)	**2,209**
Share in net income/(loss) of associates	22	3		25	7	10		17	1	2	1	**46**
Depreciation and amortization	297	151		448	306	146		452	259	167	28	**1,354**
Impairment of assets	105	59		164	49	168		217	397	0	0	**778**
Capital expenditure**	235	183		418	282	239		521	264	213	21	**1,437**
Cash flow from operations				717				780	486	274	253	**2,510**
EBITDA	586	716		1,302	839	633		1,472	920	442	15	**4,151**
Goodwill, net	261	1,434		1,695				5,770	2,942	55	0	**10,462**
Net amortizable brands				0				876	1,799	0	0	**2,675**
Total segment assets and liabilities***				7,368				12,111	7,919	1,410	28	**28,836**

** "Other" corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.*

*** Capital expenditure does not include the cost of acquiring non-current assets under finance leases.*

**** Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deducting deferred taxes on brands and land.*

2013 restated

	INNOVATIVE MATERIALS				CONSTRUCTION PRODUCTS				BUILDING DISTRIBUTION	PACKAGING	Other*	Total
(in EUR million)	Flat Glass	High Performance Materials	Intra-Segment Eliminations	Total	Interior Solutions	Exterior Solutions	Intra-Segment Eliminations	Total				
External sales	4,778	3,989		8,767	5,331	5,256		10,587	18,769	3,616	22	**41,761**
Internal sales	40	97	(11)	126	574	323	(57)	840	4	0	(970)	**0**
Net sales	4,818	4,086	(11)	8,893	5,905	5,579	(57)	11,427	18,773	3,616	(948)	**41,761**
Operating income/(loss)	123	520		643	488	514		1,002	638	463	8	**2,754**
Business income/(loss)	(223)	460		237	446	468		914	329	424	(21)	**1,883**
Share in net income/(loss) of associates	6	0		6	7	5		12	1	2	1	**22**
Depreciation and amortization	302	155		457	313	171		484	261	175	30	**1,407**
Impairment of assets	141	26		167	15	75		90	210	5	0	**472**
Capital expenditure**	206	178		384	246	178		424	205	270	34	**1,317**
Cash flow from operations				566				719	420	436	379	**2,520**
EBITDA	425	675		1,100	801	685		1,486	899	638	38	**4,161**
Goodwill, net	248	1,285		1,533				5,674	3,135	59	0	**10,401**
Net amortizable brands				0				847	1,919	0	0	**2,766**
Total segment assets and liabilities***				6,935				11,841	8,150	1,956	177	**29,059**

** "Other" corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.*

*** Capital expenditure does not include the cost of acquiring non-current assets under finance leases.*

**** Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deducting deferred taxes on brands and land.*

Information by geographic area

2014

(in EUR million)	France	Other Western European countries	North America	Emerging countries and Asia	Internal sales	TOTAL
Net sales	11,526	17,971	5,038	8,455	(1,936)	**41,054**
Capital expenditure*	300	452	220	465		**1,437**
Total segment assets and liabilities**	6,583	11,722	4,323	6,208		**28,836**

** Capital expenditure does not include the cost of acquiring non-current assets under finance leases.*

*** Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deducting deferred taxes on brands and land.*

2013 restated

(in EUR million)	France	Other Western European countries	North America	Emerging countries and Asia	Internal sales	TOTAL
Net sales	11,682	17,537	5,896	8,406	(1,760)	**41,761**
Capital expenditure*	247	371	245	454		**1,317**
Total segment assets and liabilities**	6,786	11,906	4,268	6,099		**29,059**

** Capital expenditure does not include the cost of acquiring non-current assets under finance leases.*

*** Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deducting deferred taxes on brands and land.*

NOTE 33 – 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

FLAT GLASS	Country	Percentage 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 Glass Benelux	Belgium	99.97%
Saint-Gobain Sekurit Benelux SA	Belgium	100.00%
Saint-Gobain Autover Distribution SA	Belgium	100.00%
Cebrace Cristal Plano Ltda	Brazil	50.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
Hankuk Glass Industries Inc.	South Korea	80.47%
Hankuk Sekurit Limited	South Korea	90.13%
Saint-Gobain Cristalería S.L	Spain	99.83%
Saint-Gobain Glass India Ltd	India	99.00%
Saint-Gobain Glass Italia S.p.a	Italy	100.00%
Saint-Gobain Sekurit Italia	Italy	100.00%
Saint-Gobain Glass Mexico	Mexico	99.83%
Koninklijke Saint-Gobain Glass Nederland	Netherlands	100.00%
Saint-Gobain Glass Polska Sp Zoo	Poland	99.99%
Saint-Gobain Sekurit Hanglas Polska Sp Zoo	Poland	97.61%
Glassolutions Saint-Gobain Ltd (Solaglas)	United Kingdom	100.00%
Saint-Gobain Glass UK Limited	United Kingdom	100.00%

HIGH PERFORMANCE MATERIALS	Country	Percentage held directly and indirectly
Saint-Gobain Abrasifs	France	99.98%
Société Européenne des Produits Réfractaires	France	100.00%
Saint-Gobain Abrasives GmbH	Germany	100.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
Saint-Gobain Abrasives Canada. Inc.	Canada	100.00%
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 Abrasivi S.p.a	Italy	99.98%
SEPR Italia S.p.a	Italy	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	Percentage 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 AG	Germany	99.91%
Saint-Gobain Construction Products Belgium	Belgium	100.00%
Saint-Gobain Construction Products South Africa Ltd	South Africa	100.00%
CertainTeed Gypsum Canada. Inc.	Canada	100.00%
Saint-Gobain Placo Ibérica	Spain	99.83%
CertainTeed Corporation	United States	100.00%
CertainTeed Gypsum & Ceillings USA. Inc.	United States	100.00%
Gypsum Industries Ltd	Ireland	100.00%
Saint-Gobain PPC Italia S.p.a	Italy	100.00%
Mag-ISOVER K.K.	Japan	99.98%
BPB United Kingdom Ltd	United Kingdom	100.00%
BPB Plc	United Kingdom	100.00%
Saint-Gobain Construction Product Russia Insulation	Russia	100.00%
Saint-Gobain ISOVER AB	Sweden	100.00%
Saint-Gobain Ecophon AB	Sweden	100.00%
Thai Gypsum Products PLC	Thailand	99.69%
Izocam Ticaret VE Sanayi A.S.	Turkey	47.53%
Celotex Group Limited	United Kingdom	100.00%

EXTERIOR SOLUTIONS	Country	Percentage 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 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	Italy	100.00%
Saint-Gobain PAM UK Ltd	United Kingdom	100.00%
Saint-Gobain Byggprodukter AB	Sweden	100.00%
Saint-Gobain Weber AG	Switzerland	100.00%

BUILDING DISTRIBUTION SECTOR

	Country	Percentage held directly and indirectly
Distribution Sanitaire Chauffage	France	100.00%
Lapeyre	France	100.00%
Saint-Gobain Distribution 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 Construcción. S.L	Spain	99.83%
Norandex Building Material Distribution. Inc.	United States	100.00%
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%

PACKAGING SECTOR

	Country	Percentage held directly and indirectly
Saint-Gobain Emballage	France	100.00%
Saint-Gobain Oberland Aktiengesellschaft	Germany	96.67%
Saint-Gobain Vidros SA	Brazil	100.00%
Saint-Gobain Vicasa SA	Spain	99.75%
Saint-Gobain Vetri S.p.a	Italy	99.99%

NOTE 34 – SUBSEQUENT EVENTS

None.

2. Statutory Auditors' report on the 2014 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, 2014

To the Shareholders of Compagnie de Saint-Gobain,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2014, 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, 2014 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.

Without qualifying our opinion, we draw your attention to the Note 3 of the consolidated financial statements which describes the impact of the adoption of IFRS 10 "Consolidated financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of interests in other entities" – and Interpretation IFRIC 21 "Levies" at January 1, 2014.

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 1 to the Consolidated Financial Statements ("Impairment of property, plant and equipment, intangible assets and goodwill"). We examined the methods applied in implementing these tests and the estimates and assumptions used, and we verified that the information disclosed in Notes 1 and 4 to the Consolidated Financial Statements is appropriate.

Employee benefits

The methods applied for assessing employee benefits are set out in Note 1 to the Consolidated Financial Statements ("Employee benefits – defined benefit plans"). 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 Notes 1 and 15 to the Consolidated Financial Statements is appropriate.

Provisions

As specified in Note 1 to the Consolidated Financial Statements ("Other current and non-current liabilities and provisions"), the Group books provisions to cover risks. The nature of the provisions recorded under "Other current and non-current liabilities and provisions" is described in Note 17 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 28 "Litigation" 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, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit Department of KPMG S.A.	
Pierre Coll	Jean-Christophe Georghiou	Jean-Paul Thill	Philippe Grandclerc

8 Financial and accounting information
Compagnie de Saint-Gobain's annual financial statements

3. Compagnie de Saint-Gobain's annual financial statements (parent company)

4. Statutory Auditors' report on the annual financial statements

5. Management report

6. Five-year table of income and other characteristic elements

7. Statutory Auditors' report on related party agreements and commitments

3. Compagnie de Saint-Gobain's annual financial statements (parent company)

Income statement

in EUR thousand		2014	2013
Operating revenue			
Royalties and license fees		99,199	96,701
Other services		67,789	80,244
NET REVENUE		**166,988**	**176,945**
Write-backs of depreciation, amortization, impairment and provisions		829	2,108
Expense transfers		2,699	2,333
Other operating income		247	626
	TOTAL I	**170,763**	**182,011**
Operating expenses			
Other purchases and external charges		(107,701)	(110,346)
Taxes other than on income		(6,650)	(6,576)
Wages and salaries		(42,809)	(43,522)
Payroll taxes		(15,060)	(15,679)
Depreciation, amortization, impairment and provisions		(38,922)	(14,396)
Other operating expenses		(2,129)	(2,297)
	TOTAL II	**(213,271)**	**(192,816)**
OPERATING LOSS (NOTE 2)		**(42,508)**	**(10,805)**
Share in profits/losses of joint ventures			
PROFITS	**TOTAL III**		
LOSSES	**TOTAL IV**		
Financial income			
Income from investments in subsidiaries and affiliates		978,060	598,743
Income from loans and other investments		497,073	595,403
Income from other non-current investment securities		22	12
Other interest income		27,868	28,531
Write-backs of impairment and provisions, expense transfers		6,486	31,100
Foreign exchange gains		3,779	4,763
Net income from sales of marketable securities		5,189	5,239
	TOTAL V	**1,518,477**	**1,263,791**
Financial expense			
Amortization, impairment and provisions		(34,207)	(67,603)
Interest expense		(459,178)	(543,711)
Foreign exchange losses		(4)	(16)
Net losses on sales of marketable securities		(7)	
	TOTAL VI	**(493,396)**	**(611,330)**
NET FINANCIAL INCOME (NOTE 3)		**1,025,081**	**652,461**
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS		**982,573**	**641,656**

Income statement (continued)

in EUR thousand		2014	2013
Exceptional income			
On revenue transactions		676	1,223
On capital transactions		138	140,746
Write-backs of depreciation, amortization, impairment and provisions		6,659	12,126
	TOTAL VII	**7,473**	**154,095**
Exceptional expense			
On revenue transactions		(936)	(1,086)
On capital transactions		(2,849)	(55,578)
Depreciation, amortization, impairment and provisions		(22,762)	(24,976)
	TOTAL VIII	**(26,547)**	**(81,640)**
NET EXCEPTIONAL INCOME/(EXPENSE) (NOTE 4)		**(19,074)**	**72,455**
INCOME TAXES (NOTE 5)	**TOTAL IX**	**165,867**	**201,647**
TOTAL INCOME		**1,696,713**	**1,599,897**
TOTAL EXPENSES		**(567,347)**	**(684,139)**
NET INCOME		**1,129,366**	**915,758**

Balance sheet

ASSETS

in EUR thousand	2014 Gross	2014 Depreciation, amortization and impairment	2014 Net	2013
NON-CURRENT ASSETS				
Intangible fixed assets (note 6)				
Goodwill [1]	567	(567)	–	–
Other intangible assets	46,539	(36,439)	10,100	11,753
Intangible assets in progress	2,076		2,076	1,130
Property, plant and equipment (note 7)				
Land	63		63	63
Buildings	1,430	(510)	920	985
Other	7,706	(5,114)	2,592	2,512
Assets under construction	179		179	0
Financial investments [2] (note 8)				
Investments in subsidiaries and affiliates	13,208,099	(30,079)	13,178,020	12,778,075
Loans and advances to subsidiaries and affiliates	11,969,953		11,969,953	12,489,086
Other investment securities	175	(98)	77	77
Loans	1,671,375		1,671,375	1,226,610
Other financial investments	681		681	480
TOTAL I	**26,908,843**	**(72,807)**	**26,836,036**	**26,510,771**
CURRENT ASSETS (NOTE 9)				
Other receivables [3]	1,523,822		1,523,822	1,320,193
Marketable securities	1,980,577		1,980,577	2,964,620
Cash and cash equivalents	568,417		568,417	750,746
Accruals				
Prepayments [3]	4,550		4,550	4,615
TOTAL II	**4,077,366**	**–**	**4,077,366**	**5,040,173**
Deferred charges — **TOTAL III**	**104,348**	**–**	**104,348**	**126,904**
Translation losses — **TOTAL IV**	**–**	**–**	**–**	**–**
TOTAL ASSETS	**31,090,557**	**(72,807)**	**31,017,750**	**31,677,848**
(1) including leasehold rights			–	–
(2) of which due within one year			3,334,554	3,222,354
(3) of which due beyond one year			108	204

LIABILITIES

in EUR thousand		2014	2013
SHAREHOLDERS' EQUITY (note 10)			
Capital stock		2,247,582	2,220,707
Additional paid-in capital		6,212,332	6,043,187
Revaluation reserve		55,532	55,532
Other reserves			
Legal reserve [a]		224,758	222,071
Untaxed reserves		2,617,758	2,617,758
Other reserves		301,428	301,428
Unappropriated retained earnings		4,269,147	4,037,949
Net income for the year		1,129,366	915,758
Untaxed provisions (note 12)		6,438	6,438
	TOTAL I	**17,064,341**	**16,420,828**
OTHER EQUITY (note 11)			
Non-voting participating securities	**TOTAL I BIS**	**170,035**	**170,035**
PROVISIONS (note 12)			
Provisions for contingencies		101,819	102,461
Provisions for charges		162,074	110,908
	TOTAL II	**263,893**	**213,369**
DEBT AND PAYABLES [1] (note 13)			
Bonds		8,974,560	9,385,770
Bank borrowings [2]		8,765	8,417
Other borrowings		4,419,550	5,344,001
Tax and social charges payable		71,919	73,979
Other payables		44,122	59,180
Accruals			
Deferred income		555	2,269
	TOTAL III	**13,519,471**	**14,873,616**
Translation gains	**TOTAL IV**	**10**	
TOTAL LIABILITIES		**31,017,750**	**31,677,848**
(a) of which long-term capital gains reserve		14,225	14,225
(1) of which due beyond one year		7,814,677	8,520,502
of which due within one year		5,704,794	6,353,115
(2) of which short-term bank loans and overdrafts		8,765	8,417

Statement of cash flows

in EUR thousand	2014	2013
NET INCOME	**1,129,366**	**915,758**
Depreciation and amortization	22,916	29,031
Changes in provisions	59,000	25,554
Gains and losses on disposals of assets, net	(56)	(86,377)
CASH FLOW FROM OPERATIONS	**1,211,226**	**883,966**
(Increase) decrease in other receivables	(203,629)	(237,422)
(Increase) decrease in deferred charges and prepaid expenses	2,570	(21,445)
(Increase) decrease in taxes and social charges payable	(2,061)	(20,513)
Increase (decrease) in other payables	(16,773)	13,683
NET CHANGE IN WORKING CAPITAL	**(219,893)**	**(265,697)**
NET CASH FROM OPERATING ACTIVITIES	**991,333**	**618,269**
Acquisitions of intangible assets	(1,478)	(616)
Acquisitions of property, plant and equipment	(880)	(5,708)
Acquisitions of investments in subsidiaries and affiliates and other investment securities	(400,014)	
Acquisitions of treasury stock	(133,822)	
Proceeds from disposals of property, plant and equipment and intangible assets	140	140,746
(Increase) decrease in loans and advances to subsidiaries and affiliates	519,133	590,222
(Increase) decrease in long-term loans	(444,765)	(223,428)
(Increase) decrease in other financial investments	(201)	108
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**(461,887)**	**501,324**
Issues of capital stock	412,208	662,437
Dividends paid	(684,560)	(654,065)
Increase (decrease) in provisions for contingencies and charges	(806)	1,195
Increase (decrease) in short- and long-term debt	(907,062)	(1,218,929)
Increase (decrease) in bank overdrafts and other short-term debt	(428,251)	480,740
Decrease (increase) in marketable securities	896,696	(298,830)
Increase (decrease) in translation adjustments	–	–
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(711,775)**	**(1,027,452)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(182,329)**	**92,141**
Cash and cash equivalents at January 1	750,746	658,605
Cash and cash equivalents at December 31	568,417	750,746
Analysis of cash and cash equivalents at December 31		
Cash at bank	568,417	750,746
Cash on hand	0	0
Total	568,417	750,746

Notes to the 2014 annual financial statements

The financial statements cover the twelve-month period from January 1 to December 31, 2014.

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, 2015.

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 that the Group's existing facilities are rolled over at maturity, while also optimizing annual borrowing costs. For this reason, long-term debt consistently represents a significant proportion of total debt, while repayment schedules are spread out to ensure that new debt issues are 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 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 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 entitled to any payments for losses transferred to the consolidating parent company during the consolidation period.

NOTE 2 – OPERATING INCOME

Operating income declined by €31.7 million (loss of €42.5 million versus an operating loss of €10.8 million in 2013). This was mainly due to the increase in actuarial losses on pension and other post-employment benefit obligations compared with the amounts recorded in 2013.

NOTE 3 – NET FINANCIAL INCOME

Net financial income increased by €372.6 million to €1,025.1 million, from €652.5 million in 2013, largely reflecting:

- a €379.4 million increase in dividends received from subsidiaries and profit transferred to the Company from the German branch in 2014);
- a €14.5 million decrease in income from loans and investments net of interest expense incurred;
- a €8.8 million decrease in net of provisions accruals and reversals (net expense of €27.7 million in 2014 versus €36.5 million in 2013).

NOTE 4 – EXCEPTIONAL INCOME AND EXPENSE

The Company's exceptional expense consisted of a loss of €19.1 million due largely to the booking of higher provisions for performance share and performance unit plans, as well as increased tax provisions.

NOTE 5 – INCOME TAXES

The Company recorded a net income tax benefit of €165.9 million, corresponding primarily to:

- a tax profit valued at €153 million under the 2014 tax consolidation regime (France), with the tax loss corresponding to Compagnie de Saint-Gobain on a stand alone basis totaling €1 million;
- a net tax profit of €16.6 million for the German branch;
- and finally an income tax expense of €3.7 million paid in France;
- the French tax group generated a tax loss in 2014.

The Group also has unused tax loss carry-forwards. At December 31, 2014, unused tax loss carry-forwards represented €346.6 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 2014. At December 31, 2014, future tax savings corresponding to the branch's unused tax loss carry-forwards amounted to €83.3 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, 2014	Additions	Disposals	Gross at Dec. 31, 2014	Accumulated at January 1, 2014	Increases	Decreases	Accumulated at Dec. 31, 2014	Net at Dec. 31, 2014
Purchased goodwill	567			567	567			567	0
Other intangible assets	46,007	532		46,539	34,254	2,185		36,439	10,100
Intangible assets in progress	1,130	946		2,076	0			0	2,076
	47,704	**1,478**	**0**	**49,182**	**34,821**	**2,185**	**0**	**37,006**	**12,176**

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	Property plant and equipment				Amortization				
in EUR thousand	Gross at January 1, 2014	Additions	Disposals	Gross at Dec. 31, 2014	Accumulated at January 1, 2014	Increases	Decreases	Accumulated at Dec. 31, 2014	Net at Dec. 31, 2014
Land	63			63	0			0	63
Buildings	1,430			1,430	445	65		510	920
Other	7,106	701	(101)	7,706	4,594	616	(96)	5,114	2,592
Assets under construction	0	179		179	0			0	179
Prepayments	0			0	0			0	0
	8,599	**880**	**(101)**	**9,378**	**5,039**	**681**	**(96)**	**5,624**	**3,754**

NOTE 8 – FINANCIAL INVESTMENTS

	Financial investments			
in EUR thousand	Gross at January 1, 2014	Additions	Disposals	Gross at December 31, 2014
Investments in subsidiaries and affiliates	12,808,154	400,301	(356)	13,208,099
Loans and advances to subsidiaries and affiliates	12,489,086	15,502,125	(16,021,258)	11,969,953
Other investment securities	175	213,500	(213,500)	175
Loans	1,226,610	4,316,336	(3,871,571)	1,671,375
Other financial investments	480	560	(359)	681
	26,524,505	**20,432,822**	**(20,107,044)**	**26,850,283**

Changes in investments in subsidiaries and affiliates

in EUR thousand	Additions	Disposals
Subscription to the Saint-Gobain Matériaux de Construction capital increase	400,000	
Purchase of Saint-Gobain ISOVER G+H AG shares	14	
Liquidation of Saint-Gobain S.P.O.L. Prague		(69)
Merger of SG Sekurit de Colombia with SG de Colombia	287	
Merger of SG de Colombia with SG Sekurit de Colombia		(287)
TOTAL	**400,301**	**(356)**

Analysis of loans, receivables and other financial investments by maturity

		Due	
in EUR thousand	Gross	Within 1 year	Beyond 1 year
Loans and advances to subsidiaries and affiliates	11,969,953	1,663,179	10,306,774
Loans	1,671,375	1,671,375	
Other financial investments	681		681
TOTAL	**13,642,009**	**3,334,554**	**10,307,455**

Changes in other investments securities

in EUR thousand	Additions	Disposals
Treasury stock held as marketable securities reclassified as treasury stock for cancellation	213,500	
Cancellation of treasury stock		(213,500)
TOTAL	**213,500**	**(213,500)**

Changes in treasury stock classified as financial investments

		in EUR thousand	
	No. of shares held	Gross value	Net value
AT DECEMBER 31, 2012	**1,410,802**	**53,787**	**44,556**
Shares purchased in 2013			
Shares sold in 2013	(536,000)	(19,427)	(19,427)
Shares canceled in 2013			
Shares reclassified as marketable securities in 2013	(874,802)	(34,360)	(30,268)
Adjustments to provision for impairment in value			5,139
AT DECEMBER 31, 2013	**0**	**0**	**0**
Shares purchased in 2014			
Shares transferred from marketable securities in 2014	6,100,000	213,500	213,500
Shares canceled in 2014	(6,100,000)	(213,500)	(213,500)
Adjustments to provision for impairment in value			
AT DECEMBER 31, 2014	**0**	**0**	**0**

In 2014, the Company bought back directly on the market 3,786,095 shares with a par value of €4 each, for a total of €133.8 million, of which €15.1 million corresponded to the aggregate par value of the shares. These shares were allocated to marketable securities. On November 20, 2014, 6,100,000 shares were reclassified from marketable securities to financial investments and then canceled on November 28, 2014.

No disposals were made as part of the stock options plans in 2013 or 2014.

At December 31, 2014, the Company held 857,741 of its own shares, of which:

- **60,000** treasury shares held in connection with a liquidity agreement (see Note 9 “Marketable securities”);
- **797,741** treasury shares held for employee share-based payment plans (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	1,523,822	1,523,737	85
Prepayments	4,550	4,527	23
TOTAL	**1,528,372**	**1,528,264**	**108**
Provision for doubtful receivables			

Analysis of "Other receivables"

in EUR thousand	2014	2013
Current account advances to subsidiaries	1,462,734	1,254,242
Accounts receivable - Group	28,977	34,480
Mark-to-market adjustments to swaps and options [1]	16,614	13,697
Income tax prepayments	7,897	8,062
Accruals for income and credit notes receivable - Group	2,175	1,257
Dividends receivable	1,653	1,412
Prepaid and recoverable taxes	1,322	877
Prepayments to suppliers	564	268
Withholding taxes	123	139
Invoices pending		3,853
Other	1,763	1,906
TOTAL	**1,523,822**	**1,320,193**

(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 €1,981 million at December 31, 2014.

They consisted mainly of €1,950 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 797,741 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 adopted by the Association Française des Entreprises d'Investissements (AFEI), 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, as of December 31, 2014 the Company held:

- €2.6 million worth of units in a euro-denominated money market fund; and
- 60,000 treasury shares with a carrying value of €2 million.

In 2014, 1,290,771 shares were purchased under the agreement (2013: 1,686,656 shares) and 1,234,771 shares were sold (2013: 1,695,156 shares).

