

4 | Management Board report to the Combined General Meeting of 16 May 2013

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Management Board has convened you here in order to inform you on the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ending 31 December 2012.

→ Changes in Group structure

Somfy Activities acquired:

- The distributor **BFT Lazio**, through its subsidiary BFT SpA. 60% of the capital was acquired at a price of € 0.7 million. A mutual put/call option was included in the contract for 2015, in relation to the remaining 40% of the capital. This acquisition generated goodwill of € 0.4 million. This company was fully consolidated from the date of acquisition (April 2012) and contributed € 0.6 million to Group sales;
- The distributor **TRS Standard**, through its subsidiary BFT SpA. 60% of the capital was acquired at a price of € 1.4 million. A mutual put/call option was included in the contract for 2015, in relation to 30% of the capital. The remaining 10% are subject to a deadlock resolution clause. This acquisition generated goodwill of € 1.3 million. This company was fully consolidated from the date of acquisition (June 2012) and contributed € 2.8 million to Group sales;
- 100% of the French distributor **Mastercom** for € 0.7 million through its subsidiary BFT SpA. This transaction includes an earn-out clause based on the results of the first two years. This acquisition generated goodwill of € 0.2 million. This company was fully consolidated from the date of acquisition (July 2012) and contributed € 1.0 million to Group sales;
- The remaining 10% in **BFT Sud-Ouest**, through its subsidiary BFT SpA, for € 0.3 million. This company was already fully consolidated, therefore no change of control took place;
- 51% (joint control) of the Brazilian company **Neocontrol** for BRL 6 million (approximately € 2.5 million) through its subsidiary Somfy Brazil in August 2012. This company develops, produces and markets home automation solutions in Brazil. This transaction includes an earn-out clause payable in 2014 based on results for the 2013 financial year. Also

included is a first mutual put/call option exercisable in 2014 over 10% of capital and a second option for the remaining 39% exercisable in 2017. This company is equity-accounted;

- 15% of **LianDa** for € 1.5 million, thus increasing its equity holding to 95%. This company was already fully consolidated, therefore no change of control took place;
- The remaining 60% of **Axis**' capital for € 0.9 million. This company was previously equity-accounted. With Somfy assuming control, Axis is now fully consolidated. This takeover generated goodwill of € 1.2 million. Axis contributed € 0.4 million to Group sales.

Somfy Activities sold:

- Its subsidiary **Klereco**. The impact on the operating result was a decline of € 1.0 million;
- Its subsidiary **i-Blind**. The impact on the operating result was a decline of € 0.9 million.

The French companies BFT Marseille, BFT Sud-Ouest, BFT Languedoc and BFT Autoferm Ouest were merged into the BFT France entity.

Somfy Participations made an equity investment of 25% in **Sofilab 4** for € 1.6 million and subscribed to € 0.8 million in convertible bonds. Sofilab 4, whose flagship brand is La Buvette, is the French market leader for farming watering equipment. It also operates in the rump rail and rotational moulding segments. Due to practical reasons and materiality, this financial investment is treated as an asset held for disposal.

Somfy Participations acquired shares valued at € 3.0 million in **CIAT**, thus increasing its equity investment from 40% to 44.5%. This was the opportunity to sign a new shareholders' agreement. These changes did not call into question the fact that this company is consolidated using the equity method.

At the beginning of October 2012, **Somfy Participations** sold its 65% equity investment in **Cotherm**. The value of the transaction was € 11.7 million, i.e. 2.3 times the initial investment. The impact of this disposal was a negative € 1.3 million.

Somfy Participations made a 10% equity investment in the newco **Cotherm Evolution** for € 1.1 million.

→ Highlights

Somfy Activities wrote down the goodwill of O&O and Pujol:

- The outlook for **