Deferred charges

in EUR thousand	2014	2013
Bond issuance costs	89,758	108,323
Syndicated credit facility arrangement fees	14,590	18,581
DEFERRED CHARGES	**104,348**	**126,904**

In 2014, new debt issuance costs recorded under "Deferred charges" totaled €3 million and amortization for the year amounted to €25.5 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, 2013: 4 euros Par value at December 31, 2014: 4 euros	Number of shares	*Amount (EUR thousand)*
Capital stock at January 1, 2014	555,176,790	2,220,707
Shares issued under the stock grant plan on March 31, 2014	684,698	2,739
Shares issued under the performance share plan on March 31, 2014	511,297	2,045
Shares issued upon exercise of stock options on March 31, 2014	146,283	585
Shares issued under the Group Savings Plan on May 15, 2014	4,303,388	17,214
Shares issued upon exercise of stock options on June 30, 2014	410,976	1,644
Shares issued in payment of stock dividends on July 4, 2014	6,601,189	26,405
Shares canceled on November 28, 2014	(6,100,000)	(24,400)
Shares issued upon exercise of stock options on December 31, 2014	160,945	643
CAPITAL STOCK AT DECEMBER 31, 2014	**561,895,566**	**2,247,582**

At December 31, 2014, capital stock amounted to **€2,247,582** thousand, represented by **561,895,566 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 31/12/2013 BEFORE APPROPRIATION OF 2013 NET INCOME	**16,420,827**
Shares issued upon exercise of stock options on March 31, 2014	4,344
Shares issued under the Group Savings Plan on May 15, 2014	145,229
Payment of the 2013 dividend	(684,560)
Shares issued upon exercise of stock options on June 30, 2014	14,576
Shares issued in payment of stock dividends on July 4, 2014	243,005
Cancellation of shares on November 28, 2014	(213,500)
Shares issued upon exercise of stock options on December 31, 2014	5,054
Net income for 2014	1,129,366
SHAREHOLDERS' EQUITY AT 31/12/2014 BEFORE APPROPRIATION OF 2014 NET INCOME	**17,064,341**

10.3 Significant events

The principal events that contributed to changes in capital stock and shareholders' equity were as follows:

- **the March 2014 increase in capital stock through the creation of 684,698 new shares** under the 2009 stock grant plan for all Group employees, for issuance to beneficiaries outside of France, Italy and Spain, and **511,297 new shares** under the 2009 and 2011 performance share plans to certain employees and officers. This increase was executed through the transfer of €5,262 thousand to additional paid-in capital;
- **the May 2014 increase in capital stock through the subscription of 4,303,388 shares under the Group Savings Plan at a price of €33.89.** The issue proceeds amounted to €145,842 thousand (€145,229 thousand after deducting the issue costs, net of tax, from the premium);
- **the July 2014 increase in capital stock through the subscription of 6,601,189 shares pursuant to the option provided to shareholders to choose to receive payment of 50% of the dividend in shares:** under this option, at a unit price of €36.89, gross revenue of €243,518 thousand was recorded, and after accounting for net tax expenses, net revenue of €243,005 thousand was recorded. Total dividends paid in cash amounted to €441,042 thousand;
- **the capital reduction of November 28, 2014 through the cancellation of 6,100,000 shares** for a gross and net total of €213,500 thousand;
- **finally, 146,283 shares were also issued in March, 410,976 in June and 160,945 in December at an average price of €29.70, €35.47 and €31.41, respectively,** upon exercise of stock options in 2014. Gross as well as net issue proceeds amounted to €23,974 thousand.

These various transactions had the effect of increasing **capital stock** by €26,875 thousand, the **legal reserve** by €2,688 thousand and **additional paid-in capital** by €169,145 thousand.

Changes in **unappropriated retained earnings** during the year were as follows:

- At December 31, 2013 (before appropriation of 2013 net income): K€4,037,949

Changes pursuant to 3rd resolution of the AGM of June 5, 2014 (appropriation of income):

- Net income for 2013: K€915,758
- Less: final dividend taking into account the actual number of treasury shares held: – K€684,560

- At December 31, 2014 (before appropriation of 2014 net income): K€4,269,147

10.4 Stock option plans

Compagnie de Saint-Gobain has stock option plans available to certain groups of employees.

The Board of Directors grants options allowing beneficiaries to obtain Saint-Gobain shares at a price based on the average share price for the 20 trading days preceding the grant date. Since 1999, no discounts on the average price have been granted under these plans.

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 residents. During this period, no option grants 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.

Amongst outstanding plans as of December 31, 2014, plans from 2005 to 2007 and 2012 are exercisable for new shares. For plans set up between 2008 and 2011 and in 2013 and 2014, the Board of Directors decided that the origin of the new shares (new shares or treasury stock) would be determined by it at the latest on the day preceding the start of the exercise period. If any options were to be exercised before the Board of Directors made its decision, the grantees would receive new shares. The Board of Directors decided that options issued under the 2008, 2009 and 2010 plans would be exercisable for new shares.

Until 2008, options were subject to a performance condition for certain grantees only. Since 2009, all categories of beneficiaries are subject to a performance condition, without exception.

For options granted under the 2014 plan, the value used to calculate the 30% *contribution sociale* tax due by grantees employed by French companies in the Group has been €2.58 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, 2012	**24,381,403**	**42.46**
Options granted	247,250	38.80
Options exercised	(2,497,850)	31.26
Options forfeited	(667,106)	32.26
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**

** Of which, 3,679,814 options from the 2004 plan outstanding upon expiration of the plan on November 17, 2014, and 1,117,390 options from the 2010 plan which are not exercisable due to failure to meet the performance conditions.*

The following table presents information about stock options outstanding at December 31, 2014 after taking into account the fact that the performance targets for certain plans were only partly met:

		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
2005	41.34	4,006,958	11	–	–	4,006,958	Subscription
2006	52.52	4,306,454	23	–	–	4,306,454	Subscription
2007	64.72	3,403,171	35	–	–	3,403,171	Subscription
2008	25.88	2,382,465	47	–	–	2,382,465	Subscription
2009	36.34	909,341	59	–	–	909,341	Subscription
2010	35.19	0	71	–	–	0	Subscription
2011		–	83	31.22	459,650	459,650	see 10.4 above
2012		–	95	27.71	243,000	243,000	Subscription
2013		–	107	38.80	237,250	237,250	see 10.4 above
2014		–	119	34.13	234,550	234,550	see 10.4 above
TOTAL	**–**	**15,008,389**	**–**	**–**	**1,174,450**	**16,182,839**	**–**

At December 31, 2014, 15,008,389 stock options were exercisable (at an average price of €47.09), and 1,174,450 options (with an average exercise price of €32.61) had not yet vested.

10.5 Performance share plans

Various performance share plans have been set up by Saint-Gobain since 2009. These plans are all subject to performance conditions.

As of December 31, 2014, 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 18, 2010.** The shares were subject to a service condition and a performance condition, which was only partially met.

In all, **737,550** shares were awarded, as follows:

- for eligible Group employees in France, the vesting period ended on March 29, 2013 and the shares were delivered on March 30, 2013 (number of shares delivered: 185,905, as well as 590 shares which were delivered early). 126,565 rights were forfeited due to the performance conditions being only partly met and 12,000 rights forfeited due to the grantees leaving the Group before the end of the vesting period). The vesting period has been followed by a two-year lock-up, such that the shares may not be sold until March 31, 2015 except in the case of the grantee's death or disability;
- for eligible Group employees outside France, the vesting period will end on March 30, 2015 and the shares will be delivered on March 31, 2015 (potential number of shares to be delivered: 249,520 in addition to 700 shares delivered early). 143,320 rights were forfeited due to the performance conditions being only partly met, and 18,950 rights forfeited due to the grantees leaving the Group before the end of the vesting period. No lock-up period will apply.

- **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 a service condition and a performance condition, which was only partially met.

In all, **942,920** shares were awarded, 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 (number of shares delivered: 172,682, as well as 2,813 shares which were delivered early). 238,313 rights were forfeited due to the performance conditions being only partly met and 1,752 rights forfeited due to the grantees leaving the Group before the end of the vesting period. The vesting period has been 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 outside France, the vesting period will end on March 30, 2016 and the shares will be delivered on March 31, 2016 (potential number of shares to be delivered: 238,756 in addition to 170 shares delivered early). 279,634 rights were forfeited due to the performance conditions being only partly met, and 8,800 rights forfeited due to the grantees leaving the Group before the end of the vesting period. No lock-up period will apply.

- **A performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 22, 2012.** The shares are subject to a service condition and a performance condition.

This plan involves a total of **542,370** performance shares, 250 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 in France and abroad authorized by the Board of Directors on November 21, 2013.** The shares are subject to a service condition and a performance condition.

This plan involves a total of **541,655** performance shares. 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 in France and abroad authorized by the Board of Directors on November 20, 2014.** The shares are subject to a service condition and a performance condition.

This plan involves a total of **530,240** performance shares. 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.

The change in the total number of performance shares granted is as follows:

	Number of rights
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2012	**2,665,846**
- performance share rights granted in November 2013	541,655
- vested shares created/delivered during the period	(188,055)
- rights forfeited or canceled during the period	(1,960)
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 canceled during the period	(248,591)
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2014	**2,102,291**

The following table shows the expected dates when vested performance shares will be issued/ delivered under the five plans, except in the case of early release due to the grantee's death or disability, or failure to meet the service and performance conditions remaining to be fulfilled:

		End of the vesting period					
Grant date	Number of rights at 12/31/2014	End-March 2015	End March 2016	End Nov. 2016	End Nov. 2017	End Nov. 2018	Type of shares
November 18, 2010	249,520	249,520					new shares
November 24, 2011	238,756		238,756				new shares
November 22, 2012	542,120			542,120			existing shares
November 21, 2013	541,655				541,655		existing shares
November 20, 2014	530,240					530,240	existing shares
TOTAL	**2,102,291**	**249,520**	**238,756**	**542,120**	**541,655**	**530,240**	

10.6 Performance unit plans

Performance unit plans were set up in 2012, 2013 and 2014. The units are subject to service and performance conditions. The plans will not give rise to the issue or 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, 2014, three 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.** In all, 536,400 performance units were awarded. The exercise period for the units runs from November 22, 2016 to November 21, 2022. The units are subject to service and performance conditions. At year-end 2014, 13,600 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.** In all, 588,535 performance units were awarded. The exercise period for the units runs from November 21, 2017 to November 20, 2023. The units are subject to service and performance conditions. At year-end 2014, 16,500 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.** In all, 598,400 performance units were awarded. The exercise period for the units runs from November 20, 2018 to November 19, 2024. The units are subject to service and performance conditions.

10.7 Compagnie de Saint-Gobain Group Savings Plan (PEG)

The PEG Group Savings Plan is an employee stock purchase plan open to all Group employees in France and in most other countries where the Group does business. Eligible employees must have completed at least three months' service with the Group. The purchase price of the shares, as set by the Chairman and Chief Executive Officer on behalf of the Board of Directors, corresponds to the average of the opening share prices quoted over the 20 trading days preceding the pricing date less a 20% discount. The shares are subject to a five- or ten-year lock-up. During the lock-up period the shares may be held directly or through the PEG corporate mutual fund. They may not be sold during the period except in the case of exceptional events.

In 2014, 4,303,388 shares with a par value of €4 were issued to employees under the Group Savings Plan at an average price of €33.89 (2013: 4,499,142 shares at an average price of €24.77).

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 capital stock, with a sub-ceiling of 10% of this limit for corporate Directors of Compagnie de Saint-Gobain on the day the AGM was held, 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);
- grant performance shares (with shares to be allocated out of treasury stock) representing up to 0.8% of the capital stock, with a sub-ceiling of 10% of this limit for corporate Directors of Compagnie de Saint-Gobain, i.e., 4,486,580 performance shares, including a maximum of 448,658 performance shares for corporate Directors on the day the AGM was held (14th resolution / 26-month authorization commencing June 5, 2014). If this authorization were to be used, the performance shares would be deducted from the shares available for the stock option plan under the 13th resolution.

The Board of Directors made partial use of this authorization, as defined, by granting 530,240 performance shares on November 20, 2014 (0 for corporate Directors) and 234,550 options (50,000 for corporate Directors) (see sections 10.4 and 10.5).

Under the authorizations for capital increase granted at the **Combined Annual General Meeting of June 6, 2013,** shareholders authorized the Board of Directors of Compagnie de Saint-Gobain to:

- issue, on one or several occasions, up to 106,250,000 new shares with pre-emptive subscription rights for existing shareholders of Compagnie de Saint-Gobain and debt securities without pre-emptive subscription rights to be offered to shareholders on a priority basis (11th to 15th resolutions/ 26-month authorization commencing June 6, 2013);
- issue, on one or several occasions, up to 10,625,000 new shares to members of the Group Savings Plan (16th resolution, to be deducted from the ceiling of 106,250,000 shares referred to above /26-month authorization commencing June 6, 2013). It used this authorization to grant 4,303,388 shares under the 2014 Group Savings Plan.

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 578,566,681 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 685,356,728 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, 2014, 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 2014 amounted to €4.69 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, 2014, 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% , replacing, pursuant to the agreement governing the life of the notes, the TMOE rate from the time when its publication by the Luxembourg Stock Exchange ceased on July 1, 2014. The amount paid per security in 2014 totaled €58.60, paid in two installments (€30.15 + €28.45).

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, 2014	Charge for the year	Write-backs of utilized provisions	Write-backs of surplus provisions	Other (transfers)	At December 31, 2014
Untaxed provisions						
Reinvested capital gains	6,427					6,427
Other	11					11
	6,438	**0**	**0**	**0**	**0**	**6,438**
Provisions for contingencies						
Provisions for taxes	95,483	4,832		(720)	121	99,716
Provisions for stock option plan costs	0					0
Provisions for other contingencies	6,978	1,241	(932)	(5,000)	(184)	2,103
	102,461	**6,073**	**(932)**	**(5,720)**	**(63)**	**101,819**
Provisions for charges						
Provisions for pensions and other post-employment benefit obligations [(1)]	82,308	36,040	(825)		(719)	116,804
Provisions for performance share and performance unit plan costs	28,089	16,620	(8)			44,701
Provisions for other charges	511	87	(5)		(24)	569
	110,908	**52,747**	**(838)**	**0**	**(743)**	**162,074**
Provisions for impairment						
Investments in subsidiaries and affiliates	30,079					30,079
Other investment securities	98					98
Doubtful receivables	0					0
Marketable securities	6,486	14,156	(6,486)		(14,156)	0
	36,663	**14,156**	**(6,486)**	**0**	**(14,156)**	**30,177**
Impact on operating income		**36,057**	**(829)**		**(719)**	
Impact on net financial income		**14,156**	**(6,486)**		**(14,156)**	
Impact on exceptional items		**22,763**	**(941)**	**(5,720)**	**(87)**	

[(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 1.90% in 2014, and 3.50% in 2013.

NOTE 13 – DEBT AND PAYABLES

Total debt and payables (€13,519 million) decreased by €1,354 million, which is largely explained by the reduction in bond debt of €411 million, the reduction in sundry borrowings and financial debts of €924 million, and the decline in other debts, tax and social debts and income posted in advance, of €19 million.

Analysis of debt and payables

in EUR thousand	Gross	Due Within 1 year	Due Beyond 1 year
Bonds [1]	8,974,560	1,159,883	7,814,677
Bank borrowings [1] [2]	8,765	8,765	
Other borrowings [1] and [3]	4,419,550	4,419,550	
SUB-TOTAL DEBT	**13,402,875**	**5,588,198**	**7,814,677**
Tax and social charges payable	71,919	71,919	
Other payables [3]	44,122	44,122	
Deferred income	555	555	
TOTAL DEBT AND PAYABLE [4]	**13,519,471**	**5,704,794**	**7,814,677**
1 New debt for the year Debt repaid during the year	498,816 (1,834,129)		
2 of which: - debt with original maturity of up to two years - debt with original maturity of more than two years	 8,765 0		
3 of which: - shareholders' loans - new loans from subsidiaries - loans from subsidiaries repaid during the year	 NIL 0 496,247		
4 Debt due beyond five years	3,462,144		

Long- and short-term debt

in EUR thousand	2014	2013
Medium- and long-term debt		
Long-term portion		
Due between January 1 and December 31:		
2015		1,000,000
2016	1,085,159	1,059,842
2017	1,484,428	1,484,549
2018	832,946	839,681
2019	950,000	950,000
2020 and beyond	3,429,624	3,153,710
No fixed maturity	32,520	32,520
TOTAL LONG- AND MEDIUM-TERM DEBT EXCLUDING SHORT-TERM PORTION	**7,814,677**	**8,520,302**
SHORT-TERM PORTION	**1,160,278**	**1,361,715**
TOTAL	**8,974,955**	**9,882,017**
Short-term debt		
Borrowings from Group entities	4,415,237	4,733,077
Bank overdrafts and other short-term borrowings	8,765	8,417
Other	3,918	114,677
TOTAL	**4,427,920**	**4,856,171**
TOTAL LONG- AND SHORT-TERM DEBT	**13,402,875**	**14,738,188**

Long-term debt can be analyzed as follows by currency:

in EUR thousand	2014	2013
Euro	7,756,232	8,728,436
Pounds sterling	1,098,498	1,026,292
Norwegian krone	85,491	92,433
Yen	34,734	34,856
TOTAL	**8,974,955**	**9,882,017**

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, 2014, 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 interest at a variable rate indexed to Euribor. Interest paid in 2014 amounted to €33.28 per bond.

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 2014

In 2014, Compagnie de Saint-Gobain carried out the following debt management transactions to extend the average maturity of debt while reducing average borrowing costs:

- On March 24, 2014: the private placement of €100 million maturing March 2033 with a coupon of 3.875% was increased to €226 million through two additions of €100 million and €26 million.
- On May 27, 2014, a private placement of €40 million maturing May 2038 was issued with a coupon of 3.625%.
- On September 5, 2014, a private placement of €34 million maturing September 2034 was issued with a coupon of 3%.
- On December 23, 2014, a private placement of €30 million maturing December 2049 was issued with a coupon of 3%.

On July 28, 2014, Compagnie de Saint-Gobain redeemed a €686 million bond issue at 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, 2014, issuance under these programs was as follows:

(in EUR million)	Maturities	Authorized program at December 31, 2014	Outstanding issues at December 31, 2014	Outstanding issues at December 31, 2013
Medium Term Notes		15,000	8,219	8,675
US Commercial Paper	up to 12 months	824*	0	0
Euro Commercial Paper	up to 12 months	824*	0	0
Billets de Trésorerie	up to 12 months	3,000	0	110

** Equivalent to USD 1,000 million based on the exchange rate at December 31, 2014.*

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 Saint-Gobain Group (including as additional backing for 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 that 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, obtained in December 2013. As part of the exercise of the first rollover, this facility was extended in December 2014 for an additional year, maturing December 2019.

Based on the 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 as at December 31, 2014.

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 12/31/2014
Balance sheet items				
Investments in subsidiaries and affiliates	13,177,902	118		13,178,020
Loans and advances to subsidiaries and affiliates	11,969,953			11,969,953
Other investment securities		77		77
Loans	1,461,934	209,441		1,671,375
Other receivables	1,502,318	37	21,467	1,523,822
Marketable securities	28,464		1,952,113	1,980,577
Cash and cash equivalents			568,417	568,417
Bonds			8,974,560	8,974,560
Bank borrowings			8,765	8,765
Other borrowings	4,410,964	4,667	3,919	4,419,550
Tax and social charges payable			71,919	71,919
Other payables	12,778	200	31,144	44,122
Income statement items				
Income from investments in subsidiaries and affiliates	978,100	(40)		978,060
Income from loans and other investments	497,012	61		497,073
Other interest income			27,868	27,868
Interest expense	16,539	22	442,617	459,178

(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 Cristalería	Spain	211,220	16.35	3,659,866
Saint-Gobain Building Distribution Deutschland	Germany	194,609	100.00	100,000,000
Saint-Gobain Glass Benelux SA	Belgium	132,080	16.19	1,667,698
Saint-Gobain ISOVER G+H AG	Germany	153,814	99.91	3,197,107
Saint-Gobain PPL Isofluor GmbH	Germany	153,669	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 Vidros SA	Brazil	67,181	99.96	209,374,623
Saint-Gobain Emballage	France	61,553	20.52	331,964
Saint-Gobain Schleifmittel-Beteiligungen 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
Saint-Gobain Nederland BV	Netherlands	13,621	100.00	66,100
SCI Ile de France	France	3,428	–	–
Miscellaneous French companies		–	–	–
Miscellaneous foreign companies		383	–	–
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES		**13,178,020**		
Cie de Saint-Gobain (treasury stock)	France	–	–	–
Cie de Saint-Gobain (treasury stock held for cancellation)	France	–	–	–
Miscellaneous French companies		77	–	–
OTHER INVESTMENT SECURITIES		**77**		
TOTAL		**13,178,097**		

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		Loans and advances granted by the Company	Guarantees given by the Company	2014 net sales	2014 net income (loss)	Dividends received by the Company in 2014 [1]
				Gross	Net					
				EUR k	EUR k	EUR k	EUR k			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 3,986,682	100.00	5,768,287	5,768,287	–		EUR k 386	EUR k 407,758	529,641
Partidis 18. avenue d'Alsace 92400 Courbevoie	EUR k 1,193,509	EUR k 197,827	100.00	2,065,919	2,065,919	1,570,000		EUR k 4,736	EUR k (37,316)	127,255
S.G. Matériaux de Construction 18. avenue d'Alsace 92400 Courbevoie	EUR k 476,619	EUR k 15,602	100.00	2,123,712	2,123,712	4,601,000		EUR k 27,748	EUR k (42,923)	
Vertec 18. avenue d'Alsace 92400 Courbevoie	EUR k 188,651	EUR k 795,686	100.00	891,512	891,512	–		EUR k –	EUR k 69,387	137,244
S. G. Benelux Boulevard de la Plaine 5 B 1050 Bruxelles	EUR k 812,345	EUR k 150,751	100.00	812,344	812,344	–		EUR k –	EUR k 25,259	
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 1,405,372	EUR k 9,918	9,918
S. G. ISOVER G+H AG 1 Burgermeister-Grünzweig-Strasse D-67059 Ludwigshafen	EUR k 82,000	EUR k 11,426	99.91	153,814	153,814	–		EUR k 355,020	EUR k 5,852	5,852
S. G. PPL Isofluor GmbH Bicheroux Strasse 61 D-52134 Herzogenrath	EUR k 23,008	EUR k 139,936	100.00	153,669	153,669	–		EUR k 7,616	EUR k 75,876	75,876
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 335,475	EUR k (41,534)	(51,149)
S G Do Brasil 482. avenida Santa Marina Agua Branca 05036-903 São Paulo-SP (Brazil)	BRL k 1,417,564	BRL k 576,997	55.31	220,001	220,001	–		BRL k 3,113,046	BRL k 153,479	31,730
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 126,540	126,540
Saint-Gobain Schleifmittel-Beteiligungen GmbH Viktoria-Allee 3-5 D-52066 Aachen	EUR k 10,226	EUR k 50,925	100.00	61,151	61,151	–		EUR k –	EUR k (43,390)	(43,390)
S.G. Vidros SA 482. avenida Santa Marina Agua Branca 05036-903 São Paulo-SP (Brazil)	BRL k 371,159	BRL k 6,119	99.96	67,181	67,181	–		BRL k 420,643	BRL k 8,635	5,933

COMPANIES *(in thousand euros: EUR k or local currency)*	Capital stock	Reserves	% stake	Book value of shares held Gross	Net	Loans and advances granted by the Company	Guarantees given by the Company	2014 net sales	2014 net income (loss)	Dividends received by the Company in 2014 [(1)]
				EUR k	EUR k	EUR k	EUR k			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 541,109	16.35	211,220	211,220	355,000		EUR k 337,129	EUR k (131,224)	0
S. G. Glass Benelux SA Rue des Glaces Nationales. 169 B-5060 Sambreville	EUR k 388,300	EUR k (93,455)	16.19	160,880	132,080			EUR k 37,319	EUR k (17,197)	0
Saint-Gobain Emballage 18. avenue d'Alsace 92400 Courbevoie	EUR k 42,069	EUR k 429,740	20.52	61,553	61,553			EUR k 677,798	EUR k 93,281	21,700
SEPR 18. avenue d'Alsace 92400 Courbevoie	EUR k 63,361	EUR k (41,828)	25.73	53,310	53,310	10,000		EUR k 152,250	EUR k 100,720	0
OTHER COMPANIES										
Subsidiaries (over 50%-owned)										
Total French companies				3,428	3,428					49
Total foreign companies				13,976	13,976					(65)
Affiliates (10%- to 50%-owned)										
Total French companies										
Total foreign companies				0	0					
OTHER INVESTMENTS				**31,677**	**30,838**	**680,000**				**948**
TREASURY STOCK										
TREASURY STOCK HELD FOR CANCELLATION										
TOTAL				**13,208,273**	**13,178,097**	**7,216,000**	**0**			**978,082**

(1) *The amount shown for subsidiaries of the German branch corresponds to 2014 profit or loss transferred under the tax consolidation system.*

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	2014 amount *(EUR k)*	2013 amount *(EUR k)*
Commitment related to the fine levied by the European Commission (see Note 20 of 20.2)	03/28/2014	multiple		1,102,393
Commitment related to the project of acquisition of Schenker Winkler Holding AG [(1)]	2015	Schenker Winkler Holding AG shareholders	2,292,716	
Saint-Gobain Receivable Corporation securitization program	04/25/2014	Citibank		90,638
Guarantee given on behalf of Saint-Gobain ISOVER (electricity purchases)	12/31/2025	Exeltium	27,950	30,690
Guarantee issued in connection with disputes between members of the tax group and the French tax authorities	indefinite	Tax authorities	10,466	15,712
Commitment to employees of the German companies in the Group (early retirement plan)	12/30/2015	Sparkasse Aachen	3,115	5,810
Rent guarantee (Les Miroirs headquarters building)	06/30/2023	Miroirs A & B	3,000	3,000
Commitments towards other members of economic interest groupings (GIE)	indefinite	GIE counterparts	3,155	2,972
Commitment towards the Saint-Gobain Initiatives foundation	01/31/2015	SG Initiatives counterparts	1,000	1,600
Guarantee given to French companies whose employees have received performance units	multiple	multiple	343	760
Guarantee given to employees of the Company who have received performance units	multiple	multiple	233	568
Employee-related commitments in Germany (guarantee fund)	indefinite	Eigene Bursch		190
Other commitments given	multiple	multiple	63	96

(1) On December 5, 2014, Compagnie de Saint-Gobain signed an agreement for 2.75 billion Swiss francs to purchase the swiss company Schenker-Winkler Holding AG, which holds 16.1% of the share capital and 52.4% of the voting rights of the company SIKA. Completion of this purchase is subject to authorization by the relevant competition authorities.

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. Compagnie de Saint-Gobain continues to guarantee payment of the purchase price by SPAFI.

Under the Group's exchange rate risk hedging policy, the 2.75 billion Swiss francs were hedged in December 2014 at a total of €2.3 billion.

Financing-related off-balance sheet commitments

Financing-related off-balance sheet commitments given	Date	Counterparty	2014 amount *(EUR k)*	2013 amount *(EUR k)*
Guarantee for Saint-Gobain Nederland bond issue	04/25/2014	BNP Paribas		500,848
Liquidity agreement guarantee	2015	Exane	175	
Euro equivalent of forward currency sale contracts	multiple	multiple	5,705,898	1,083,940
Euro equivalent of forward currencies payable under currency swaps	multiple	multiple	1,792,809	3,311,849
Equity swaps acquired as hedges of performance units	multiple	multiple	2,061	

Financing-related off-balance sheet commitments received	Date	Counterparty	2014 amount *(EUR k)*	2013 amount *(EUR k)*
Liquidity agreement guarantee	2015	Exane	176	159
Euro equivalent of forward foreign currency purchase contracts	multiple	multiple	5,706,040	1,084,790
Euro equivalent of foreign currencies receivable under currency swaps	multiple	multiple	1,793,715	3,329,329
2012 / 2017 undrawn line of credit	12/17/2019	multiple	2,539,000	2,539,000
2013 / 2018 undrawn line of credit	12/07/2018	multiple	1,461,000	1,461,000
Equity swaps acquired as hedges of performance units	multiple	multiple	1,965	4,850

Financing-related off-balance sheet commitments given and received	Date	Counterparty	2014 amount *(EUR k)*	2013 amount *(EUR k)*
Sold currency options	multiple	multiple	–	37,842
Purchased currency options	multiple	multiple	–	37,842
Interest-rate swaps Fixed-rate borrower / Fixed-rate lender	multiple	multiple	320,965	299,868
Interest-rate swaps Variable-rate borrower / Fixed-rate lender	multiple	multiple	95,000	95,000
Interest-rate swaps Variable-rate borrower / Variable-rate lender	multiple	multiple		
Commodity swaps Fixed-price buyer / Variable-price seller	multiple	multiple	9,311	46,193
Commodity swaps Variable-price buyer / Fixed-price seller	multiple	multiple	9,311	46,193

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.

NOTE 18 – INFORMATION ON FEES PAID TO THE STATUTORY AUDITORS

Total fees (excluding VAT) paid and payable to the auditors for 2014, as reflected in the income statement, may be broken down as follows:

- statutory audit fees of €1.5 million;
- fees for audit-related advice and services of €0.2 million.

NOTE 19 – INFORMATION ON EMPLOYEES

Number of employees

	2014	2013
Paris Head Office (Les Miroirs, La Défense)		
Managers	165	175
Supervisors	37	40
Administrative staff	8	7
TOTAL	**210**	**222**
of which, employees under fixed-term contracts	7	6

	2014	2013
German branch (Aix la Chapelle)		
Managers	82	75
Supervisors	116	114
Administrative staff	1	1
TOTAL	**199**	**190**
of which, employees under fixed-term contracts	3	2

Individual training sessions

Unused vested training entitlements under Act No. 2004.391 of March 4, 2004 relating to lifelong professional training amounted to 18,586 hours at December 31, 2014, representing an estimated cost of €425 thousand.

Management compensation

Direct and indirect compensation and benefits paid in 2014 to members of the Group's senior management by the French and foreign companies in the Group amounted to €14.7 million (2013: €13.9 million), including €4.2 million (2013: €4.0 million) in variable compensation and €1.5 million in termination, retirement or other benefits (2013: €0.9 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 €60.6 million at December 31, 2014 (December 31, 2013: €47.2 million).

Attendance fees paid to members of the Board of Directors for 2014 totaled €0.8 million, the same as in the previous year.

NOTE 20 – LITIGATION

20.1 ASBESTOS-related litigation

The lawsuits described below involve Group subsidiaries and the related costs and provisions are recorded in the accounts of the subsidiaries concerned.

Asbestos-related litigation in France

- Inexcusable fault lawsuits

In France, further individual lawsuits were filed in 2014 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM ("the employers") - which in the past had carried out fiber-cement operations - for asbestos-related occupational diseases, with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect. As at December 31, 2014 a total of 781 such lawsuits had been issued against the two companies since 1997.

As of December 31, 2014, 722 of these 781 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 €1.4 million.

Concerning the 59 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2014, the merits of three have been decided but the compensation awards have not yet been made, pending issue of medical reports or Appeal Court rulings. A further 27 of these 59 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 29 remaining lawsuits, at December 31, 2014 the procedures relating to the merits of 26 cases were at different stages, with six in the process of being investigated by the French Social Security authorities and 20 pending before the Social Security courts. The final three suits have been struck down. The plaintiffs can ask for them to be re-activated at any time within a two-year period.

In addition, as of December 31, 2014, 212 similar suits had been filed since the outset by current or former employees of fifteen other French companies in the Group (excluding Saint-Gobain Desjonquères and Saint-Gobain Vetrotex, which have been sold), in particular involving circumstances where equipment containing asbestos had been used to protect against heat from furnaces.

As of December 31, 2014, 149 lawsuits had been completed. In 76 of these cases, the employer was held liable for inexcusable fault.

Compensation paid by the companies totaled approximately €1.08 million.

For the 63 suits outstanding at December 31, 2014, arguments were being prepared by the French Social Security authorities in four cases, 44 were being investigated - including 30 pending before the Social Security courts and 14 before the Appeal Courts – and ten had been completed in terms of liability but not in terms of quantum or liability for paying the compensation, of which six were pending before the Appeal Courts and four before the Court of Cassation. The final five suits have been struck down. The plaintiffs can ask for them to be re-activated at any time within a two-year period.

- Anxiety claims

Ten of the Group's French subsidiaries, including six that operate or have operated facilities in France classified as presenting an asbestos hazard, are the subject of damages claims that are different from those described above.

"Facilities classified as presenting an asbestos hazard" are defined as manufacturing facilities that have been closed or are still operating which previously manufactured materials containing asbestos or used asbestos protection and insulation equipment and are included on the official list of facilities whose current or former employees are entitled to the asbestos workers benefit (ACAATA).

At December 31, 2014, a total of 816 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 816 suits, 154 have been terminated. Three plaintiffs had their claims dismissed, while 151 others were recognized as having been exposed to an asbestos risk, and their claims were accepted, leading to payment of total compensation of €2.2 million. Of the remaining 662 suits, 233 are pending before the competent Appeal Courts, 288 before the competent labour tribunals, 134 have been struck down, and six suits have been dismissed by the competent labour tribunals. Finally, one claimant has vacated the suit brought by him.

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 many cases punitive – damages are based on alleged exposure to the 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 2014

About 4,000 new claims were filed against CertainTeed in 2014, compared to about 4,500 in 2013, 4,000 in 2012 and 2011, and 5,000 in 2010. Over the last five 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 6,500 of the pending claims were resolved in 2014, compared to 4,500 in 2013, 9,000 in 2012, 8,000 in 2011, and 13,000 in 2010and approximately 3,500 claims were designated as inactive as they did not meet required minimum medical impairment criteria.

Taking into account the 43,000 outstanding claims at the end of 2013 and the new claims having arisen during the year, as well as claims settled or designated as inactive, some 37,000 claims were outstanding at December 31, 2014. 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 accounts

The Group recorded a €90 million charge in 2014 to cover future developments in relation to claims. This amount is identical to the amount recorded in 2013, 2012 and 2011, and lower than the €97 million recorded in 2010. At December 31, 2014, the Group reserve for asbestos-related claims against CertainTeed in the United States amount to €470 million (USD 571 million), compared with €407 million (USD 561 million), €417 million (USD €550 million) at December 2012, €389 million (USD 504 million) at December 31, 2011, and €375 million, (USD 501 million) at December 31, 2010.

- Cash-flow impact

Compensation paid in respect of these claims against CertainTeed, including claims settled prior to 2014 but only paid out in 2014, and those fully resolved and paid in 2014, and compensation paid (net of insurance) in 2014 by other Group businesses in connection with asbestos-related litigation, amounted to € 51 million (USD 68 million), compared to €66 million (USD 88 million) in 2013, €52 million (USD 67 million) in 2012, €59 million (USD 82 million) in 2011, and €78 million (USD 103 million) in 2010.

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, 2014, and they do not present a material risk for the subsidiaries concerned.

20.2 Competition law and related proceedings

Proceedings in the automotive glass industries

By decision of November 12, 2008 concerning the automotive glass case, the European Commission fined Saint-Gobain Glass France, Saint-Gobain Sekurit France and Saint-Gobain Sekurit Deutschland GmbH, jointly and severally with Compagnie de Saint-Gobain, €896 million for price-fixing agreements with competitors.

Following appeals by the companies concerned, by decision of March 27, 2014 the European Union Tribunal reduced this fine amount to €715 million. Neither the European Commission nor the companies concerned appealed this decision. The total of the fine and the related interest amounts were thus paid and the provision reversed during fiscal year 2014. This case is now legally closed.

Investigation by the Swiss Antitrust Commission in the sanitary market sector

In November 2011, the Swiss Antitrust Commission [Commission Suisse de la Concurrence] opened an investigation of 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 the terms of 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.

These allegations have been challenged in their entirety by Sanitas Troesch, which was heard by the Swiss Commission on January 26, 2015.

At this stage of the proceeding, it is not possible to determine what form the Commission's decision will take, nor, if a fine is imposed, how large it will be.

Investigation by the French Competition Authority in the building insulation products sector

On August, 6, 2014, Saint-Gobain ISOVER received a notice of complaints from the French Competition Authority. The only complaint made was of having exchanged allegedly strategic and confidential information, between March 2002 and March 2007, relating to a certification request lodged by Actis for one of its products, and to a dispute between Actis and the mineral wool manufacturers' association (FILMM), of which Saint-Gobain ISOVER was a member, before the Versailles Commercial Court.

Saint-Gobain ISOVER is challenging this complaint and submitted its statement of defense on November 6, 2014. It is now waiting for the report from the Competition Authority.

Parallel with this, Saint-Gobain ISOVER is challenging the visit and seizure operations that took place at its premises in 2009. On February 4, 2014 it appealed the order issued by the Versailles court on January 31, 2014 that validated these operations. The hearing before the appeal court will take place on March 11, 2015.

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.

20.3 Other legal actions and litigations

Some of the Group's companies may also be the subject of other claims 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 annual 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, 2014

To the Shareholders of Compagnie de Saint-Gobain,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2014, 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, 2014 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, 2014 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, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit Department of KPMG S.A.	
Pierre Coll	Jean-Christophe Georghiou	Jean-Paul Thill	Philippe Grandclerc

5. Management report

Compagnie de Saint-Gobain annual financial statements*

Compagnie de Saint-Gobain's corporate net income totaled €1,129.4 million in 2014 (2013: €915.8 million). This consisted largely of financial income from subsidiaries and shareholdings (dividends and income transfers from subsidiaries of the German branch) totaling €978,1 million in 2014 (2013: €598.7 million).

Shareholders' equity before allocation of income for the year totaled €17,064.3 million at December 31, 2014 (December 31, 2013: €16,420.8 million).

Significant events during the year

Transactions involving shareholders' equity

The main changes in shareholders' equity included:

- an increase in shareholders' equity on May 15 of €145.2 million, due to the subscription of 4,303,383 shares at a price of €33.89 under the Group Savings Plan.
- Distribution of the company dividend on July 4 totaling €684.6 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 €243.0 million was posted on the same day through the subscription of 6,601,189 shares at a price of €36.89.
- A reduction in shareholders' equity of €213.5 million on November 28, following the cancellation of 6,100,000 shares at a stock price of €35.00.

Plan to acquire Schenker Winkler Holding AG

On December 5, Compagnie de Saint-Gobain signed an agreement to acquire, for 2.75 billion Swiss francs, the Swiss company Schenker-Winkler Holding AG, which holds 16.1% of the share capital and 52.4% of the voting rights of the company SIKA. Completion of this acquisition is subject to authorization by the relevant competition authorities.

On December 22, 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. Compagnie de Saint-Gobain remains the guarantor for payment of the purchase price by SPAFI.

Under the Group's foreign exchange risk hedging policy, a total of 2.75 billion Swiss francs was hedged in December 2014, fixing the amount at €2.3 billion.

Financing activities

In 2014, Compagnie de Saint-Gobain carried out the following debt management transactions to extend the average maturity of debt while reducing average borrowing costs:

- On March 24, 2014: the private placement of €100 million maturing March 2033 with a coupon of 3.875% was increased to €226 million through two additions of €100 million and €26 million.
- On May 27, 2014, a private placement of €40 million maturing May 2038 was issued with a coupon of 3.625%.
- On September 5, 2014, a private placement of €34 million maturing September 2034 was issued with a coupon of 3%.
- On December 23, 2014, a private placement of €30 million maturing December 2049 was issued with a coupon of 3%.

On July 28, 2014, Compagnie de Saint-Gobain redeemed a €686 million bond issue at 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 thousands	2014	2013
Suppliers	14,466	10,868
- Expired	2,775	1,430
- Total not expired	11,691	9,438
0 to 60 days	11,689	9,438
more than 60 days	2	0

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 table of income
and other characteristic elements

in EUR thousand	2014	2013	2012	2011	2010
1 - Capital stock at year-end					
Share capital	2,247,582	2,220,707	2,124,503	2,142,255	2,123,346
Number of common shares outstanding	561,895,566	555,176,790	531,125,642	535,563,723	530,836,441
2 - Results of operations					
Net sales	166,987	176,945	175,675	176,302	176,128
Income before tax, depreciation, amortization and provisions	1,045,415	775,752	630,125	962,144	1,056,117
Income tax	165,867	201,647	135,663	145,386	160,637
Income after tax, depreciation, amortization and provisions (Net income)	1,129,366	915,758	761,733	1,085,384	1,176,909
Dividends	(1) 695 752	(2) 684 560	(3) 654 065	(4) 646 300	(5) 603 165
3 - Earnings per share (in euro)					
Income before tax, depreciation, amortization and provisions	1.86	1.40	1.19	1.80	1.99
Income after tax, depreciation, amortization and provisions (Net income)	2.01	1.65	1.43	2.03	2.22
Net dividend per share	1.24	1.24	1.24	1.24	1.15
4 - Employee information (6)					
Average number of employees during the year	210	222	231	224	224
Total payroll for the year	28,431	29,350	28,122	29,664	26,796
Total benefits for the year	12,911	13,781	22,892	17,276	15,145

(1) Estimated amount based on 561,895,566 shares (capital stock at December 31, 2014) less 805,241 treasury shares held at January 31, 2015, i.e., 561,090,325 shares.

(2) 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.

(3) 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.

(4) 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.

(5) Based on 530,836,441 shares (capital stock at December 31, 2010) less 6,345,091 treasury shares held on the ex-dividend date, i.e., 524,491,350 shares.

(6) Employee numbers only include staff at the Company's head office and exclude the German branch.

7. Statutory Auditors' report on related-party agreements and commitments

(Annual General Meeting for the approval of the financial statements for the year ended December 31, 2014)

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 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 and conditions of agreements and commitments 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 4, 2015

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, 2014
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, 2014
Bank bond and counter-guarantee for the payment of the fine imposed by the European Commission concerning the automotive glass industry **Approved by the Annual General Meeting of:** June 4, 2009 (Statutory Auditors' special report of March 19, 2009)	Director: Michel Pébereau * ** At the date of the agreement approval*	BNP Paribas received a total sum of €2.2 million from the Company in relation to this guarantee.
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 Nomination, 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 €6,742 made by the Company for Pierre André de Chandelar's insurance coverage in respect of 2014.

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 Nomination, 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 Nomination, 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 Nomination, 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 Nomination, 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 Nomination, 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, March 4, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit Department of KPMG SA	
Pierre Coll	Jean-Christophe Georghiou	Jean-Paul Thill	Philippe Grandclerc

Appendix to the Statutory Auditor's special report on related party agreements and commitments

Nature and Purpose	Co-contracting parties	Main terms and conditions of implementation at December 31, 2014
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* €11,279 thousand including €518 thousand in the name of Compagnie de Saint-Gobain, for the year ended December 31, 2014.
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 €4,596 thousand for the year ended December 31, 2014. 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 CSR INDICATORS

1. Group environmental impact and its solutions

Results concerning CO_2 emissions, water discharge and unrecovered waste are presented in absolute value at actual production versus 2013 for the entire Group or for the 614 sites in the concerned perimeter with the contents of the 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 2013 production (or 2013 iso-production) for the scope concerned, are also provided. These indicators represent the environmental performance of the sites.
2014 marks the start of a new three-year period and the data is therefore published in this document for two years, 2013 as reference year and 2014 as first year of the period.

1.1 ENVIRONMENTAL CERTIFICATIONS AND EXPENDITURES

Indicator	2014	2013	GRI Ref.	Note
Site certifications				
Number of quality-certified sites - comparable scope* (of which ISO 9001)	706 (651)	709 (661)		
Percentage of concerned sites that are environmentally certified* (ISO 14001 and/or EMAS)	82%	80%		
Number of sites that are energy-certified (ISO 50001)	58	41		
Environmental expenditure				
Total environmental expenditure, of which*:	€123.6 M	€123.7 M	EN30	
a) Salaries and other payroll expenses for environmental officers*	€25.1 M	€24.3 M	EN30	
b) ISO 14001 or EMAS environmental certification and renewal costs	€2.9 M	€2.5 M	EN30	
c) Environmental taxes	€8.9 M	€7.6 M	EN30	
d) Insurance and warranties	€4.3 M	€3.1 M	EN30	
e) Environmental fines	€0.1 M	€0.2 M	EN28	
f) Cost of environmental incidents	€0.9 M	€0.6 M	EN30	
g) Cost of technical measures	€7.1 M	€7.8 M	EN30	
h) Environmental R&D budget	€59.0 M	€69.8 M	EN30	
i) Soil decontamination, site remediation and other clean-up costs	€15.1 M	€8.0 M	EN30	
j) Capital expenditure on environmental protection measures	€52.1 M	€51.6 M	EN30	
Provisions for environmental risks	€163.1 M	€158.1 M	EN30	

At December 31, 2014, 82% of the concerned sites were environmentally qualified (ISO 14001 and/or EMAS), versus 80% in 2013 at a comparable perimeter.

** Adjusted for 2014 scope of reporting. An update was provided for 2013 figures, accounting for closures or sales of units.*

1.2 RAW MATERIALS AND WASTE

Indicator	2014	2013	GRI Ref.	Note
Raw materials and production waste				
Quantity of non-recovered production waste from the concerned sites, based on 2013 production output*	0.633 Mt	0.635 Mt	EN22	1.2.1
Consumption of primary raw materials in glass furnaces, concerned sites*	9.72 Mt	9.44 Mt	EN1	1.2.2
Consumption of cullet in glass furnaces, concerrned sites*	2.77 Mt of internal cullet, and 3.66 Mt of external cullet	2.65 Mt of internal cullet, and 3.67 Mt of external cullet	EN2	
Percentage of cullet in each ton of finished product of glass wool produced, concerned sites*	18.6% of internal cullet, and 45.4% of external cullet	20.5% of internal cullet, and 46.4% of external cullet	EN2	
Percentage of cullet in each ton of finished product of container glass produced, concerned sites*	20.5% of internal cullet, and 49.7% of external cullet	18.9% of internal cullet, and 50.8% of external cullet	EN2	
Percentage of cullet in each ton of finished product of flat glass produced, concerned sites*	28.9% of internal cullet, and 7% of external cullet	29.2% of internal cullet, and 6.4% of external cullet	EN2	
Percentage of ton of finished product from primary melt of cast iron produced, concerned sites*	77.7%	79.3%	EN2	
Percentage of recycled material in each ton of finished product of cast iron produced, concerned sites*	44.0%	44.5%	EN2	
Percentage of recycled material in each ton of finished product of gypsum produced, concerned sites*	30.0%	29.1%	EN2	

** Adjusted for 2014 scope of reporting. An update was provided for 2013 figures, accounting for closures or sales of units.*

1.2.1 Non-recovered waste

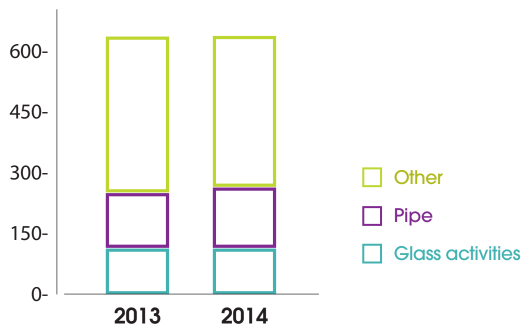
OBJECTIVE(1)

Non-recovered waste: -7% (2014-2016)

In 2014, the Group generated 0.732 million metric tons of non-recovered waste.
At comparable 2013 production (or 2013 iso-production), the quantity of non-recovered production waste for the Group sites concerned was steady (-0.3%).
In 2014, at actual Group production, the increase in metric tons of recovered waste was 5.1% in absolute value over 2013.
The Group's EHS report will be completed by a new waste management module to be roll-out in 2015. This module, associated with a more accurate breakdown of waste indicators, will allow for more reliable data, particularly concerning the recovery sectors.

Non-recovered waste - concerned perimeter

Thousands of metric tons



1.2.2 Consumption of materials

Glass

Between 2013 and 2014, the proportion of cullet in glass production remained stable for the sites of the concerned perimeter: in 2014 glass furnaces for the concerned sites consumed 9.72 million metric tons of virgin raw materials (versus 9.44 in 2013), 3.66 million tons of external cullet (versus 3.67 in 2013) and 2.77 million tons of internal cullet (versus 2.65 in 2013).

Cast iron

In 2014, the percentage of ton of finished product from primary melt of cast iron produced was 77.7% at the concerned sites (versus 79.3% in 2013 at a comparable reporting scope). This variation is linked to the distribution of volumes produced at the various Group sites around the world. In 2014, 44.0% of full tons of cast iron originated from recycled materials at the concerned sites (versus 44.5% in 2013 at comparable perimeter). The variation in this figure year-on-year is related to the availability of raw materials from external recycling.

Gypsum

In 2014, 30.0% of full tons of gypsum originated from recycled materials (versus 29.1% in 2013) at the concerned sites of the Gypsum Activity.

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

1.3 ENERGY, ATMOSPHERIC EMISSIONS AND CLIMATE

Indicator	2014	2013	GRI Ref.	Note
Energy				
Total energy consumption of entire Group at actual scope of reporting**	202,840 TJ	212,846 TJ	EN3	1.3.1
Total indirect energy consumption of entire Group at actual scope of reporting**	39,826 TJ	43,488 TJ	EN4	
Electricity consumption of entire Group at actual scope of reporting**	38,767 TJ	42,463 TJ	EN4	
Steam and hot water consumption of entire Group at actual scope of reporting**	1,060 TJ	1,025 TJ	EN4	
Direct total energy consumption of entire Group at actual scope of reporting**	163,014 TJ	169,358 TJ	EN3	
Coal and coke consumption of entire Group at actual scope of reporting**	27,550 TJ	26,424 TJ	EN3	
Natural gas consumption of entire Group at actual scope of reporting**	114,783 TJ	122,913 TJ	EN3	
Petroleum products consumption of entire Group at actual scope of reporting**	20,454 TJ	19,851 TJ	EN3	
Greenhouse gases				
Direct emissions of CO_2 of the concerned sites at 2013 production*	11.5 Mt	11.7Mt	EN16	1.3.2
Direct emissions of CO_2 for the of the entire Group at actual scope of reporting**	12.4 Mt	12.8 Mt CO_2	EN16	
Direct emissions of CO_2 per ton of finished product of glass at the concerned sites*	545 kg CO_2/ full metric tons of glass	552 kg CO_2/ full metric tons of glass	EN16	
Direct emissions of CO_2 per ton of finished product of cast iron at the concerned sites*	1,248 kg CO_2/ full metric tons of cast iron	1,391 kg CO_2/ full metric tons of cast iron	EN16	
Direct emissions of CO_2 per ton of finished product of plaster at the concerned sites*	118 kg CO_2/ full metric tons of plaster	119 kg CO_2/ full metric tons of plaster	EN16	
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	EN17	
Indirect emissions of greenhouse gases (purchases of electricity, steam, hot water) for the entire group at actual scope of reporting**	4.2 Mt CO_2-eq.	4.8 Mt CO_2-eq.	EN16	
Air emissions				
SO_2 emissions per ton of finished product of glass at the concerned sites*	1.40 kg	1.61 kg	EN20	1.3.3
SO_2 emissions per ton of finished product of cast iron at the concerned sites*	2.90 kg	2.20 kg	EN20	
SO_2 emissions from the concerned sites in the Pipe and Glass Activities*	22,226 t	22,566 t	EN20	
NO_x emissions per ton of finished product of glass at the concerned sites*	2.41 kg	2.36 kg	EN20	
NO_x emissions per ton of finished product of cast iron at the concerned sites*	1.84 kg	1.30 kg	EN20	
NO_x emissions from the concerned sites in the Pipe and Glass Activities*	31,982 t	29,541 t	EN20	
Dust emissions per ton of finished product of glass at the concerned sites*	0.23 kg	0.23 kg	EN20	
Emissions of dust per ton of finished product of cast iron at the concerned sites*	2.16 kg	2.39 kg	EN20	
Dust emissions from the concerned sites of the Pipe and Glass Activities*	7,005 metric tons	6,993 metric tons	EN20	

** Adjusted for 2014 scope of reporting. An update was provided for 2013 figures, taking into account 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.*

In 2014, Saint-Gobain appeared on the Carbon Disclosure Leadership Index France, an index consisting of the most transparent French companies responding to the CDP Climate Change questionnaire. Saint-Gobain's CDP score rose from 91B in 2013 to 95B in 2014.

CARE:4®

In 2014, three operations (including one renovation) were carried out and recognized for their exemplary nature in the context of the program, bringing to 23 the number of low-energy consumption buildings operated by the Company:

- the POINT.P Maison Blanche store at Marseille (France), of Saint-Gobain Distribution Bâtiment France;
- the offices and corporate premises of the Cikande (Indonesia) Gypsum plant;
- the IDS store (Jewson) at Newcastle-under-Lyme (United Kingdom).

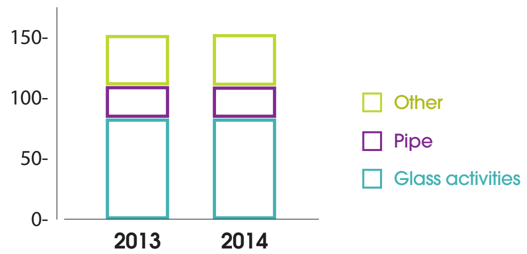
1.3.1 Energy

The energy consumption of the sites of the scope of reporting concerned, at iso-production, reduced by 0.8% between 2013 and 2014.

In 2014, energy consumption of the Group's sites was 202,840 TJ (2013: 212,846 TJ). The percentage of indirect energy [(1)] remained stable, at around 20% of total energy consumed.

Direct energy in TJ - concerned perimeter

In terajoules



1.3.2 Emissions of CO_2

At iso-production, total CO_2 emissions from the sites of the concerned permiter reduced by 1.4% between 2013 and 2014.

At actual production, CO_2 emissions from the concerned sites of the Group in 2014 were:

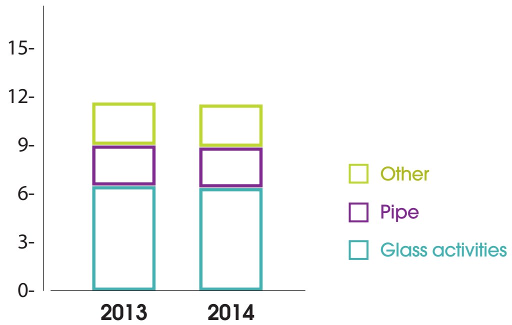
- at scope 1 (direct emissions), 11.7 Mt of CO_2, i.e. plus 0.7% in absolute value over 2013;
- at scope 1 and 2 (direct and indirect emissions), 15.8 Mt of CO_2, i.e. plus 1.1% in absolute value over 2013.

At iso-production, CO_2 emissions from the sites of the concerned perimeter in 2014 were:

- at scope 1, 11.5 Mt of CO_2, i.e. minus 1.4% from 2013;
- at scopes 1 and 2 (direct and indirect emissions), 15.4 Mt of CO_2, i.e. minus 1.4% from 2013.

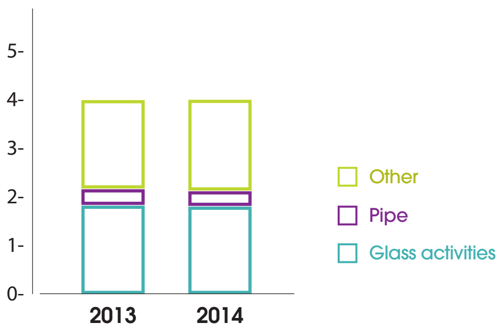
Direct CO_2 emissions - concerned perimeter

In millions of metric tons



Indirect CO_2 emissions - concerned perimeter

In millions of metric tons



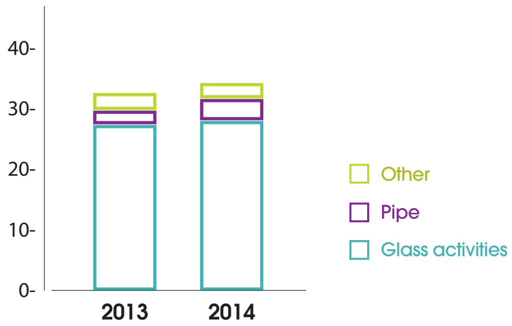
(1) *Electricity and heat purchased.*

1.3.3 Emissions of NO_x, SO_2 and other significant atmospheric emissions

An increase in NO_x emissions and a decrease in SO_2 and dust emissions, at comparable production, between 2013 and 2014, is noted for the sites in the scope of reporting concerned.

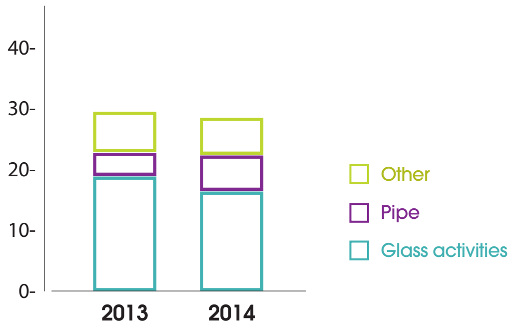
NO_x emissions - concerned perimeter

In thousands of metric tons



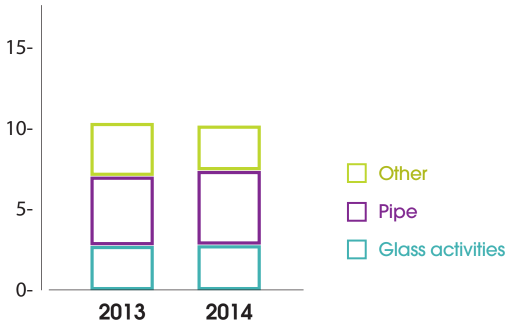
SO_2 emissions - concerned perimeter

In thousands of metric tons



Dust emissions - concerned perimeter

In thousands of metric tons



1.4 WATER

Indicator	2014	2013	GRI Ref.	Note
Water				
Water withdrawal from the concerned sites at 2013 production*	66.1 M of m^3	69 M of m^3	EN8	1.4.1
Total water withdrawal for the entire Group at actual scope of reporting**	69.7 M of m^3	73.4 M of m^3	EN8	
Rainwater withdrawal for the entire Group at actual scope of reporting**	0.7 M of m^3	0.4 M of m^3	EN8	
Municipal water withdrawal for the entire Group at actual scope of reporting**	15.9 M of m^3	17.6 M of m^3	EN8	
Surface water withdrawals for the entire Group at actual scope of reporting**	28.9 M of m^3	29.6 M of m^3	EN8	
Ground water withdrawal for the entire Group at actual scope of reporting**	22.7 M of m^3	24.1 M of m^3	EN8	
Total water discharge for the entire Group at actual scope of reporting** (1)	42.8 M of m^3	48.9 M of m^3	EN21	1.4.2
Water discharges into the surrounding environment for the entire Group at actual scope of reporting** (1)	32.1 M of m^3	36.5 M of m^3	EN21	
Water discharges into the municipal waste water collection system for the entire Group at actual scope of reporting** (1)	10.2 M of m^3	12.2 M of m^3	EN21	

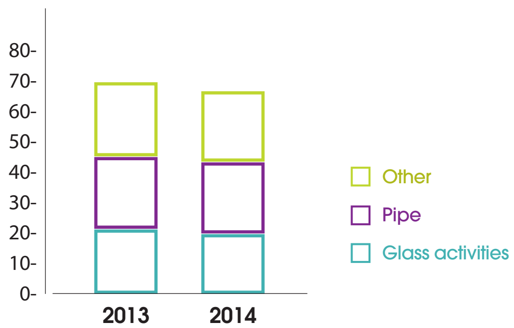
** Adjusted for 2014 scope of reporting. An update was provided for 2013 figures, taking into account closures or sales of units.*
*** The actual scope of reporting refers to all sites open in the Gaïa reporting tool at December 31.*

1.4.1 Water withdrawal

At production comparable to 2013 production output (or 2013 iso-production), the Group's concerned sites [(2)] reduced their water withdrawal by 4.2% in 2014.
At actual production[(3)], the Group's concerned sites in 2014 withdrawed 68.4 million m^3 of water, i.e. a reduction of 0.9% in absolute value.
In 2014, all Group sites consumed 69.7 million m^3 of water. The quantity of water consumed since 2013 reduced by 5.1%. All types of water withdrawal, municipal water, ground water and surface water declined between 2013 and 2014.

Water withdrawal - concerned perimeter

In millions of m^3



[(1)] *The indicator covers 75% of the sites in the actual 2014 scope of reporting, and 71% of the actual 2013 scope of reporting.*
[(2)] *At iso-production for the scope of reporting concerned.*
[(3)] *Actual 2014 production.*

1.4.2 Water discharges

OBJECTIVE [1]
Water discharge: -12% (2014-2016)

At iso-production, water discharges from the sites of the scope of reporting concerned reduced by 9.0% between 2013 and 2014.
In 2014, the total volume of the Group's liquid water discharge was 42.8 million m^3.
At actual production in 2014, the Group's concerned sites discharged 42.1 million m^3 of water, i.e. a 4.4% reduction in absolute value from 2013. 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.

Water discharge - concerned perimeter

In millions of m^3

The "Water" standard, the deployment of which started in 2012, requires that sites limit the number of discharge points and ensure the quality of the waste before discharging it into the various networks (municipal network, natural environment, etc.). The assessment of accidental risk of pollution by chemical products will also be addressed by the "Water" standard.

1.4.3 Water recycling

Saint-Gobain encourages water recycling internally, specifically through the installation of closed circuits, which considerably reduces the consumption of natural resources. 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. Water consumption at these sites represents 71.7% of consumption of the Group as a whole, versus 69% in 2013.
Complete roll-out of the standard is forecasted in 2016 for sites with the highest risk levels.

[1] *At iso-production for the scope of reporting concerned.*

1.5 ACCIDENTS AND NUISANCES

Indicator	2014	2013	GRI Ref.	Note
Number of SEVESO-classified sites	5	5		
Number of level 1 accidental spills – Group	0	0	EN23	

No major accidental spill occurred in 2014. Major accidental spills are monitored using the EvE indicator (see Chapter 3, Section 7.5).

2016 OBJECTIVE

List all environmental events and analyze their principal causes. Integrate the EvE standard into the key performance at all sites.

In 2014 Saint-Gobain continued to roll-out the EvE environmental event management standard, which identifies and processes events that might occur at the sites (accidents, incidents, etc.).

2. Human capital

2.1 HEALTH AND SAFETY

Indicator	2014	2013	GRI Ref.	Note
Lost-time and non lost-time accidents (TRAR), Group, actual scope of reporting [(1)]	4.5	6.1	LA7	2.1.2
Lost-time accidents (LTAR), Group, actual scope of reporting [(1)]	2.1	2.3	LA7	2.1.2
Group accident severity rate at the actual scope of reporting [(1)]	0.07	0.14	LA7	2.1.2
Lost-time accidents (LTAR), Building Distribution Sector, actual scope of reporting [(1)]	2.9	3.3	LA7	2.1.2
Lost-time and non lost-time accidents (TRAR), industrial sectors, actual scope of reporting [(1)]	3.5	4.3	LA7	2.1.2
Number of fatal incidents involving Saint-Gobain employees	1	2	LA7	2.1.3
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	210	209		2.1.1
Number of Health & Safety certified sites at the actual scope of reporting [(1)]	385	376		2.1.1
Percentage of sites offering regular and periodic medical inspections	73%	74%		2.1.4
Number of occupational illnesses in France	131	N/A [(2)]	LA7	2.1.4
Absenteeism rate	4.7%	4.3%	LA7	2.1.5
Percentage of employees covered by social security in France, and coverage rate	95% receive 94% coverage rate	95% receive 94% coverage rate		2.1.6
Education, training, advising, prevention and risk control programs to assist employees in the event of severe illness	yes	yes	LA8	2.1.6
Extension of the program to families	advice and assistance in case of severe accident	advice and assistance in case of severe accident	LA8	2.1.6
Extension of the program to communities	sometimes in collaboration with associations	sometimes in collaboration with associations	LA8	2.1.6
Proportion of health and safety agreements signed with employee representatives	7.0%	6.0%		2.1.8

2.1.1 Safety

The number of Health & Safety certified sites (OHSAS 18001 – ILO-OSH 2001) at December 31, 2014 was 385, versus 371 a year earlier, with a comparable scope of reporting.
The "Millionaires Club" recognizes the most exemplary sites with regard to safety, specifically those demonstrating 1 million hours or five years worked with no lost-time accidents. In 2014, this included a total of 210 sites (at December 31, 2013: 209). It evaluates sites with the best results and the award demonstrates to the entire Group that the zero occupational accident objective is possible. Among these sites, 69 are "silver millionaires" (specifically with 10 years with no lost-time accidents), and six are "gold millionaires" (specifically with 15 years with no lost-time accidents, versus 68 and 5, respectively, at December 31, 2013.

(1) Indicators cover Saint-Gobain and temporary employees.
(2) Indicator published for the first time in 2014 for the French scope of reporting.

2.1.2 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).

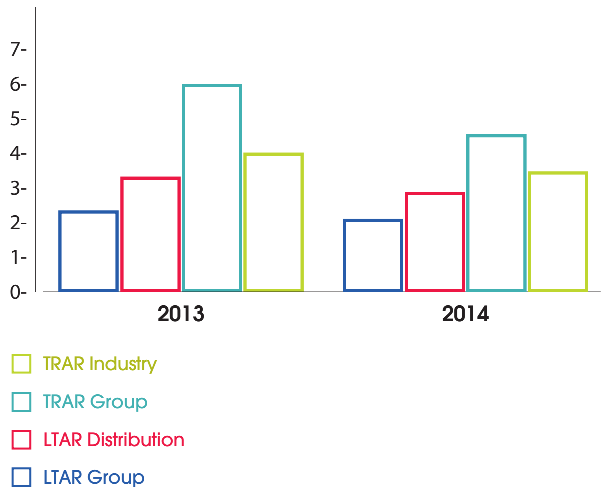
For this latest three-year period (2014-2016), to reflect the Group's maturity with regard to safety Saint-Gobain has set a goal for reducing its total recordable accident rate both with and without 24 hours' lost time (TRAR).

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 employees and temporary workers of 4.5, versus 6.1 in 2013.

The industrial TRAR was 3.5 in 2014, versus 4.3 in 2013, an improvement of 0.8.

In 2014, the lost-time accident rate with over 24 hours' lost time (LTAR) for Saint-Gobain permanent and temporary employees was 2.1 for the Group, 0.2 points less than in 2013.

Lost-time accident rate – permanent and temporary employees



The severity rate (SR), i.e. the number of days of lost time per thousand hours worked, is 0.07.

2.1.3 Prevention of severe accidents

In 2014, the Group experienced two fatal occupational accidents: one involving an employee, and one involving a subcontractor. 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 (2 in 2013);
- subcontractors: 1 (2 in 2013);
- temporary employees: 0 (0 in 2013);
- third parties present at Group sites: 0 (0 in 2013).

In 2014 the Group also recorded 8 non-work related deaths and 12 fatal traffic accidents (versus 7 non-work related deaths and 6 fatal traffic accidents in 2013).

2.1.4 Medical inspections and prevention of occupational illnesses

Although the proportion of sites offering regular periodic medical inspections declined slightly in 2014 (73%, compared to 74% in 2013), the number of sites at which this indicator is monitored rose from 1,311 to 1,367.

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 2014, 131 occupational illnesses were declared in France.

2.1.5 Absenteeism

Absenteeism rose slightly, from 4.3% in 2013 to 4.7% in 2014. The most frequent causes of absenteeism were illness (62.3%), maternity (12.0%) and occupational accidents (3.4%).

2.1.6 Social security and prevention programs

In France, a harmonization plan for the health and social security systems has allowed some 95% of employees concerned to benefit from a system with a coverage rate (ratio of actual medical expenses to reimbursements) of at least 94%.

Regarding education, training, advising, prevention and risk control to assist employees, their families and members of the local communities in the event of severe illness, programs vary from country to country. Thus employees have access to education programs (training in occupational health, behavioral risk, first aid, chemical products, noise, etc.), prevention programs (campaign to prevent obesity, vaccination campaigns, annual medical checkups, monitoring of psycho-social risks, etc.), assistance and advice (occupational health department, social workers on site, assistance and support programs in case of severe illness, etc.) and training (health coverage program, accident insurance, etc.).

In a number of cases, these services are also offered to employees' families (home Health & Safety brochure, extension of health coverage to families, sometimes through low-cost contributions, etc.). Several education and prevention campaigns are being carried out within local communities.

2.1.7 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, Industrial 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 2014, five training sessions were held in Europe, hosting 57 participants. This training was rolled out at the North American centers (6 sessions with 212 participants) 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).

2.1.8 Outcome of health and safety agreements

Occupational health and safety are two important factors in dialog at Saint-Gobain. The Group's results, particularly in the area of occupational accidents or risk exposure, are reported to all employees. Overall, health and safety represents 7.0% of agreements signed within the Group.

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.

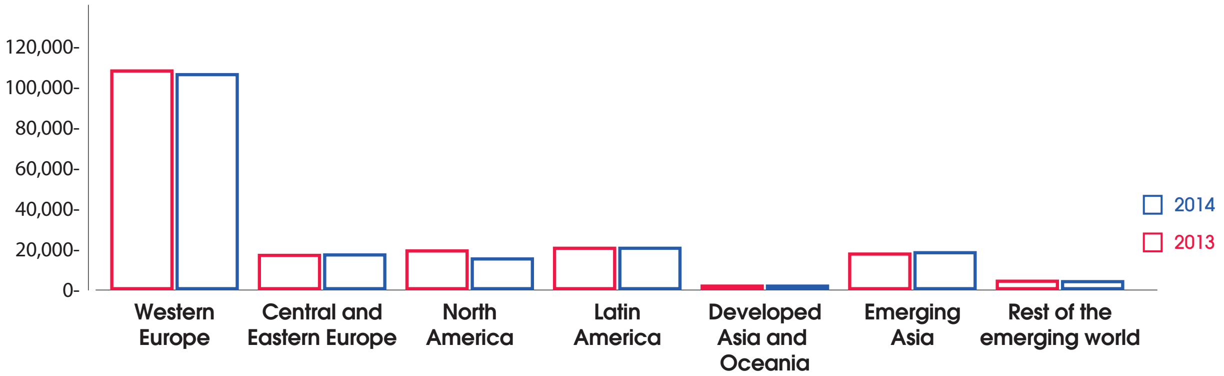
2.2 EMPLOYMENT

Indicator	2014	2013	GRI Ref.	Note
Total headcount	181,742 persons	187,071 persons	LA1	2.2.1
Breakdown by gender M/F	79.4%/20.6%	79.5%/20.5%	LA1	2.2.1
Distribution of employees by geographic region	Graphic	Graphic	LA1	2.2.2
Rate of Blue-collar workers	42.6%	43.5%	LA1	2.2.4
Rate of employees, technicians and supervisors	42.5%	41.8%	LA1	2.2.4
Rate of managers	14.9%	14.7%	LA1	2.2.4
Fixed-term employment contract [(1)]	4.5%	4.0%	LA1	2.2.5
Percentage of fixed-term employment contracts transformed into permanent contract	32.7%	30.0%	LA1	2.2.5
Departure rate	14.5%	14.4%	LA2	2.2.6
Resignation rate	5.3%	4.9%	LA2	2.2.6
Layoff rate	4.3%	4.4%	LA2	2.2.6
Hiring rate	13.8%	12.2%	LA2	2.2.6
Number of employees hired	24,592	22,285	LA2	2.2.6

2.2.1 Total employees and proportion of women in the Group

At December 31, 2014, the total of Group employees was 181,742 (187,071 in 2013 and 192,781 in 2012). Compared to 2013, total employees were down by 2.8%. This is explained by the sale of businesses in 2014, particularly Verallia North America. In fact, at comparable structures, the Group's employee total declined only by 0.2% in 2014.
The proportion of women among total employees was 20.6% in 2014 (20.5% in 2013).

Change in headcount by region



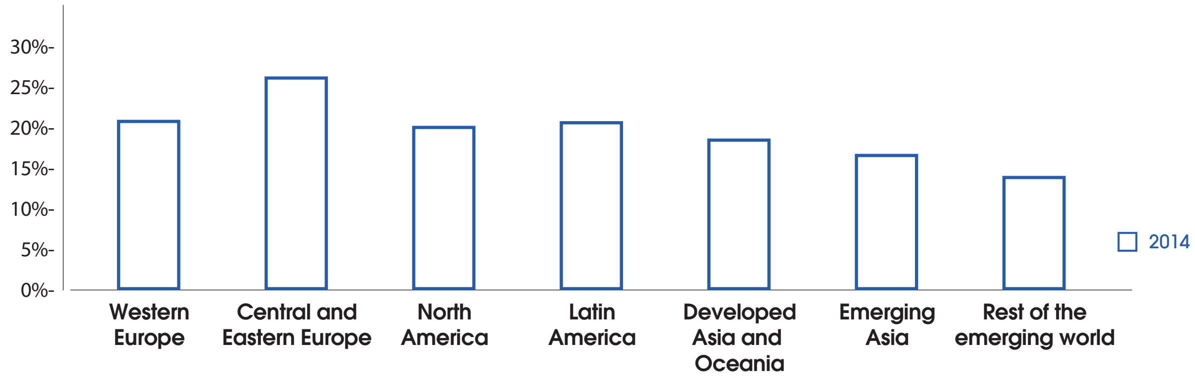
2.2.2 Number of employees and proportion of women by geographic region

The number of employees fell slightly or remained stable in all geographic regions, with the exception of North America, which saw a more significant decline in the number of employees due to the disposal of Verallia North America.

(1) Basis of calculation: excluding North America, i.e. 91.9% of the scope of reporting.

Similarly, the distribution of total employees among the various geographic regions was identical to 2013. Western Europe represents 59% of total employees, Central and Eastern Europe 9%, North America 8%, Latin America 11%, developed Asia and Oceania 1%, emerging Asia 10% and the rest of the emerging world 2%.
The proportion of women among total employees varies by geographic region. At 26.2%, Central and Eastern Europe have the highest proportion of female employees.

Proportion of female employees by geographic region



2.2.3 Number of employees by Sector [1]

The Innovative Materials Sector represents 33.0% of total employees, the Construction Products Sector 26.0%, the Building Distribution Sector 35.5% and the Packaging Sector 5.5%.
The number of employees in the Innovative Materials Sector remained stable (+0.3%). The Construction Products Sector saw its total employees decline by 0.8%. The number of employees in the Building Distribution Sector declined by 1.3%, with situations that varied from region to region. Finally, the number of employees in the Packaging Sector declined by 30.7% due to the sale of Verallia North America.

2.2.4 Number of employees and proportion of women by job type

In 2014, the proportion of management personnel among total employees grew slightly to 14.9%. The share of women in this category rose from 20.0% in 2013 to 20.9% in 2014 [2].
The proportion of Technical Employees and Supervisory Agents also rose (42.5%). The number of women in this category remained high at 31.8%.
Finally, the share of blue-collar workers declined, to 42.6% of Group employees. The share of workers is higher in industry, where it represents 56.6% of employees, than in distribution, where it is only 16.8%. The proportion of women among blue-collar workers fell slightly to 9.5% (9.9% in 2013).

2.2.5 Number of employees by contract type

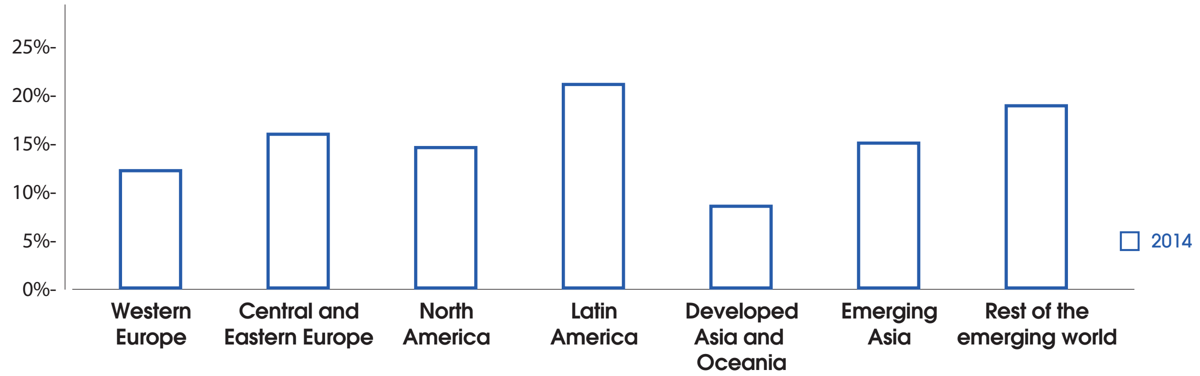
In 2014, permanent employees represented 95.9% of total employees. By contrast, employees working under temporary contracts represented 4.5% of Group employees (4.0% in 2013 [3]).
In 2014, the rate of conversion from fixed-term contract employee to permanent-contract employee was 32.7%, versus 30.0% in 2013.

2.2.6 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 2014, 24,592 persons were hired by Saint-Gobain (22,285 in 2013), up 10.4% over 2013. The hiring rate represented 13.8% of total employees (12.2% in 2013). To strengthen the Group's innovation capacity, 116 research professionals were hired in 2014.
Due to the increase in hiring and stabilization of departures at 14.5% in 2014 (2013: 14.4%), Group employee turnover increased significantly. Further, in 2014 the resignation rate rose slightly to 5.3% (4.9% in 2013), although the layoff rate remained stable at 4.3% (4.4% in 2013).
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.

[1] Excluding holding company employees and support functions.
[2] Source: PeopleGroup.
[3] Basis of calculation: excluding North America, i.e. 91.9% of the scope of reporting.

Employee turnover by geographic region



2.3 PROFESSIONAL MOBILITY

Indicator	2014	2013	GRI Ref.	Note
Number of inter-Activity mobility of managers [(1)]	572	545		2.3
Number of inter-profession mobility of managers [(1)]	878	936		2.3
Number of geographical mobility of managers [(1)]	200	246		2.3

Saint-Gobain makes professional mobility a major priority of its OPEN Human Resources policy (see Chapter 3, Section 6.2). To monitor and encourage mobility among Group employees, three indicators were introduced in 2012, tracking mobility between Activities, business lines and geographic regions. Since the objectives of professional mobility are fixed in the medium or long terms, these indicators must be viewed over a longer duration.

In 2014, mobility between Activities grew while mobility between business lines function and geographic mobility declined slightly.

2.4 WORK ORGANIZATION

Indicator	2014	2013	GRI Ref.	Note
Share of employees working on shifts	32.9%	32.8%		2.4.1
Rate of overtime	3.6%	4.5%		2.4.2
Rate of temporary employees	6.6%	5.6%	LA1	2.4.2
Rate of part-time employees	3.0%	3.2%	LA1	

2.4.1 Shift work

Given the share taken by the Group's industrial activities, 32.9% of employees work in shifts according to cycles. The work may be organized over two or three shifts (2x8 hours, 3x8 hours), or on a continuous basis (5x8 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.

2.4.2 Overtime and temporary work

To address a temporary work overload, some Group companies occasionally ask their employees to work overtime, or utilize temporary workers. In 2014, overtime hours represented an average of 3.6% of hours worked (2013: 4.5%), and temporary workers 6.6% of hours worked (2013: 5.6%).

[(1)] *Source: PeopleGroup.*

2.5 LABOUR RELATIONS

Indicator	2014	2013	GRI Ref.	Note
Percentage of employees with employee representation	69.4%	68.3%	LA4	2.5.1
Percentage of employees covered by a collective bargaining agreement (mandatory in France) [(1)]	74.4% (100% in France)	73.5% (100% in France)	LA4	2.5.1
Number of agreements signed with employee representatives	1,448	1,513	LA4	2.5.2
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	LA5	2.5.3

2.5.1 Organization of social dialogue

Social dialogue is an essential component of the Group's life and a driver of its long-term growth. In 2014, 69.4% of employees were represented by an elected representatives. This rate is significantly higher than in 2013 (68.3% of employees).

To address social issues, several peer bodies meet regularly at various levels. At the European level, the Saint-Gobain Convention for European Social Dialogue met once in 2014, in the presence of the Group's Chairman and Chief Executive Officer, and the European Select Committee met nine times. In France, the Group Works Council met three times. Further, in 2014, two employees became members of the Saint-Gobain's Board.

Saint-Gobain considers collective agreements to be an indispensable bargaining tool in a company or business line. In 2014, 74.4% of employees were covered by collective agreements [(1)]. 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.

2.5.2 Agreements with social partners

Overall, 1,448 agreements were signed in 2014. These agreements involved wages (35.9%), working hours (23.5%), jobs (8.9%), occupational health and safety (7.0%), and training (4.1%).

2.5.3 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).

2.5.4 Employee satisfaction

Each year, a number of employee satisfaction surveys are carried out in most countries where the Group is active. These allow to measure employee commitment at various levels and to implement the necessary action plans when needs are identified.

Saint-Gobain has also been certified Top Employer 2014 by the Top Employers Institute, an independent entity that analyzes companies human resources practices, in seven countries: the United Kingdom, France, Brazil, China, Germany, Italy and Poland.

In France, Saint-Gobain has received the Happy Trainees label awarded by meilleures-entreprises.com, following a study carried out among 596 Group interns and apprentices in France. This distinction specifically recognizes a good overall assessment of the management and the quality of proposed assignments.

(1) *Basis of calculation: excluding North America, i.e., 91.9% of the scope of reporting.*

2.6 TRAINING

Indicator	2014	2013	GRI Ref.	Note
Proportion of payroll of training investment	1.8%	2.1%	LA10	2.6.1
Employees who have received training during the year	72.9%	77.0%	LA10	2.6.1
Average number of training hours per employee per year	23.9 hours	22.7 hours	LA10	2.6.1
Share of technical and EHS training [1]	36.3% of technical training 42.9% of EHS training	N/A	LA10	2.6.1
Share of Group employees who had an annual review	63.8%	59.8%	LA12	2.6.2
Share of non-management employees who had an annual review	58.9%	55.1%	LA12	2.6.2
Share of management employees who had an annual review	91.3%	86.8%	LA12	2.6.2

2.6.1 Training hours and employees trained [2]

Over 4.3 million hours of training were dispensed within the Group in 2014. This figure is up 2.7% from 2013, due, among other things, to the inclusion of theoretical training of apprentices in France. The Group's training initiatives represent 1.8% of the payroll.

The proportion of employees who received training in 2014 was 72.9%, i.e. 130,024 employees trained. This figure includes 86.4% of management personnel and 70.5% of non-management personnel.

In 2014, employees received an average of 23.9 hours of training per year. For management personnel, average hours of training per year were 29.2 hours, and for non-management, 23.0 hours.

In total, technical training represented 36.3% and EHS training 42.9%[1]. The breakdown of training by topic was as follows: environment (5.9%), health and hygiene (6.7%) and safety (30.3%).

In 2014, in a process of continuous improvement, training data for France, Italy, Belgium, Spain, Portugal and Brazil were audited by an independent third-party firm. Within this scope of reporting, the data was as follows:

- total number of training hours: 2.2 million;
- proportion of payroll dedicated to training: 2.4%;
- proportion of employees who received training: 73.1%;
- average number of training hours per employee per year: 31.2.

2.6.2 Annual reviews and career advancement

Saint-Gobain has set the goal of holding annual reviews for all management personnel. In 2014, the Group increased the number of annual reviews for all employees. 63.8% of Group employees accordingly had an annual review (2013: 59.8%). This rate represents 91.3% for management personnel and 58.9% for non-management.

In 2014, over 1,000 annual people review were held to promote careers and create opportunities for executive-level employees.

[1] In 2014, these indicators were calculated based on the number of training sessions, while in 2013 they were calculated based on the number of hours of training.

[2] In 2014, the Group's training doctrine was redefined. From now on, in-person training sessions will only count if their duration exceeds five hours. Further, companies in France count hours of training of temporary workers, usually based on temporary employment contracts.

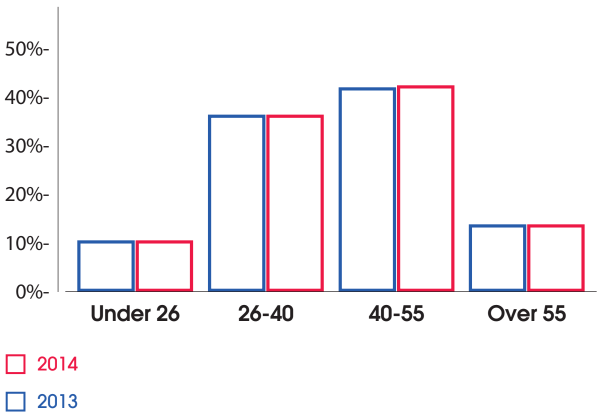
2.7 NON-DISCRIMINATION

Indicator	2014	2013	GRI Ref.	Note
Hiring rate of young people under 26	37.1%	36.6%	LA1-LA13	2.7.1
Proportion of youth contracts (internship, apprenticeship, etc.) in France	3.7%	3.2%	LA1-LA13	2.7.1
Hiring rate of employees aged 50 or older	7.1%	6.0%	LA1-LA13	2.7.1
Proportion of women among total employees	20.6%	20.5%	LA1-LA13	2.7.2
Proportion of women employees, technicians and supervisory agents among all women employees	65.3%	64.8%	LA1-LA13	2.7.2
Proportion of women workers among all women employees	19.7%	20.9%	LA1-LA13	2.7.2
Proportion of women managers among all women employees	15.0%	14.3%	LA1-LA13	2.7.2
Share of women among managers (1)	20.9%	20.0%	LA1-LA13	2.7.2
Manager hiring rate by gender M/F (1)	72.8%/27.2%	74.8%/25.2%	LA1-LA13	2.7.2
Promotion of female managers among all management promotions (1)	24.5%	24.5%	LA1-LA13	2.7.2
Percentage of female managers among the senior exeutives (1)	10.4%	8.9%	LA1-LA13	2.7.2
Ratio of average male to female salaries in France	0.9	0.9	LA14	2.7.2
Proportion of disabled employees within the Group	1.7%	1.6%	LA13	2.7.3
Proportion of disabled employees in France	4.0%	3.7%	LA13	2.7.3
Number workstation fitted out for disabled employees	115	180	LA13	2.7.3
Total number of discrimination incidents	42	30	HR4	2.7.5
Total number of violations of freedom of association	2	2	HR5	2.7.5

2.7.1 Generation diversity

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. In 2014, the distribution of total number of employees by age was identical to that of 2013.

Breakdown of employees by age



Furthermore, 9,129 individuals under 26 were hired at Saint-Gobain in 2014. They represent 37.1% of Group hirings, up 12.0% from the previous year (36.6%). At December 31, 2014 in France 1,653 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 0.5% from 2013.

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 December 31, 2014, the Group had 62 V.I.E. contracts.

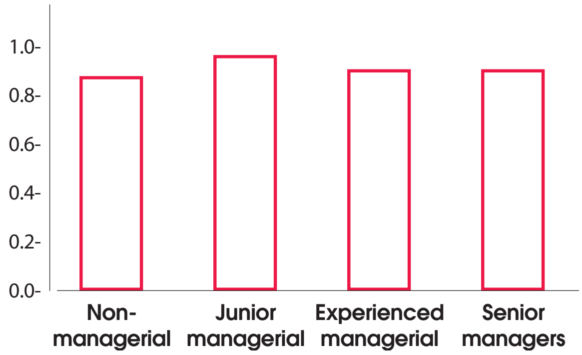
Finally, employees aged 50 or over represented 7.1% of Group hirings in 2014, a net increase over 2013 (6.0%).

(1) *Source: PeopleGroup.*

2.7.2 Gender diversity

At end-2014, the proportion of women among all the Group's employees was 20.6% (2013: 20.5%). The hiring rate of women increased significantly, from 24.4% in 2013 to 25.4% in 2014.
Saint-Gobain's women employees are broken down into 7,392 workers (19.7% of women employed by the Group), 24,520 employees, technicians, sales personnel and supervisory agents (65.3%), and 5,615 management personnel (15.0%).
2014 saw increased promotion of women to positions of responsibility. First, the proportion of women managers among all managers rose from 20.0% to 20.9% in 2014. Further, the hiring rate of women managers increased significantly, from 25.2% in 2013 to 27.2% in 2014. The promotion rate of female managers remained stable at 24.5%. Finally, the proportion of female senior managers rose 1.5 point, from 8.9% in 2013 to 10.4% in 2014. Among all the managers working outside their country of origin, women represented 27.0% [(1)].
In France, gender equality is measured, among other methods, by the male/female salary ratio for various jobs. In 2014, salary ratios were virtually identical to those of 2013, 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.

Gender wage gap in France [(2)]



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.

Parental leave in France in 2014

Number of women who took maternity leave	462
Number of women who took parental leave	284
Number of men who took paternity leave	1,252
Number of men who took parental leave	126

2.7.3 Disabled

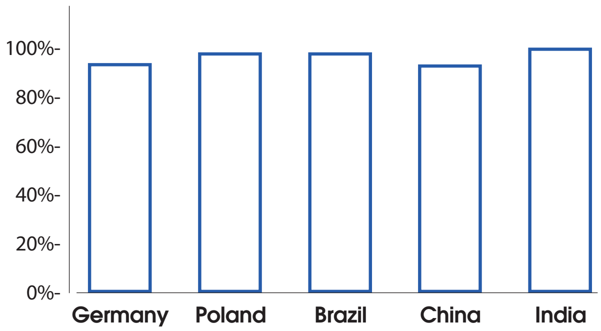
The integration and retention of disabled workers is an important topic for Saint-Gobain. Disabled workers represent 1.7% of the Group's employees and 4.0% of employees subject to Agefiph (a French government agency promoting the employment of disabled people) contributions in France (i.e. 1,352 employees).
In France, 115 jobs were moreover fitted out for disabled in partnership with the occupational physician, and in certain cases with Agefiph.

(1) All indicators in this paragraph originate from PeopleGroup.
(2) Source: PeopleGroup.

2.7.4 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 has a presence [1]



2.7.5 Promotion of and compliance with human rights and ILO conventions

a) Discrimination incidents

42 discrimination incidents were reported in 2014 (2013: 30), including 17 in Brazil, 13 in North America, 5 in France, 4 in the United Kingdom and 3 in India. The main reasons were the following: harassment (20), racial and ethnic discrimination (6), gender (5), discrimination against the disabled (4), union (4) and other (3).

Each incident was analyzed and addressed by the companies concerned. In total, 37 incidents resulted in legal complaints and 31 in lawsuits.

In 2014, following a clarification of definitions of discrimination incidents, the Group improved its collection of this information. Companies will now report all discrimination incidents, whether or not they result in a complaint, a lawsuit or a conviction handed down and characterized as discrimination.

In general, to supplement training in Principles of Conduct and Action, the General Delegations undertake specific awareness initiatives to promote diversity and combat discrimination: publishing charters and internal codes of conduct, distributing awareness-raising brochures, signing agreements with personnel representatives, producing modules distributed in several languages to raise awareness of gender equality, etc.

b) Union freedom of association and collective bargaining incidents

In 2014, Saint-Gobain recorded 2 incidents involving union freedom of association and collective bargaining (2013: 2 incidents). The two subsidiaries concerned dealt directly with these questions in order to provide the most appropriate responses, and the two incidents did not result in legal complaints. To date, one of the two incidents has been dismissed, and the other is still being followed up in a targeted manner within the company in question.

The right to union freedom of association and collective bargaining is guaranteed through the practice of active dialog with employee representatives at various levels of the organization: site, company, Activity and Group. A number of General Delegations offer training in labour law and corporate dialog to management-level employees. Union freedom is also guaranteed by freedom of association and the freedom to display posters at Saint-Gobain Group sites, consistent with local laws.

[1] *Source: PeopleGroup.*

2.8 BENEFITS

Indicator	2014	2013	GRI Ref.	Note
Number of employees participating in the Group Savings Plan	over 90,000	over 90,000		2.8.1
Proportion of shares held by Group employees	7.5%	7.5%		2.8.1
Percentage of voting rights held by Group Savings Plan funds	11.8%	11.3%		2.8.1
Number of countries participating in the Group Savings Plan	42	41		2.8.1
Proportion of employees covered by profit-sharing agreement in France	98.8%	99.0%		2.8.2

2.8.1 Group Savings Plan

The Group Savings Plan (GSP) represents an excellent means of giving employees a stake in the Group's success and profits. In 2014, 4,303,388 shares were issued under a standard plan with a five- or ten-year lock-up, for a total of €145.8 million (2013: 4,499,142 shares and €111.4 million).

In France, 47.6% of employees invested in the GSP through corporate mutual funds (*Fonds Communs de Placement d'Entreprise*, "FCPE"). Employees in 24 other European countries and 17 countries outside Europe also given the opportunity to take part, in all 34,770 Group employees participated in the GSP during 2014.

At December 31, 2014, the corporate mutual funds together held 7.5% of Compagnie de Saint-Gobain's capital and 11.8% of its voting rights. A new plan will be launched in 2015, giving employees the opportunity to acquire up to 5.3 million shares with a five- or ten-year lock-up.

In all, over 90,000 Group employees (or former employees) hold assets in GSP corporate mutual funds, or directly hold Saint-Gobain shares as part of the GSP and the 2009 global plan allocating seven bonus shares.

2.8.2 Employee profit-sharing and interests

In France, virtually all shareholders (98.8%) in 2014 were covered a collective profit-sharing agreement (2013: 99.0%). €58.1 million was paid to employees as profit-sharing, and €31.3 million as interests, representing 5.6% of the payroll concerned.

3. Suppliers

3.1 SUPPLIERS (NON-TRADE GOODS)

Indicator	2014	2013	GRI Ref.	Note
Proportion of purchases (%) covered by the suppliers charter	55%	15%		
Distribution of suppliers (%) by CSR performance level*				
• Critical	3.6%	2.6%		
• To be improved	92.4%	95.3%		
• Efficient	4.0%	2.1%		
Number of WCA audits [1]	50	55		
Distribution of suppliers (%) by WCA [1] performance level**				
• Critical	6.4%	6.1%		
• To be improved	80.9%	42.9%		
• Efficient	12.7%	51.0%		
Proportion (%) of certified wood purchases (pallets)	89%	-		

** Assessment performed using a CSR assessment questionnaire according to the Ecovadis documentary audit method. New suppliers scored (excluding renewals).*
*** Assessment carried out via a WCA audit[1]. Only the latest rating is taken into account (in the case of a follow-up audit).*

- Over 7,000 suppliers among the population of suppliers with sales to Saint-Gobain of over €100,000 per year had signed the Suppliers Charter at end-2014.
- Saint-Gobain encourages its subsidiaries to participate in the economic development of the regions where they are established. Thus in 2013 and 2014 the Group made 20% of its non-trade goods purchases from local suppliers.
- From the total number of suppliers deemed to be at CSR risk (see Chapter 3, Section 5.3), i.e. roughly 5,000 suppliers, approximately 1,200 suppliers were asked to answer a CSR assessment questionnaire in 2014, according to a documentary audit method, which covers four areas: environment, social, ethical and the supply chain. In total, 618 suppliers were rated in 2014, including 37 renewals.
- Approximately 200 suppliers, still from the group of suppliers deemed to be a CSR risk, were audited at end-2014 according to the Workplace Conditions Assessment (WCA) reference base, which examines the following topics: work (discrimination, discipline, harassment/abuse, freedom of association, working hours, compensation, benefits and employment contracts, child/forced labour), health and safety (premises, fire drills and training, occupational accidents, equipment safety, safety risks, chemical products, hazardous materials, sleeping and cafeteria facilities), management system (documentation and records, employee turnover and participation, audits and monitoring of corrective measures) and environment (legal compliance, environmental management system, waste and emissions).

[1] *Workplace Conditions Assessment.*

3.2 SUPPLIERS (TRADE GOODS)

Indicator	2014	2013	GRI Ref.	Note
Proportion of purchases (%) covered by the supplier charter	60%	50%		
Distribution of suppliers (%) by CSR performance level*				
• Critical	6%	7%		
• To be improved	31%	26%		
• Efficient	63%	67%		
Number of WCA-audited supplier factories (1)	34	23		
Distribution of audited factories (%) by WCA-performance level**				
• Critical	0	0		
• To be improved	72%	60%		
• Efficient	28%	40%		
Proportion (%) of purchases from responsibly managed forests (trade goods)	85%	85%		

** Assessment carried out via a CSR assessment questionnaire according to the Saint-Gobain Building Distribution reference base of the "Responsible Together" program.*
*** Assessment carried out via an audit*

The Saint-Gobain Building Distribution (SGBD) "Responsible Together" program concerns trade goods purchases. It contains a Responsible Purchasing Policy section and an Audit section.

3.2.1 Responsible trade goods Purchasing Policy

The Responsible trade goods Purchasing Policy allows the Building Distribution Sector to demonstrate its intention to include all its activity within a responsible distributor logic, and may be summarized in a few key figures:

- 22 sessions over 18 months and in 15 countries have allowed it to train 1,000 employees in the Purchasing Excellence Program, a training program for the trade goods Purchasing teams;
- 60% of 2014 purchasing volume was through suppliers who have signed the supplier charter, 10% more than in 2013;
- 40% of trade goods purchases were made in 2014 through suppliers who responded to the self-assessment questionnaire, as part of the Responsible Together program, i.e. double the figure for 2013; "partnership action plans" are systematically implemented with suppliers whose CSR performance is considered "critical".

This co-operative approach reflects the Group's willingness to make progress and allows for the monitoring of key indicators. Thus 33% of self-assessed suppliers report a proactive approach on social aspects and can display a certification similar to OHSAS 18001, SA8000 or OHAS 18001; 51% declare they have implemented ISO 14001 or EMAS-type standardization processes; and 46% indicate that they have formally taken into consideration the environmental and social approaches of their own suppliers.

3.2.2 Trade goods purchasing audit policy

With the same goal of assessing its suppliers, SGBD has performed audits of their factories. 34 initial audits have been performed, applying in particular to the following:

- the management system of the factories;
- environmental, social and legal aspects of production activities;
- with a part included on the upstream supply chain.

During the 57 factory audits carried out in 2013 and 2014, none of the Group's trade goods suppliers earned a rating in the "critical" category.

(1) Workplace Conditions Assessment.

4. Territories

4.1 SOCIO-ECONOMIC FOOTPRINT

Indicator	2014	2013	GRI Ref.	Note
Total number of indirect jobs created by Group purchasing through its suppliers and their suppliers	461,200	-	S01	4.1.1
• of which: number of indirect jobs (excluding trade goods purchasing)	343,900	-	S01	4.1.1
• of which: number of indirect jobs (trade goods purchasing)	117,300	-	S01	4.1.1

4.1.1 Methodology note concerning the calculation of indirect Saint-Gobain Group jobs

The Saint-Gobain Group has given the consulting firm EY the task of calculating indirect jobs created worldwide through its purchasing activities. An indirect job is one that is perpetuated over the long term due to purchases and expenses generated from the Group's activity among its subcontractors and suppliers.

The methodology used and adapted by EY is based on the work of the economist Wassily Leontief, who also won the Nobel Prize for Economics in 1973. His work is based on the use of symmetrical input-output tables to model interdependencies between the activity sectors of a given economy. By combining this representation of the economy with the employment structure of each sector in it, it is in fact possible to determine the Saint-Gobain Group's indirect footprint in terms of jobs from its purchases.

The primary data (purchasing data) considered by the study was the most recent available as of the study date, i.e. the period from January 1st to December 31st, 2013. Indirect jobs are therefore those of 2013, while direct jobs are those of 2014.

The secondary data (input-output tables and employment intensity in each sector of activity) considered for the countries included in the study derive from Eurostat bases (65 sectors) and the World Input Output Database (35 sectors), and is therefore public. The most recent available tables were considered in all cases. The purchasing data of the countries included in the scope was then mapped with the sectors from the input-output tables of the corresponding country in order to observe their impact on jobs. The data was then consolidated by major geographic region.

Imports were not subject to special adjustment since the scope of the study is the entire world, and the goal is to determine the total number of jobs created in the countries where expenditures incurred.

Some purchasing data was subjected to special adjustment.

For some countries representing a significant proportion of indirect Saint-Gobain jobs in their geographic region, and where input-output tables were not available (countries of Africa and the Middle East, as well as Argentina), purchases were multiplied by the ratio of jobs/purchases from countries considered as comparable. These cases represent 1% of total purchases.

Some purchasing data was not included in the calculation of indirect jobs:

- 11% of purchases coming from suppliers whose activity sector could not be identified;
- 5% of purchases coming from countries where input-output tables were not available, and part of geographic regions where these countries represented a small proportion of Saint-Gobain purchases;
- 3% of purchases were dispersed across a large number of small suppliers, and were not processed in order to reduce analysis and verification costs.

Thus total purchases' coverage was 81%.

4.2 LOCAL ECONOMIC DEVELOPMENT

Indicator	2014	2013	GRI Ref.	Note
Number of agreements signed with businesses to create external jobs in France	70	35		
Financial commitment as part of the agreements to assist SMEs in France	€1.1 million	€1 million		
Number of days of technical support to SMEs in France	256 [(1)]	261 [(2)]		
Number of external jobs created in France through the support of Saint-Gobain Développement	291	254		

In France in 2014, Saint-Gobain Développement signed 70 agreements with businesses, for a financial commitment of €1.1 million, contributing to the direct creation of 232 jobs. These loans were granted to provide priority support to business projects in a sustainable development environment.

This program, which was aimed at providing the expertise of Group employees to SMIs and SMEs in the regions, represented 256 days of skills-sharing support.

Based on the method of calculation typically applied in revitalization agreements in France, this effort represents the equivalent of 59 jobs indirectly supported by Saint-Gobain.

291 external jobs were created in France through the support of Saint-Gobain Développement. This is the sum of the number of jobs created through agreements entered into with enterprises (232) and the number of jobs indirectly supported by Saint-Gobain through its technical support (59).

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 valuation of technical support of €1,000 per day, and dividing the resulting sum by three times the gross monthly value of the SMIC (French minimum wage).

(1) 2014 indicator: calculated from January 1 to December 31, 2014.
(2) 2013 indicator: calculated from December 1, 2012 to November 30, 2013.

4.3 SOLIDARITY ACTIONS

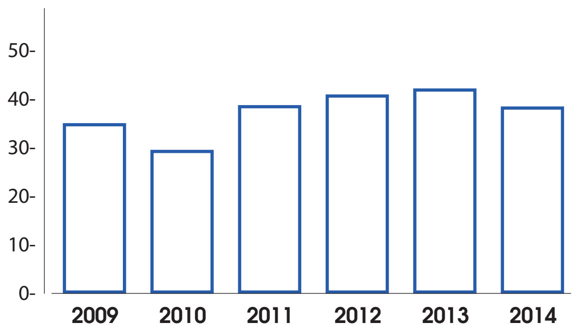
Indicator	2014	2013	GRI Ref.	Note
Group investment in projects to support local communities	€5.5 million	€4.9 million		4.3.1
Saint-Gobain Initiatives International Corporate Foundation: number of new projects received	37	42		4.3.2
Saint-Gobain Initiatives International Corporate Foundation: number of projects accepted	28	24		4.3.2

4.3.1 Investment in projects to support local communities

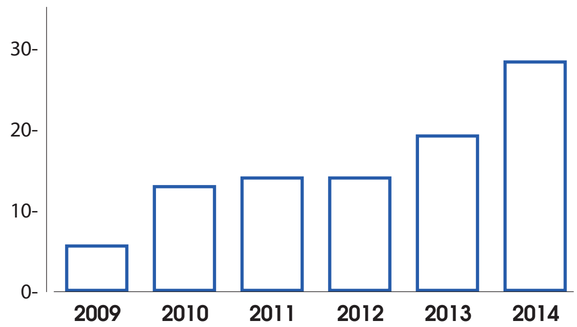
These figures include the annual contribution from the Saint-Gobain Initiatives International Corporate Foundation (€1 million).

4.3.2 Saint-Gobain Initiatives International Corporate Foundation

New projects received



Projects accepted



The Saint-Gobain Initiatives International Corporate Foundation today appears to be solidly established as a component of Saint-Gobain's sponsorship activities. 2014 was marked by a stabilization in volumes and improved project quality:

- the number of projects received, down from 2013, is on average consistent with records since the start of the Foundation;
- the number of projects accepted is up sharply, a sign of better targeting within the Foundation's acceptance criteria.

4.4 CULTURAL, ARTISTIC AND EDUCATIONAL SPONSORSHIPS

Indicator	2014	2013	GRI Ref.	Note
Amounts disbursed for cultural, artistic and educational sponsorships	€0.6 million	€0.8 million		

5. Other **CSR** indicators

5.1 COMPLIANCE

Indicator	2014	2013	GRI Ref.	Note
Number of management personnel trained in the Principles of Conduct and Action within the School of Management	732	832		5.1.1
Number of individuals who have received targeted training in the Principles (excluding School of Management)	504	373		5.1.1
Number of individuals who have received training in preventing corruption	1,243	-		5.1.2
Number of individuals who have received training in complying with economic sanctions and embargos	870	558		5.1.3
Number of field training seminars in competition law held	113	78		5.1.4
Number of alerts received through the professional alerts system	9	16		5.1.5
Number of cases of corruption identified	0	0		5.1.5

5.1.1 Training in the Principles of Conduct and Action

100% of management personnel have been trained in the Principles of Conduct and Action through an online training program (ADHERE), which every new management employee entering the Group is required to take.

As a supplement, over 1,200 individuals received in-depth training in the Principles of Conduct and Action in 2013:

- 732 as part of the School of Management, where training in the Principles is systematically applied in each seminar's program;
- 504 as part of more targeted programs (meetings of management personnel organized within the Delegations, meetings with local operations directors, training of trainers).

The purpose of the training of trainers program is to multiply efforts to promote the Principles of Conduct and Action. As a priority, it is directed toward local human resources directors, but it is also open to any person seeking ways to present the Principles to his or her teams. Over the course of two years, 28 sessions have been held, covering 494 participants in 15 countries: Argentina, Brazil, China, Colombia, Denmark, United Arab Emirates, Spain, United States, France, India, Italy, Mexico, Poland, the United Kingdom and Russia.

5.1.2 Anti-corruption measures

The anti-corruption prevention program includes initiatives and good practices already implemented in certain subsidiaries to prevent international business transaction risks. This program covers:

- active and passive corruption;
- relations with national, foreign or international government agents;
- the private sector.

Training measures were launched throughout 2013 and 2014. An online training course addressing prevention of corruption is currently in the process of being rolled out within the Group.

5.1.3 Compliance with economic sanctions and embargos

A network to promote compliance with economic sanctions and embargos has been created. It includes correspondents at the Sector, Activity and Delegation levels. These correspondents currently number 40. Correspondents within entities are in the process of being named.

All members of this network have been trained. Training adapted to the local context is currently being rolled out. In 2014, 870 persons were trained as part of this program.

5.1.4 Competition law plan

All Group employees are expected to comply at all times with rules relating to competition law, and the Group's General Management regularly reminds them of the zero tolerance policy.

In addition to a practical guide translated into 18 languages and widely distributed within the Group, almost 22,000 employees have taken at least once the Comply online training program on compliance with competition law.

To supplement this program, the individuals most directly concerned receive in-depth, on-site training, facilitated by Group legal experts and attorneys specializing in competition law. Further, unannounced audits are carried out in the field by outside attorneys, to ensure proper compliance with the rules of competition law.

In total, since the launch of the Competition Plan in 2007:

- 295 seminars have been organized, covering some 7,500 Group employees and managers;
- 118 Group sites have been subject to unannounced competition audits by specialized attorneys.

The Liaison Committee has approved a re-launch of this program, multiplying the number of field interventions among management personnel to make them aware of the latest trends in this area, and to provide them with training in addition to the online Comply training that is shorter and more closely targeted to the needs of their activities. These new measures, applied since early 2014, will continue throughout 2015.

5.1.5 Professional alerts measures

Nine professional alerts were received in 2014 *via* the Group alert system. All were analyzed, and investigated as necessary. If determined to be justified, appropriate measures were taken.

No alert received through the Group alert system covered a case of corruption in 2014.

5.2 RESPECT FOR HUMAN RIGHTS

Indicator	2014	2013	GRI Ref.	Note
Total number of incidents involving child labour	0	0	HR6	5.2.1
Total number of incidents involving forced or compulsory labour	0	0	HR7	5.2.1
Other human rights incidents	0	0	HR11	5.2.2

5.2.1 Measures against child labour and forced or mandatory labour

No incident involving child labour or forced or compulsory labour was identified in 2014.

The Group's companies verify the age of their employees, undertaking additional checks if necessary, working together with local authorities.

In the same way as for child labour, the Group's companies ensure that they do not participate in any way in forced or compulsory labour, in particular through dialog with the representative personnel bodies, which allows any shortcomings to be detected.

Regarding purchasing, the refusal to work with suppliers who use child labour or forced or compulsory labour forms part of the responsible purchasing policy (see Chapter 3, Section 5.3).

5.2.2 Other recorded incidents of human rights violations

No incident involving compliance with human rights was recorded in the Group in 2014.

5.3 RESPECT FOR LAWS AND REGULATIONS

Indicator	2014	2013	GRI Ref.	Note
Value of significant fines for non-compliance with laws and regulations*	€715 million	0	SO8	
Total number of non-monetary sanctions for non-compliance with laws and regulations	0	0	SO8	

** The fine mentioned above relates to automotive glass (see Chapter 6, Section 1.4).*

5.3.1 Required products and services information and labeling

The Group's products comply with current regulation such as EC labeling or the obligation for chemical products to have labels and Safety Data Briefs (SDB).
Saint-Gobain also provides non-mandatory information specific to some of its products, such as:

- voluntary safety data declarations for non-classified items or substances;
- declaration of the composition of components and materials supplied in an automobile industry data base, the IMDS (International Material Data System);
- specific labels such as the Environmental and Health Data Sheet in France for construction products.

5.3.2 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotions and sponsorship

In its business activities, Saint-Gobain relies on values stated in the Principles of Conduct and Action. These specifically require compliance with regulations (respect for the law), professional standards (professional commitment), and internal rules (principle of loyalty). Their application is the subject of the Group's compliance program (see Chapter 3, Section 1.1).
For its part, the Sustainable Habitat team performs monitoring and issues recommendations to the marketing teams in the Activities, enabling them to be better acquainted with existing labels for buildings and construction products (see Chapter 3, Section 8.1). The purpose is to give preference to labels that make life cycle analysis a selection criterion.

5.3.3 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

No fine of this kind was recorded in 2014 within the Group.

5.4 SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

The Group's activities are not directly dependent upon subsidies or public assistance measures. Subsidies and public assistance received are not consolidated at the Group level. This assistance may be received internationally, nationally or locally.

Examples include:

- case-by-case assistance for certain industrial facilities;
- assistance in localizing research and development activities, particularly in France;
- insurance arrangements for foreign investments.

6. 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.

6.1 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 G3.1 and application level A+.
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 in this chapter 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.

6.2 SOCIAL REPORTING

6.2.1 Priorities

a) Scope of reporting

Social reporting had a total of 1,213 reporting entities and 548 Group companies at end-2014.

- 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 (see Chapter 9, Section 2.2).
- 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 98.1% of the consolidated number of employees in 2014. 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 manager 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 managers in 2014).

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.

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.

6.2.2 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.

6.2.3 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.
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.

6.3 EHS REPORTING

6.3.1 Priorities

a) Scope of reporting

The EHS report covers 1,631 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 perimeter" sites + Mines and quarries (exlcuding 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-On-Line 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-On-Line 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 967 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 614 entities.

Data for concerned sites are presented using environmental subgroups. 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 Verallia (Packaging Sector), Flat Glass Activities, Saint-Gobain Adfors (Innovative Materials Sector), the Insulation Activity (Construction Products Sector) which have a glass smelting furnace (99 sites covered, across 104 entities);
- the Pipe Activity sub-scope of the Construction Products Sector (20 concerned sites out of 21 entities);
- the "Other" sub-scope covering all entities not included in the previous sub-scopes (Industrial Mortars, Lapeyre factories, glass conversion subsidiaries, Gypsum, etc.) (495 concerned sites out of 842 entities). This sub-scope includes also the 156 quarries.

One of the principles 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.

6.3.2 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.

6.3.3 Difficulties and limitations

Since the launch of the Group's reporting tools, the quality of the reports has continuously improved thanks to effective feed-back 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.

7. 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.

Year ended December 31, 2014

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 [1], we hereby report to you on the consolidated environmental, labour and social information for the year ended on December 31st, 2014 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 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:

- certify 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 (Statement of completeness of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a team of about fifteen persons between November and February and took around fifteen 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 May 13, 2013 determining the conditions in which the independent third party performs its engagement and with ISAE 3000 [2] concerning our reasoned opinion on the fairness of the CSR Information.

1. Statement of completeness of CSR Information

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 the CSR Information presented in the management report with the list provided for by 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 the 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.

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.*

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of our work

We conducted around ten interviews with the persons responsible for preparing the 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 the CSR Information and reviewed the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the 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 the CSR Information that we considered to be the most important [1]:

- 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 sites selected by us [2] on the basis of their activity, their contribution to the consolidated indicators, their location and a 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 17% of headcount and between 21% and 34% 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 the CSR Information disclosed is free of material misstatement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Neuilly-sur-Seine, February 25, 2015

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou
Partner

Sylvain Lambert
Partner in charge of the Sustainable Development Department

[1] *Most important information are listed in the Annex of this Report.*

[2] *- Building Distribution Sector: 6 regions (France) of the Saint-Gobain Distribution Bâtiment France group, and 7 other companies of the Sector (Brazil, Netherlands, Norway, Poland, the United Kingdom and stores of the Lapeyre group in France),*
- Innovative Materials Sector: 8 sites (Brazil, Germany, India, Mexico, Spain, United States of America), of which 3 were verified at company level for social indicators,
- Construction Products Sector: 14 sites (Brazil, China, Czech Republic, France, Germany, India, Malaysia, Poland, Spain, Sweden, United States of America), of which 8 were verified at company level for social indicators,
- Packaging Sector: 5 sites (Argentina, France, Russia, Spain), of which 3 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
- Managers' and non-managers' recruitments 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
- Recruitments and departures per gender
- Average number of training hours per employee and per year in the six following countries: Belgium, Brazil, France, Italy, Portugal, Spain
- Number of employees who subscribed to the Group Savings Plan
- LTAR: ratio of lost-time accidents involving Group employees to the number of hours worked by Group employees
- TRAR: ratio of declared accidents with or without absence from work involving Group employees to the number of hours worked by Group employees
- LTAR: ratio of lost-time accidents involving temporary staff to the number of hours worked by temporary staff
- Number of fatal accidents of Saint-Gobain employees

Qualitative social Information:

- Training policy
- Measures taken in favor of the employment and the work integration of disabled people

Quantitative environmental Information:

- Direct and indirect CO_2 emissions coming from energy consumptions
- NO_x 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
- Percentage of sites with an environmental certification

Qualitative environmental Information:

- Measures taken to protect or develop biodiversity

Quantitative societal Information:

- Saint-Gobain Initiatives Foundation:
  - 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

10 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 the Compagnie de Saint-Gobain'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 1664 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, 2014 the share capital was set at €2,247,582,264, divided among 561,895,566 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. The age limit for holding office as a Director is 70, or 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 Directors representing employees 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 Director representing employees 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 Director representing employees 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 Directors representing employees shall continue up to the expiration of their term. The appointment of the Director or Directors representing employees 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 Directors representing employees to be appointed.

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 a Director representing the employees 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 Director or Directors representing the employees 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 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 it submits proof of its identity and evidence of ownership of the shares, in the form and at the places specified in the notice of meeting and convening notice, at least three business days before the date of the General Meeting, all in accordance with legal requirements concerning participation in General Meetings. A draft resolution will be submitted by the Board of Directors to the next General Meeting to be held on June 4, 2015 to eliminate the reference to "three business days", in order to comply with the provisions of Decree No. 2014-1466 of December 8, 2014 setting the date of record as the second business day preceding the date of the General Meeting at midnight, Paris time.

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.

- Appropriation of 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, the current version of which was adopted by the Board at its meeting of September 25, 2014, describe the Board's organization and functioning.

The principal provisions of the Board of Director's internal rules are reproduced in their entirety below. The provisions of these internal rules that concern Board Committees are set out in Chapter 5, Section 1.2.2.

- I. Meetings of the Board of Directors

The Board holds at least seven scheduled meetings each 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 – the Financial Statements 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.

These committees may commission technical studies by outside experts at the Company's expense, and consult Group executives after notifying the Chairman and Chief Executive Officer.

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, which are longer than those recommended by the French Financial Markets Authority *(Autorité des marchés financiers)*, 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 Group's senior management, as well as employees with access to sensitive information, are also subject to these "negative windows".

The exact schedule of "negative windows" is sent each year to the Directors by the Board secretary.

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.

- VI. Attendance fees

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 each Director's attendance rate at the prior fiscal year's Board and Committee meetings.

- 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 Financial Statements 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 10, Section 2.2 provides a true and fair view of the evolution of the business, results and financial position of the Company and of 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, 2014 presented in this Registration Document. Such report includes a comment on the changes in the accounting method made with effect from January 1, 2014 which can be found on page 237.

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 *(Autorité des marchés financiers)* 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 page 181 in the Registration Document prepared for fiscal year 2013.

Courbevoie (France), April 22, 2015

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, 2014, the Statutory Auditors of the Company are:

- PricewaterhouseCoopers Audit [1], 63 rue de Villiers 92208 Neuilly-sur-Seine, represented by Mr. Pierre Coll and Mr. Jean-Christophe Georghiou. 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], 1 Cours Valmy 92923 La Défense, 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 (France), appointed on June 3, 2010. His mandate will expire at the 2016 Annual General Meeting;
- Mr. Fabrice Odent, 1 Cours Valmy 92923 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 2014.

	PricewaterhouseCoopers				KPMG			
	Amount before tax		%		Amount before tax		%	
(in EUR million)	2014	2013	2014	2013	2014	2013	2014	2013
AUDIT								
Statutory auditors, certification, examination of individual and consolidated accounts								
Issuer	0.7	0.6	6%	5%	0.8	0.7	8%	6%
Fully consolidated subsidiaries	9.5	9.8	85%	86%	9.1	9.4	88%	86%
SUBTOTAL	**10.2**	**10.4**	**91%**	**91%**	**9.9**	**10.1**	**95%**	**92%**
Other duties and services directly linked to the Statutory Auditors' assignment								
Issuer	0.2	0.1	2%	1%	0	0.1	0%	1%
Fully consolidated subsidiaries	0.6	0.5	5%	4%	0.4	0.5	4%	5%
SUBTOTAL	**0.8**	**0.6**	**7%**	**5%**	**0.4**	**0.6**	**4%**	**6%**
Other services performed by the networks for fully consolidated subsidiaries								
Legal, tax	0.2	0.4	2%	4%	0.1	0.2	1%	2%
Other (specify if > 10% of audit fees)	0	0	0%	0%	0	0.0	0%	0%
SUBTOTAL	**0.2**	**0.4**	**2%**	**4%**	**0.1**	**0.2**	**1%**	**2%**
TOTAL	**11.2**	**11.4**	**100%**	**100%**	**10.4**	**10.9**	**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 2014.

FRANCE

Saint-Gobain Glass France: flat glass and flat glass products. Sales: €259.5 million. Employees: 772. Subsidiaries:
- M.O. Pays de Loire, M.O. Armorique, Société Verrière Française (SVF), Sovedys, Sivaq, SGGS Menuisiers Industriels, SG Glass Solutions Paris-Normandie, SG Glass Solutions Sud-Ouest, Charles André, Société Verrière de l'Atlantique (SVA), Le Vitrage du Midi (LVM), Gobba Vitrage, Vitrages Isolants d'Auvergne, Alp'Verre, Verrerie Aurys, Pierre Pradel, Wehr Miroiterie, Techniverre, Vetrotech Saint-Gobain France, Vetrotech SG Atlantique. Construction glass products companies. Employees of the production subsidiaries: 2,437.
- Saint-Gobain Sovis: tempered glass for household appliances, industrial and scientific optics, anti-radiation glass. Employees: 75.
- Verrerie de Saint-Just: decorative glass. Employees: 37.
- Saint-Gobain Sully: flat glass for the railroad and aircraft industries. Employees: 523.
- 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: 422.
- Samin: quarry operator. Employees: 84.

Eurofloat (50%): flat glass and flat glass products. Employees: 200.

Saint-Gobain Sekurit France: automotive glass products. Sales: €191.6 million. Employees: 771. These figures include Société Verrière d'Encapsulation: encapsulated automotive glass. Subsidiary:
- Saint-Gobain Autover: automotive glass products manufacturing and distribution. Sales: €31.7 million. Employees: 89.

SEPR - Société Européenne des Produits Réfractaires: fused-cast refractory products used mainly for glass furnaces and various special ceramic products (pellets, grains and powders). Sales: €122.2 million. Employees: 669. Subsidiaries:
- Savoie Réfractaires: manufacture of special refractories. Sales: €33 million. Employees: 167.
- Saint-Gobain Cristaux et Détecteurs: optical crystals and artificial monocrystals for chemical analyses. Sales: €23.4 million. Employees: 108.
- Saint-Gobain Matériaux Céramiques: seeded gel abrasives. Sales: €19.8 million. Employees: 24. Subsidiary: Saint-Gobain Coating Solutions. Sales: €10.9 million. Employees: 30.
- Saint-Gobain Centre de Recherche et d'Études Européennes (35% owned by SEPR wholly owned by the Group): ceramics research center. Employees: 199.
- 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: €13.7 million. Employees: 68.
- Saint-Gobain Performance Plastics France: manufacture and sale of high-performance plastics. Sales: €43.2 million. Employees: 336.
- Saint-Gobain Adfors France. Sales: €17.2 million. Employees: 14.

Saint-Gobain Abrasifs (France): production of coated abrasives, grinding wheels and super-abrasives. Sales: €149.9 million. Employees: 470.

Saint-Gobain ISOVER: production and processing of glass and stone wool insulation products. Sales: €398.1 million. Employees: 956. Subsidiaries:
- Saint-Gobain Eurocoustic: stone wool insulation products and roof tiles. Sales: €67.7 million. Employees: 185.
- Saint-Gobain Ecophon SA: acoustic ceilings. Sales: €4.6 million. Employees: 32.
- Plafométal: metal ceilings. Sales: €24.1 million. Employees: 93.

Placoplatre: production and distribution of plaster, plasterboard, insulation products and ceiling tiles. Sales: €524.8 million. Employees: 1,551.

Saint-Gobain Matériaux de Construction: holding company. Subsidiaries:
- Saint-Gobain Weber: production of industrial mortars. Sales: €2.2 billion. Employees: 8,907. These figures include Weber and Maxit's subsidiaries in 51 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: €785 million. Employees: 2,434. Subsidiaries:
- Saint-Gobain Seva: industrial equipment, molds, fiberglass plates for insulation, door fittings. Sales: €68.2 million. Employees: 290.

Partidis: holding company for building materials distribution activities.

Sales: €7.8 billion. Employees: 28,666. Subsidiaries:
- Saint-Gobain Distribution Bâtiment France. Distribution of construction materials through:
  - eleven 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).
  - nine national companies (Brossette, DSC, DAI, Asturienne, DMBP, PUM Plastiques, DMTP, Eurobéton, Décocéram).
  - 2,094 sales outlets in France.
- La Plateforme du Bâtiment: 57 Plateforme du Bâtiment outlets in France.
- Lapeyre: distribution of home improvement products under the following brands: Lapeyre and K PAR K: 132 sales outlets (129 in France and three in Switzerland).

Saint-Gobain Emballage: manufacture of glass containers (bottles and industrial jars). Sales: €668.4 million. Employees: 1,872. Subsidiaries:
- VOA Verrerie d'Albi: glass containers (bottles). Sales: €106.4 million. Employees: 309.
- Saga Décor: decoration of bottles and jars. Sales: €13.2 million. Employees: 75.

Verallia: holding company.

Spafi: holding company.

Vertec: holding company.

CENTRAL EUROPE

GERMANY

Saint-Gobain Glass Deutschland GmbH: flat glass and flat glass products. Sales: €342.6 million. Employees: 976.

Saint-Gobain Deutsche Glas GmbH: holding company controlling various subsidiaries active in construction glass products. Sales: €238.5 million (including subsidiaries). Employees: 1,471 (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: €238.6 million. Employees: 1,289. These figures include those of Faba Autoglas Technik KG: production of tempered glass.

Saint-Gobain Autover Deutschland: distribution of automotive replacement glass. Sales: €50.6 million. Employees: 141.

Saint-Gobain Performance Plastics Isofluor GmbH: specialist in the manufacture of fluoropolymer pipes. Sales: €7.6 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: €88 million. Employees: 343.
- Saint-Gobain Performance Plastics Pampus GmbH: subsidiary: Saint-Gobain PPL MG Sil. Sales: €16.3 million. Employees: 151.

Saint-Gobain IndustrieKeramik Roedental: manufacture of high-performance refractory products. Sales: €46.9 million. Employees: 385.

Saint-Gobain Ceramic Materials GmbH: sales: €43.6 million. Employees: 43.

Saint-Gobain Diamantwerkzeuge GmbH and Saint-Gobain Abrasives GmbH: production and distribution of industrial superabrasives and molds. Sales: €126.5 million. Employees: 663.

Saint-Gobain ISOVER G+H AG: production and distribution of mineral fibers and foams for thermal, cooling and acoustic insulation and fireproofing. Sales: €355 million. Employees: 1,110. 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: €268 million. Employees: 795.

Saint-Gobain PAM Deutschland GmbH: sales of pipe systems for the building industry. Holding company. Sales: €108.1 million. Employees: 311. Subsidiaries:
- Saint-Gobain HES GmbH: ductile cast iron pipes. Sales: €22.9 million. Employees: 28.

Saint-Gobain Building Distribution Deutschland GmbH: building materials distribution (256 sales outlets). Sales: €2 billion. Employees: 5,368.

Schäfer: roofing materials distribution.

Saint-Gobain Oberland AG (96.7%): company listed on the Frankfurt, Munich and Stuttgart stock exchanges. Manufacture of glass containers (bottles and industrial jars). Sales: €394.2 million. Employees: 1,476. Subsidiaries:
- GPS Glas Produktions Service: production of machines for the glass container industry. Sales: €21.7 million. Employees: 84.

AUSTRIA

Eckelt Glas GmbH: flat glass products. Sales: €38.5 million. Employees: 209.

Glas Ziegler: sales: €19.5 million. Employees: 91.

Saint-Gobain Adfors Austria GmbH: production of paintable wall coverings. Sales: €13.7 million. Employees: 75.

Saint-Gobain ISOVER Austria GmbH: production and distribution of insulating materials. Sales: €37.5 million. Employees: 160.

Rigips Austria GmbH: production and distribution of plaster, plasterboard, insulation products and ceiling tiles. Sales: €60.3 million. Employees: 213.

BELGIUM

Saint-Gobain Glass Benelux SA: flat glass storage and products. Sales: €37 million. Employees: 33. Subsidiaries:
- Saint-Gobain Glass Solutions Belgium. Sales: €62.7 million. Employees of subsidiaries: 331.

Saint-Gobain Sekurit Benelux SA. Subsidiaries:
- Saint-Gobain Autover Distribution SA. Sales: €86.5 million. Employees: 105.

Saint-Gobain Abrasives NV: sales: €8.9 million. Employees: 14.

Saint-Gobain Matériaux Céramiques Benelux SA: silicon carbide and corundum for the refractory and abrasives industries. Sales: €32.8 million. Employees: 29.

Saint-Gobain Performance Plastics Chaineux SA and Saint-Gobain Performance Plastics Kontich NV: manufacture and sale of high-performance plastics. Sales: €45.3 million. Employees: 228.

Saint-Gobain Construction Products Belgium: production and distribution of plaster, plasterboard and insulation products. Sales: €128.6 million. Employees: 228.

Saint-Gobain Pipe Systems Belgium: sales: €33 million. Employees: 25.

LUXEMBOURG

Saint-Gobain Abrasives SA (Luxembourg): production and sale of diamond-tipped tools, disks and drills. Asphalt cutters for the construction and civil engineering industries. Sales: €11.1 million. Employees: 86.

THE NETHERLANDS

Koninklijke Saint-Gobain Glass Nederland: construction glass products manufacturing and distribution. Sales: €66.7 million. Employees: 309 (including subsidiaries).

Saint-Gobain Autover International BV: replacement automotive glass distribution. Sales: €23.4 million. Employees: 37.

Saint-Gobain Abrasives Nederland: holding company. Subsidiaries:
- Saint-Gobain Abrasives BV: production of thin grinding wheels and coated abrasives. Sales: €136.9 million. Employees: 260.

Saint-Gobain Construction Products Nederland BV: manufacture and distribution of plaster, plasterboard, insulation products, acoustic ceilings and glass veilings. Sales: €134.5 million. Employees: 370.

Saint-Gobain Cultilène BV: glass wool and stone wool products for hydroponic (soil-less) cultivation. Sales: €32.2 million. Employees: 56.

Saint-Gobain Distribution The Netherlands BV: building materials distribution in the Netherlands (44 sales outlets). Sales: €385.2 million. Employees: 1,029.

Saint-Gobain Nederland Beheer BV: holding company.

Saint-Gobain Nederland BV: finance company.

NORDIC COUNTRIES AND BALTIC STATES

DENMARK

€1 = DKK 7.45492

Saint-Gobain Glass Nordic A/S: glass products and distribution for the construction industry. Sales: €27.6 million. Employees: 138.

Saint-Gobain ISOVER A/S: manufacture and distribution of insulation products. Sales: €44.5 million. Employees: 184.

Saint-Gobain Ecophon A/S: production of acoustic products. Sales: €2.6 million. Employees: 19.

Gyproc A/S: manufacture of plasterboard and ceiling tiles. Sales: €38.3 million. Employees: 136.

FINLAND

Saint-Gobain Glass Finland Oy: construction and automotive glass products manufacturing and distribution. Sales: €22.4 million. Employees: 143.

Saint-Gobain Construction Products Finland: production and distribution of plaster, insulation products and acoustic products. Sales: €112.1 million. Employees: 379.

Saint-Gobain Pipe Systems Oy: production and distribution of pipe systems. Sales: €14.1 million. Employees: 31.

NORWAY

€1 = NOK 8.35589

Saint-Gobain Bockmann A/S: production of insulating glass and distribution of replacement glass. Sales: €32.4 million. Employees: 130.

Saint-Gobain Ceramic Materials A/S: manufacture and sale of silicon carbide products. Sales: €45.5 million. Employees: 222.

Gyproc A/S: production and distribution of plaster and plasterboard. Sales: €32.4 million. Employees: 75.

Saint-Gobain Byggevarer A/S: distribution of pipe systems and industrial mortars. Sales: €105.7 million. Employees: 250.

SWEDEN

€1 = SEK 9.09770

Saint-Gobain Emmaboda Glas AB: glass products for the construction industry. Sales: €22.4 million. Employees: 135.

Saint-Gobain Sekurit Scandinavia AB: automotive glass products. Sales: €71.8 million. Employees: 243.

Saint-Gobain Autover Direktglas AB: distribution of automotive replacement glass. Sales: €13.4 million. Employees: 58.

Saint-Gobain Abrasives AB: abrasives. Sales: €21.1 million. Employees: 26.

Gyproc AB: production and distribution of plaster and plasterboard products. Sales: €54.8 million. Employees: 120.

Scanspac: production and distribution of plaster. Sales: €30.5 million. Employees: 52.

Saint-Gobain ISOVER AB: manufacture and distribution of insulation products. Sales: €96.1 million. Employees: 374.

Saint-Gobain Ecophon AB: production and distribution of acoustic ceilings. Sales: €192 million. Employees: 351.

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 (435 sales outlets). Sales: €3.6 billion. Employees: 7,594.

ESTONIA

Saint-Gobain Glass Eesti A/S:production of replacement windshields, construction glass products. Sales: €62.6 million. Employees: 545.

Saint-Gobain Ehitustooted Eesti A/S: distribution of insulation products, plasterboard and industrial mortars. Sales: €28.5 million. Employees: 54.

LATVIA

€1 = LVL 0.702804

SIA Saint-Gobain Celtniecibas Produkti: distribution of insulation products, plasterboard and industrial mortars. Sales: €11.8 million. Employees: 24.

LITHUANIA

€1 = LTL 3.45280

UAB Saint-Gobain Statybos Gaminiai: distribution of insulation products, plasterboard and industrial mortars. Sales: €15 million. Employees: 48.

POLAND, BULGARIA AND ROMANIA

POLAND

€1 = PLN 4.18485

Saint-Gobain Glass Polska Sp ZOO (Flat Glass): production, processing and distribution of flat glass, and glass products for household appliances. Sales: €174 million. Employees: 676. Subsidiaries:

- Saint-Gobain Polska Sp ZOO: construction and furniture glass products. Sales: €86.1 million. Employees: 842.

Saint-Gobain Sekurit Hanglas Polska Sp ZOO: production of automotive and transportation glass. Sales: €258.5 million. Employees: 1,842.

Saint-Gobain HPM Polska Sp ZOO: production and distribution of glass veil, high-performance plastics and abrasive grinding wheels. Sales: €116.7 million. Employees: 820.

Saint-Gobain Construction Products Polska: production of plaster, plasterboard, insulation products, ceiling tiles, piping systems and industrial mortars. Sales: €164.8 million. Employees: 851.

Saint-Gobain Polska (Building Distribution): distribution of building products (73 sales outlets). Sales: €113.3 million. Employees: 694.

BULGARIA

€1 = BGL 1.95580

Saint-Gobain Construction Product Eood: production of plaster, plasterboard, insulation products and industrial mortars. Sales: €11.4 million. Employees: 93.

ROMANIA

€1 = RON 4.44428

Saint-Gobain Glass Romania SRL: flat glass products. Sales: €66.6 million. Employees: 255.

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: €66.1 million. Employees: 490.

CZECH REPUBLIC, SLOVAKIA, HUNGARY AND EASTERN ADRIATIC COUNTRIES

CZECH REPUBLIC

€1 = CZK 27.53656

Saint-Gobain Sekurit CR Spol S.R.O.: production of laminated glass for the automotive industry. Sales: €93.3 million. Employees: 571.

Saint-Gobain Adfors CZ S.R.O: sales: €212.9 million.
Employees: 1,574 (including subsidiaries).

Saint-Gobain Abrasives S.R.O.: abrasive products distributor. Sales: €8.7 million. Employees: 29.

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. Sales: €167.9 million. Employees: 960.

Saint-Gobain PAM CZ S.R.O.: foundry. Sales: €26.1 million. Employees: 196.

Saint-Gobain Building Distribution CZ: distribution of building materials, tiles and sanitary ware (52 sales outlets). Sales: €89.8 million. Employees: 527.

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: €63.1 million. Employees: 341.

HUNGARY

€1 = HUF 308.72580

Saint-Gobain Construction Products Hungaria: distribution of replacement automotive glass, production and distribution of plaster, plasterboard, insulation products and industrial mortars. Sales: €34.7 million. Employees: 187.

Saint-Gobain Distribution of Construction Materials Hungary: building materials distribution (32 sales outlets). Sales: €47.5 million. Employees: 310.

RUSSIA, UKRAINE AND CIS COUNTRIES

RUSSIA

€1 = RUB 51.00006

Saint-Gobain Construction Products Russia: production and distribution of plaster, plasterboard, insulation products and industrial mortars. Sales: €231.4 million. Employees: 942.

Zao Zavod Minplita: sales: €26.2 million. Employees: 340.

Kavminsteklo Zao (97.5%): production of glass containers. Sales: €40 million. Employees: 545.

Kamyshinsky Steklotarny (95.5%): production of glass containers. Sales: €42.4 million. Employees: 541.

UKRAINE

€1 = UAH 15.88142

Saint-Gobain Construction Products Ukraine: distribution of plaster and plasterboard products. Sales: €7.8 million. Employees: 51.

Consumers Sklo Zorya (96.7%): production of glass containers. Sales: €41.3 million. Employees: 575.

SPAIN, PORTUGAL, MOROCCO AND ALGERIA

SPAIN

Saint-Gobain Cristalería SA: flat glass products for the construction and automotive industries, insulation products (glass and stone wool). Sales: €310.3 million. Employees: 912. Subsidiaries:
- Saint-Gobain Autover: distribution of replacement automotive glass.
- Saint-Gobain Wanner: thermal and acoustic insulation. Sales: €12 million. Employees: 151.
- Industrias del Cuarzo (Incusa): sand quarry. Sales: €14.4 million. Employees: 46.
- La Veneciana Iberiaglass S.L: sales: €28.3 million. Employees: 167.
- La Veneciana: flat glass products and mirror glass manufacturing, distribution and installation. Sales: €21.9 million. Employees: 134.

Saint-Gobain Abrasivos: production of abrasive grinding wheels. Sales: €31.6 million. Employees: 118.

Saint-Gobain Performance Plastics España: manufacture and sale of high-performance plastics. Sales: €6.3 million. Employees: 44.

Saint-Gobain Adfors España: sales: €11.9 million. Employees: 65.

Saint-Gobain Placo Iberica S.A: production of plasterboard. Sales: €105.8 million. Employees: 467.

Saint-Gobain Transformados: mineral wool production and products for the acoustic and hydroponics markets. Sales: €17.2 million. Employees: 39.

Saint-Gobain PAM España SA: ductile cast-iron pipes. Sales: €104.4 million. Employees: 231. Subsidiaries:
- Saniplast: distribution of pipes and accessories. Sales: €30 million. Employees: 113.

Saint-Gobain Vicasa SA: manufacture of glass containers (bottles and industrial jars). Sales: €310.4 million. Employees: 981. Subsidiaries:
- Vidrieras Canarias (41%): glass containers. Sales: €28.3 million. Employees: 88.

PORTUGAL

Saint-Gobain Glass Portugal Vidro Plano SA: production and processing of flat glass for the construction and household appliance industries. Sales: €26.4 million. Employees: 15. Subsidiaries:
- Covipor-CIA Vidreira do Norte, Covilis and EVI-Produção de Energia: construction glass products. Sales: €15.6 million. Employees: 64.

Saint-Gobain Sekurit Portugal Vidro Automovel SA: automotive glass products. Sales: €38.2 million. Employees: 156. Subsidiaries:
- Saint-Gobain Autover Portugal (60%): distribution of replacement automotive glass. Sales: €11.4 million. Employees: 119.

Saint-Gobain Abrasivos Lda: distributor of abrasive products. Sales: €8.5 million. Employees: 31.

Saint-Gobain PAM Portugal SA: pipe distribution.
Sales: €16.7 million. Employees: 16.

Saint-Gobain Mondego SA: manufacture of glass containers (bottles and industrial jars). Sales: €90.7 million. Employees: 240.

MOROCCO

€1 = 11.16193 MAD

Saint-Gobain Abrasivos Lda (85%): abrasive products distribution. Sales: €11 million. Employees: 96.

ALGERIA

€1 = 106.92681 DZD

Alver SPA (99.4%): production and distribution of glass containers. Employees: 357.

UNITED KINGDOM, REPUBLIC OF IRELAND AND SOUTH AFRICA

UNITED KINGDOM

€1 = GBP 0.80642

Saint-Gobain Glass UK Glassolutions Ltd: construction glass products. Network of 20 sites, including seven production facilities, throughout the United Kingdom. Sales: €159.8 million. Employees: 1,037.

Saint-Gobain Glass UK Ltd: flat glass production and products. Sales: €88 million. Employees: 200.

Saint-Gobain Ceramics & Plastics Plc: holding company. Subsidiaries:
- Saint-Gobain Industrial Ceramics Ltd: production and sale of high-temperature insulating fiber and refractory products. Sales: €7.9 million. Employees: 53.
- Saint-Gobain Performance Plastics Corby and Saint-Gobain Performance Plastics Tygaflor Ltd: production of heat-resistant tubing and bundles for beverage-dispensing applications. Sales: €19.8 million. Employees: 46.

Rencol Tolerance Rings Ltd: sales: €23 million. Employees: 134.

Saint-Gobain Abrasives Ltd: sales: €41.2 million. Employees: 157. 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 and acoustic products. Sales: €597.7 million. Employees: 1,605 (including subsidiaries).

Celotex Group: sales: €124 million. Employees: 201.

Saint-Gobain PAM Ltd: ductile cast iron pipes and hydraulic connectors for water and sewer networks; hydraulic valves; cast-iron and steel municipal castings; cast-iron construction products. Sales: €100.1 million. Employees: 380.

Saint-Gobain Building Distribution Ltd: holding for building materials distribution (1,000 sales outlets in the United Kingdom and the Republic of Ireland). Sales: €3.1 billion. Employees: 12,500 (including subsidiaries).

REPUBLIC OF IRELAND

Saint-Gobain Performance Plastics Ireland: PTFE and silicon-coated fabrics, adhesive tapes. Sales: €23.3 million. Employees: 86.

Gypsum Industries Ltd Ireland: production of plaster, plasterboard and ceiling tiles, and production and distribution of insulation products. Sales: €53.9 million. Employees: 160.

SOUTH AFRICA

€1 = ZAR 14.40689

Saint-Gobain Abrasives Pty Ltd: production of coated abrasives, super-abrasives and grinding wheels. Sales: €3.2 million. Employees: 14.

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: €135.8 million. Employees: 993.

Donn South Africa Ltd (66.7%): production of plasterboard and ceiling tiles. Sales: €12.2 million. Employees: 91.

Saint-Gobain Pipelines South Africa: manufacture of cast iron parts. Sales: €8.8 million. Employees: 217.

ITALY, GREECE, EGYPT AND TURKEY

ITALY

Saint-Gobain Glass Italia SpA: flat glass products. Sales: €94.6 million. Employees: 260.

Saint-Gobain Sekurit Italia S.R.L: automotive glass products. Sales: €70.7 million. Employees: 253. 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: 38.7 million. Employees: 220.

Saint-Gobain Euroveder Italia SpA: tempered glass for household appliances. Sales: €25.7 million. Employees: 135.

Saint-Gobain Abrasivi SpA: roduction of abrasive grinding wheels. Sales: €73.9 million. Employees: 277.

SEPR Italia SpA: fused-cast refractory products. Sales: €23.9 million. Employees: 144.

Saint-Gobain PPC Italia SpA: manufacture of insulation and sealing products (roofing materials, glass-veil siding), production of plaster, plasterboard, ceiling tiles and industrial mortars. Sales: €221.4 million. Employees: 623.

Saint-Gobain PAM Italia SpA: ductile cast-iron pipes. Sales: €45.2 million. Employees: 83.

Vemac S.R.L: building materials distribution (11 outlets). Sales: €39.6 million. Employees: 141.

Saint-Gobain Vetri SpA: production of glass containers (bottles and industrial jars). Sales: €493.7 million. Employees: 1,168. These figures include Ecoglass: cullet collection and processing.

GREECE

Autover Hellas: distribution of replacement automotive glass. Sales: €5.8 million. Employees: 31.

Saint-Gobain Hellas ABEE: production and distribution of plaster and distribution of pipe products. Sales: €11.6 million. Employees: 35.

EGYPT

€1 = EGP 9.41212

Saint-Gobain Glass Egypt (70%): flat glass and flat glass products. Employees: 313.

BPB Placo Egypt for Industrial Investments Sae: plaster production. Employees: 427.

TURKEY

€1 = TRY 2.90710

Izocam (47.5%): production of glass wool and stone wool. Sales: €128.6 million. Employees: 442.

Saint-Gobain Rigips Alci: production and distribution of plaster. Sales: €43.2 million. Employees: 210.

Saint-Gobain Weber Yapi: production of industrial mortars. Sales: €54.7 million. Employees: 294.

OTHER EUROPEAN COUNTRIES

SWITZERLAND

€1 = CHF 1.21462

Vetrotech Saint-Gobain International AG: production and distribution of fireproof glass. Sales: €131.9 million. Employees: 315.

Saint-Gobain ISOVER SA: manufacture and distribution of insulation products, marketing of fiberglass reinforcements. Sales: €43 million. Employees: 160.

Rigips AG: production of plaster, plasterboard, insulation products and ceiling tiles. Sales: €71.1 million. Employees: 179.

KBS AG: production and distribution of industrial mortars. Sales: €34.7 million. Employees: 34.

Sanitas Troesch AG: distribution of fitted bathrooms and kitchens (32 sales outlets). Sales: €474.3 million. Employees: 979.

International Saint-Gobain: holding company.

NORTH AMERICA

UNITED STATES

€1 = USD 1.32882

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)

Subsidiaries:
- Industrial reinforcement products
- CertainTeed Ceilings: acoustic ceiling distribution.

Sales: €1.9 billion. Employees: 4,071.
CertainTeed Corporation sales and employees include those of CertainTeed Reinforcement Glass Materials, CertainTeed Ceilings and GS Roofing.

Saint-Gobain Glass Corporation: holding company. Subsidiaries:
- HCS Corporation, Vetrotech Saint-Gobain North America Inc. Total sales by the sub-group: 25.2 million. Employees: 65.
- Sage Electrochromics Inc.: production of electrochromic glass. Employees: 188.

Saint-Gobain Autover Inc.: distribution of replacement automotive glass. Total sales by the sub-group: 10.9 million. Employees: 9.

Saint-Gobain Abrasives Inc.: production of bonded abrasives, coated abrasives and super-abrasives. Sales: €595.3 million. Employees: 2,974. These figures include Saint-Gobain Universal Superabrasives Inc. and its main 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: 4,601.

Norandex Building Material Distribution: building materials distribution and vinyl siding production (103 sales outlets). Sales: €295.5 million. Employees: 769.

Meyer International Inc: sales: €49.4 million. Employees: 190.

CertainTeed Gypsum & Ceilings USA: production and distribution of plaster, plasterboard and ceiling tiles. Sales: €440.1 million. Employees: 875.

CANADA

€1 = CAD 1.46688

Saint-Gobain Adfors Canada Ltd: production and distribution of industrial door and window products and parts. Sales: €15.3 million. Employees: 73.

Saint-Gobain Ceramic Materials Canada Inc.: production of abrasive grains. Sales: €17 million. Employees: 37.

Decoustics: acoustic products. Sales: €17.1 million. Employees: 98.

CertainTeed Gypsum Canada Inc.: production of plasterboard. Sales: €208.7 million. Employees: 564.

CertainTeed Insulation: production and distribution of insulation products. Sales: €36.9 million. Employees: 227.

MEXICO, COLOMBIA, ECUADOR, PERU, VENEZUELA AND CENTRAL AMERICA

MEXICO

€1 = MXN 17.66284

Saint-Gobain México: flat glass and flat glass products, production of automotive glass and tempered glass for household appliances. Sales: €289.4 million. Employees: 1,798.

Saint-Gobain America (Mexico): production insect screens and coated abrasives. Sales: €71.5 million. Employees: 825.

Saint-Gobain Gypsum SA de CV: sales: €9.2 million. Employees: 92.

COLOMBIA

€1 = COP 2.65555

Saint-Gobain Sekurit de Colombia (99.8%): production of automotive and construction glass. Sales: €10.2 million. Employees: 113.

Vidrio Andino (73.6%): flat glass and flat glass products for the construction and automotive industries. Sales: €49.1 million. Employees: 247.

Saint-Gobain Abrasivos Colombia: production of coated abrasives and grinding wheels. Sales: €19.9 million. Employees: 95.

Fiberglass Colombia: production of glass wool for the building and manufacturing industries. Sales: €23.3 million. Employees: 189.

PAM Colombia SA: water supply pipe distribution. Sales: €3.9 million. Employees: 12.

VENEZUELA

€1 = VEF 8.36227

Saint-Gobain Abrasivos CA: production of coated abrasives and grinding wheels. Sales: €31.6 million. Employees: 78.

Saint-Gobain Materiales Cerámicos CA: production of silicon carbide. Sales: €13.3 million. Employees: 115.

Fibras Fivenglass SA: distribution of insulation products. Sales: €2.4 million. Employees: 7.

BRAZIL, ARGENTINA AND CHILE

BRAZIL

€1 = BRL 3.12300

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: €988.1 million. Employees: 5,902. Subsidiaries:
- Cebrace (50%): flat glass and flat glass products. Sales: €387.9 million. Employees: 1,106.

Placo Do Brasil (55%): production and distribution of plaster and plasterboard. Sales: €63.6 million. Employees: 223.

Saint-Gobain Vidros SA: production of glass containers (bottles and industrial jars). Sales: €134.3 million. Employees: 707.

Saint-Gobain Canalização: manufacture of ductile cast iron pipes and connectors. Sales: €206.3 million. Employees: 1,251.

Saint-Gobain Distribuiçao Brasil Ltda: building materials distribution (40 sales outlets). Sales: €462.4 million. Employees: 3,428.

ARGENTINA

€1 = ARS 10.77355

Saint-Gobain Abrasivos Argentina and Abrasivos Argentinos: production and distribution of bonded and coated abrasives and masking tape. Sales: €50.3 million. Employees: 430.

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: €131.1 million. Employees: 544.

Rayen Cura Saic (60%): production of glass containers (bottles). Sales: €89.9 million. Employees: 383.

CHILE

€1 = CLP 757.14729

Saint-Gobain Envases SA: production and distribution of glass containers (bottles). Sales: €25.4 million. Employees: 159.

ASIA-PACIFIC

AUSTRALIA

€1 = AUD 1.47244

Saint-Gobain Abrasives Australia Pty Ltd: sales: €58.5 million. Employees: 218.

CHINA

€1 = CNY 8.18818

Saint-Gobain Hanglas Sekurit Shanghai Co. Ltd: automotive glass products. Sales: €200.3 million. Employees: 1,077.

Saint-Gobain Glass Co. Ltd: sales: €26.5 million. Employees: 150.

Qingdao Saint-Gobain Hanglas Clfg Co. Ltd: sales: €47.5 million. Employees: 183.

Kunshan Yongxin Glassware Co. Ltd (60%): sales: €25.4 million. Employees: 320.

SEPR Beijing (87.8%): manufacture of fused-cast refractory products. Sales: €23.3 million. Employees: 300.

Saint-Gobain PPL Shanghaï: sales: €78.7 million. Employees: 432.

Saint-Gobain Abrasives Shanghai and **Saint-Gobain Abrasives Suzhou:** production of abrasive grinding wheels. Sales: €110.7 million. Employees: 651.

Saint-Gobain Proppants Guanghan Ltd: sales: €33.5 million. Employees: 188.

Saint-Gobain Ceramic Materials (Zhengzhou): sales: €28.7 million. Employees: 238.

Saint-Gobain Zirpro Handan Co Ltd: sales: €27.7 million. Employees: 199.

Saint-Gobain Gypsum (Changzhou): production and distribution of plaster. Sales: €27.4 million. Employees: 146.

Saint-Gobain Gypsum Materials Shanghaï: production and distribution of plaster. Sales: €32.1 million. Employees: 174.

Saint-Gobain ISOVER Gu An: sales: €10.8 million. Employees: 132.

Saint-Gobain Pipelines Co. Ltd: ductile cast iron pipes. Sales: €167.6 million. Employees: 920.

Saint-Gobain Foundry Co. Ltd: sales: €13.2 million. Employees: 169.

DIP: ductile cast-iron pipes. Sales: €62.2 million. Employees: 404.

Saint-Gobain (Xuzhou) Pipe Co. Ltd (Xuzhou General Iron and Steel Works): liquid cast-iron production. Subsidiaries:
- Xuzhou Everbright Ductile Iron Pipes Ltd: sales: €175.5 million. Employees: 1,753.

Saint-Gobain Pipelines (Xuzhou) Co. Ltd: sales: €182.7 million. Employees: 683.

SOUTH KOREA

€1 = KRW 1.39897

Hankuk Glass Industries Inc. (80.5%): company listed on the Seoul (South Korea) stock exchange. Production of flat glass. Sales: €162.6 million. Employees: 302. Subsidiaries:
- Hankuk Sekurit Limited (90.1%): automotive products. Sales: €158.9 million. Employees: 341.
- Hankuk Haniso: sales: €69.3 million. Employees: 114.

Saint-Gobain PPL Korea Co. Ltd: sales: €32.1 million. Employees: 101.

INDONESIA

€1 = IDR 15,749.68167

Saint-Gobain Abrasives Diamas (75%): sales: €14.5 million. Employees: 318.

JAPAN

€1 = JPY 140.37707

Saint-Gobain K.K.: distribution of automotive glass, superabrasives, technical ceramics and high-performance plastics. Sales: €103.5 million. Employees: 269.

Saint-Gobain TM K.K. (60%): production glass furnace refractories. Sales: €29.9 million. Employees: 170.

MAG ISOVER K.K.: production of glass wool. Sales: €166.5 million. Employees: 409.

MALAYSIA

€1 = MYR 4.34710

Saint-Gobain Construction Products Malaysia Sdn: production and distribution of plaster. Sales: €33.5 million. Employees: 155.

SINGAPORE

€1 = SGD 1.68302

Saint-Gobain (SEA) Pte Ltd: sales: €16.6 million. Employees: 52.

Rencol MMI Technology Pte Ltd (51%): high-performance plastics. Sales: €9 million. Employees: 27.

THAILAND

€1 = THB 43.16098

Saint-Gobain Sekurit Thailand (95%): automotive glass products. Sales: €60.5 million. Employees: 492.

Saint-Gobain Abrasives Thailand Ltd: sales: €12.3 million. Employees: 151.

Thaï Gypsum Products Plc (99.7%): production of plaster and plasterboard. Sales: €82.2 million. Employees: 393. Subsidiaries:
- Bpb Asia Ltd.

VIETNAM

€1 = VND 28,174.91896

Saint-Gobain Construction Products Vietnam: production and distribution of plaster. Sales: €33.2 million. Employees: 153.

INDIA, SRI LANKA AND BANGLADESH

INDIA

€1 = INR 81.07044

Saint-Gobain Glass India Ltd (99%): flat glass and flat glass products. Sales: €293.9 million. Employees: 1,540.

Saint-Gobain Sekurit India Ltd (74.8%): company listed on the Mumbai stock exchange. Automotive glass products. Sales: €15.6 million. Employees: 199.

Grindwell Norton Ltd (51.6%): company listed on the Mumbai stock exchange. Production and distribution of abrasives, ceramics and high-performance plastics. Sales: €129.7 million. Employees: 1,707.

SEPR Refractories India Ltd: manufacture of fused-cast refractory products. Sales: €33.8 million. Employees: 548.

Saint-Gobain Crystals & Detectors India Ltd: sales: €6.5 million. Employees: 151.

Saint-Gobain Gyproc India Ltd. (99.8%): production of plaster and plasterboard. Sales: €85.2 million. Employees: 465.

1.6 MAIN ADDRESSES

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2. Cross-reference Tables

2.1 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, 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, 2014 under number D.14-0224;
- in relation to the fiscal year ended December 31, 2012: 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 28, 2013 under number D.13-0235.

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.

2.2 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.

Information required in the Annual Financial Report	Pages
Statement by the person responsible for the Annual Financial Report	**315**
Management report	
Article L. 225-100 of the French Commercial Code • Analysis of the Company's operations in the past year • Analysis of profits and losses	 4-7, 12-13, 18-38, 40-54, 56-76, 84-90 4, 12-13, 98-115, 188, 226-227, 240-241, 246, 269
• Analysis of financial position, including debt	12-13, 98-110, 155, 176, 178-181, 219-224, 228-229, 254, 256-257, 268
• Principal risks and uncertainties	88, 153-159, 218-220, 223, 245-246
• Summary table of authorizations given by the General Meeting to the Board of Directors to increase the capital	172
Article L. 225-100-3 of the French Commercial Code • Information that may have an impact on a takeover bid	176
Article L. 225-102 of the French Commercial Code • Share capital and employee share ownership	149, 174-175
Article L. 225-102-1 of the French Commercial Code • Directors and senior management (terms of office, compensation, trading in Company shares)	117-151
• Social and environmental information, corporate commitments	84-96, 112-115, 275-306
• Agreements and undertakings with related parties	232, 258, 270-273
Article L. 225-211 of the French Commercial Code • Company share buybacks	172-173
Financial statements	
Annual financial statements	240-266
Statutory Auditors' report on the annual financial statements	267
Consolidated financial statements	186-236
Statutory Auditors' report on the consolidated financial statements	237-238
Special report from the Statutory Auditors on agreements and undertakings with related parties	270-273
Statutory Auditors' fees	263, 316
Report from the Chairman of the Board of Directors on corporate governance, internal control and risk management (Article L. 225-37 of the French Commercial Code)	117-150, 161-168, 311-315
Statutory Auditors' report on the report from the Chairman of the Board	169

2.3 CROSS-REFERENCE TABLE FOR SOCIAL AND ENVIRONMENTAL INFORMATION

2.3.1 GRI cross-reference table

This report has been submitted to the GRI (Global Reporting Initiative) which has verified that the document has been prepared in accordance with the guidelines of the GRI, version G3.1, application level A+.

Profil information

In the following tables, the chapter numbers appear in Roman numerals and are followed by the section number. Example: IX-4.3.1 means "Chapter 9, Section 4.3.1."

Category	Subsection	GRI ref.	Description	Page(s)	Report level
Strategy and Analysis		1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Profile (page 5)	
		1.2	Description of key impacts, risks and opportunities.	II-2.2 VI-1	
Organization Profile		2.1	Name of the organization.	Profile	
		2.2	Primary brands, products and/or services.	I-2 (pages 20-21)	
		2.3	Operational structure of the organization including main divisions, operating companies, subsidiaries and ventures.	I.1-3	
		2.4	Location of organization headquarters.	X-1.5	
		2.5	Number of countries where the organization operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	I-1.4	
		2.6	Nature of ownership and legal form.		
		2.7	Markets served (including geographic breakdown, sectors served and types of customers/ beneficiaries).	I-2 (pages 20-21) II-1 II-3 III-3	
		2.8	Scale of the reporting organization, including: • Number of employees. • Net sales (for private sector organizations) or net revenues (for public sector organizations). • Number of operations. • Total capitalization broken down in terms of debt and equity (for private sector organizations). • Quantity of products or services provided.	Profile (pages 6-7) I-2 (page 20-21) VIII-1	
		2.9	Significant changes during the reporting period regarding size, structure or ownership, including: • The location of, or changes in operations, including facility openings, closings and expansions. • Changes in the share capital structure and other capital formation, maintenance and alteration operations (for private sector organizations).	VIII-1	
		2.10	Awards received in the reporting period.	IX-2.5.4	

Category	Subsection	GRI ref.	Description	Page(s)	Report level
Report Parameters	Report Profile	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	VIII-1	
		3.2	Date of most recent previous report (if any).	2013	
		3.3	Reporting cycle (annual, biennial, etc.).	VIII-1	
		3.4	Contact point for questions regarding the report or its contents.	Back cover	
	Report Scope and Boundary	3.5	Process for defining report content, including: • Determining materiality. • Prioritizing topics within the report. • Identifying which stakeholders the organization expects to use the report.	II-2 (pages 20-21) IV-2	
		3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	IX-6	
		3.7	Any specific limitations on the scope or boundary of the report.	IX-6	
		3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	IX-6	
		3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	IX-6	
		3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of the business, measurement methods).	IX-6	
		3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	IX-6	
	GRI Content Index	3.12	Table identifying the location of the Standard Disclosures in the report. Identification of the page numbers or web links where the following can be found: • Strategy and Analysis 1.1-1.2. • Organizational Profile 2.1-2.10. • Report Parameters 3.1-3.13. • Governance, Commitments and Engagement 4.1-4.17. • Disclosure of Management Approach, per category. • Core Performance Indicators. • Any GRI Additional Indicators included. • Any GRI Sector Supplement Indicators included in the report.	X-2.3.1	
	Assurance	3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	IX-7	

Category	Subsection	GRI ref.	Description	Page(s)	Report level
Governance, Commitments and Engagement	Governance	4.1	Governance structure of the organization, including committees under the highest governance body (Board of Directors or other) responsible for specific tasks, such as setting strategy or organizational oversight.	I-1.3 V-1	
		4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	V-1.2.1	
		4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	V-1.1.2	
		4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	II-2.1 V-1.1.1	
		4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	V-2	
		4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	V-1.1.4	
		4.7	Process for determining the qualifications and expertise required of the members of the highest governance body for making decisions on economic, environmental and social strategy.	V-1.1 V-1.2.4	
		4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Profile III-1.1 VI-2.2.1 IX-5.1	
		4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	II-2.2 V-1.2 VI-1	
		4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	V-1.2.4	
	Commitments to External Initiatives	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	VI-1	
		4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Profile	
		4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: • Has positions in governance bodies. • Participates in projects or committees. • Provides substantive funding beyond routine membership dues. • Views membership as strategic.	Profile III-8.1	
	Stakeholder Engagement	4.14	List of stakeholder groups engaged by the organization.	II-2.1 VI-1	
		4.15	Basis for identification and selection of stakeholders with whom to engage.	II-2.1	
		4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	II-2.1	
		4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	II-2.2 IV-2	

Managerial approach and performance indicators

Category	Subsection	GRI ref.	Description	Page(s)
Disclosure on Management Approach and Performance Indicators	Economic Performance	DMA EC	Economic performance	Profile IV-1
			Market presence	II-3 III-3
			Indirect economic impacts	III-8.2
	Environment	DMA EN	Materials	III-1.3 III-4.4 III-7.1
			Energy	III-1.3 III-4.4 III-7.2
			Water	III-1.3 III-4.4 III-7.3
			Biodiversity	III-1.3 III-4.4 III-7.4
			Emissions, effluents and waste	III-1.3 III-2.2 III-4.4 III-7.1 III-7.2
			Products and services	III-3 III-4
			Compliance	III-1.1 III-1.3 VI-2
			Transport	III-7.2.3
			Overall	II-2 III-1 IV-2.1
	Labour Practices and Decent Work	DMA LA	Employment	III-6.2
			Labour/management relations	II-2.1 III-6.2.3 IV-2.1.4
			Occupational health and safety	III-1.3 III-6.1 IV-2.1.4
			Training and education	III-6.2.4 IV-2.1.4
			Diversity and equal opportunity	III-6.2.2 IV-2.1.4 IX-2.7
			Equal remuneration for women and men	III-6.2.2 IX-2.7.2
	Human Rights	DMA HR	Investment and procurement practices	
			Non-discrimination	III-1.2 III-6.2.2 IX-2.7.5
			Freedom of association and collective bargaining	IX-2.7.5
			Prevention of child labour	III-1.1 III-1.2 III-5.3
			Prevention of forced and compulsory labour	III-1.1 III-1.2 III-5.3

Category	Subsection	GRI ref.	Description	Page(s)
			Security practices	III-1.1
			Indigenous rights	III-1.1 III-1.2
			Assessment	III-1.1 III-1.2
			Remediation	III-1.1 III-1.2
	Society	DMA SO	Community	II-2 III-8.3 IV-2.1.5
			Corruption	III-1.1
			Public policy	III-8.1 IV-2.1.1
			Anti-competitive behavior	III-1.1
			Compliance	III-1.1
	Product Responsibility	DMA PR	Customer health and safety	III-1.3 III-6.1
			Product and service labeling	III-4.4
			Communication marketing	III-3.3
			Compliance	III-1

GRI indicators

Category	Subsection	GRI ref.	Description	Page(s)	Report level
Economic	Economic Performance	EC1	Direct economic value generated and distributed, including revenue, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Profile IV-1	
		EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	II-1.1 III-1.3 III-7.2	
		EC3	Coverage of the organization's defined benefit plan obligations.	VI-1.2.2	
		EC4	Significant financial assistance received from government.	IX-5.4	(f)
	Market Presence	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	IX-3	(f)
		EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	IX-2.7.4	
	Indirect Economic Impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	III-8.2 III-8.3 IV-2.2	(d)
Environment	Materials	EN1	Materials used by weight or volume.	IX-1.2	
		EN2	Percentage of materials used that are recycled input materials.	IX-1.2	
	Energy	EN3	Direct energy consumption by primary energy source.	IX-1.3	
		EN4	Indirect energy consumption by primary source.	IX-1.3	
	Water	EN8	Total water withdrawal by source.	IX-1.4	
		EN 10	Percentage and total volume of water recycled and reused.	IX-1.4	(c)
	Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	III-7.4	(b)
		EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	III-7.4	(d)
	Emissions, Effluents and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight (tons CO_2 equivalent).	IX-1.3	
		EN17	Other relevant indirect greenhouse gas emissions by weight (tons CO_2 equivalent).	IX-1.3	
		EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	IX-1.3	
		EN19	Emissions of ozone-depleting substances by weight.	No emissions of ozone-depleting substances	
		EN20	NO_x, SO_2, and other significant air emissions by type and weight.	IX-1.3	(d)
		EN21	Total water discharge by quality and destination.	IX-1.4	(d)
		EN22	Total weight of waste by type and disposal method.	IX-1.2	(d)
		EN23	Total number and volume of significant spills.	IX-1.5	(b)
	Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	III-4.4	
		EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	III-4.4	(b)
	Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	IX-1.1	(d)
	Overall	EN30	Total environmental protection expenditures and investments by type.	IX-1.1	(f)

Category	Subsection	GRI ref.	Description	Page(s)	Report level
Labour Practices and Decent Work	Employment	LA1	Total workforce by employment type, employment contract, and region.	Profile I-1.5 IX-2.2	(f)
		LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	IX-2.2.6	(f)
		LA15	Return to work and retention rates after parental leave, by gender.	IX-2.7.2	(f)
	Labour/ Management Relations	LA4	Percentage of employees covered by collective bargaining agreements.	IX-2.5.1	
		LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	IX-2.5.3	
	Occupational Health and Safety	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	IV-2.1.4 IX-2.1	(e)
		LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases.	IV-2.1.4 IX-2.1.5	
	Training and Education	LA10	Average hours of training per year per employee by gender and by employee category.	IX-2.6.1	(f)
		LA 12	Percentage of employees receiving regular performance and career development reviews, by gender.	IX-2.6.2	
	Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	V-1.1 IX-2.7	(e)
	Equal remuneration for women and men	LA14	Ratio of basic salary and remuneration of women to men by employee category.	IX-2.7.2	
Human Rights	Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	IX-5.1	
		HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	IX-3	
		HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	IX-5.1	
	Non-discrimination	HR4	Total number of incidents of discrimination and corrective actions taken.	IX-2.7.5	
	Freedom of Association and Collective Bargaining	HR5	Operations identified in which the rights to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	IX-2.7.5	
	Child Labour	HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	IX-3	
	Forced and Compulsory Labour	HR7	Operations identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of all forms of forced or compulsory labour.	VI-2 IX-3	
	Assessment	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	IX-5.1 IX-5.2	
	Remediation	HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	IX-5.2	

Category	Subsection	GRI ref.	Description	Page(s)	Report level
Society	Community	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	III-8.2 IV-2.2 IX-4.1 IX-4.2	
		SO9	Operations with significant potential or actual negative impacts on local communities.	IV-2.2 VI-1.1.6	
		SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	IV-2.2 VI-1.1.6	
	Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption.	III-1.1 IX-5.1	
		SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	IX-5.1	
		SO4	Actions taken in response to incidents of corruption.	IX-5.1	
	Public Policy	SO5	Public policy positions and participation in public policy development and lobbying.	III-8.1 IV-2.1.1	
	Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	IX-5.3	(d)
Product Responsibility	Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	III-1.3 III-4.4 IX-2.1	(f)
	Product and service labeling	PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	IX-5.3.1	(d)
	Communications marketing	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotions and sponsorship.	IX-5.3.2	
	Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	IX-5.3.3	

(a) Certain required information is not available – to be reported in 2018.

(b) Certain required information is not available – to be reported in 2017.

(c) Certain required information is not available – to be reported in 2016.

(d) Certain required information is not applicable to Saint-Gobain, notably due to the diversity of the Group's sites and businesses.

(e) Certain required information is confidential or not allowed to be collected under certain laws.

(f) Certain required information does not concern Saint-Gobain or has very low relevance to the Group.

2.3.2 Grenelle II performance table

		Description	GRI ref.	Page(s)
Social information	Employment	Total workforce by gender, age group and region	LA1	Profile I-1.5 IX-2.2
		Recruitments and terminations	LA2 EC7	IX-2.2.6
		Compensation and changes in compensation	EC1	IX-2.7.2
	Organization of work	Organization of work time		IX-2.4
		Absenteeism	LA7	IX-2.4.3
	Labour relations	Organization of social dialogue	LA4	II-2.1 III-6.2.3 IX-2.5.1
		Outcome of collective agreements	LA5	IX-2.5.2
	Occupational health and safety	Health and safety conditions at work	LA7	III-6.1 IV-2.1.4 IX-2.1
		Outcome of collective agreements signed with labour unions concerning occupational health and safety	LA8	IX-2.1.7
		Frequency and severity of work-related accidents and occupational diseases	LA7	III-6.1 IV-2.2 IX-2.1
	Training	Policies implemented concerning training	DMAs	IV-2.1.4 III-6.2.4
		Total number of hours of training	LA10	IX-2.6.1
	Equal opportunity	Measures taken to promote gender equality	LA14	IX-2.7.2
		Measures taken to promote the employment and integration of people with disabilities	LA13	IX-2.7.3
		Policy against discrimination	LA13	III-6.2.2 IV-2.1.4 IX-2.7
	Promotion of and compliance with ILO conventions	Respect for freedom of association and collective bargaining	HR5	III-3.1 IX-2.7.5
		Abolition of discrimination in employment and occupation	HR4 LA13	III-1.1 III-1.2 IX-2.7
		Abolition of forced or compulsory labour	HR7	III-1.2 III-5.3 IX-3 IX-5.2
		Effective abolition of child labour	HR6	III-1.2 III-5.3 IX-3 IX-5.2

		Description	GRI ref.	Page(s)
Environmental information	Environmental policy	Organization and certifications in terms of environmental protection.		III-1.3 IV-2.1 IX-1.1
		Employee training and information on environmental protection.		III-4.4
		Total investments and expenditures to prevent environmental risks and pollution.	EN30	III-7.5 IX-1.5
		Total provisions and guarantees for environmental risks	EN28	VI-1.1.6 IX-1.1
	Pollution and waste management	Measures to prevent, reduce and clean up environmentally harmful emissions and discharges into the air, water and soil.	EN23	III-4.4 III-7.2 III-7.3 III-7.4 III-7.5 IX-1.3 IX-1.4 IX-1.5
		Measures to prevent, recycle and eliminate waste.	EN22	III-4.4 III-7.1 IX-1.2
		Measures to mitigate noise pollution and all other types of pollution specific to an activity.		III-6.1
	Sustainable use of resources	Water use and water withdrawals in relation to local resources.	EN8 EN10 EN21	III-7.3 IX-1.4
		Consumption of raw materials and measures to improve efficient use.	EN2	III-4.4 III-7.1 IX-1.2
		Energy consumption and measures to improve energy efficiency and use renewable energy sources.	EN3 EN4	III-7.2 IX-1.3
		Land use.	EN11 EN12	III-7.4
	Climate change	Greenhouse gas emissions.	EN16 EN17 EN19	III-7.2 IX-1.3
		Measures to adapt to climate change.	EN18 EC2	III-4.4 III-7.2 IX-1.3
	Protection of biodiversity	Measures taken to preserve or develop biodiversity.	EN12	III-7.4

		Description	GRI ref.	Page(s)
Information on societal commitments to promote sustainable development	Regional, economic and social impact of the company's activities	Impact on employment and regional development.	EC6	III-8.2 IV-2.1.5 IX-5.4.1 IX-5.4.2
		Impact on local and neighboring communities.	S01 S09 S010	III-8.3 IV-2.1.5 IX-5.4.3
	Relations with stakeholders, notably mainstreaming associations, educational institutions, environmental associations, consumer associations and neighboring communities	Stakeholder dialogue.		II-2
		Partnership and sponsorship programs.	EC8	III-8.1 III-8.3 IX-4.3
	Sub-contracting and suppliers	Inclusion of social and environmental concerns in purchasing policy.	HR2	III-5.3 IX-3
		Importance of sub-contracting and integration of corporate social responsibility in relationships with suppliers and sub-contractors		III-1.2 III-5.3 IX-3
	Business conduct	Measures to prevent corruption.	S02 S03 S04	III-1.1 VI-2.2 IX-5.1
		Measures to preserve consumer health and safety.	PR1	II-3.2 III-1.3 III-4.2 III-6.1 IX-2.1.5
		Other measures to promote human rights.	HR3 HR10 HR11	Profile III-1.2 IX-5.2

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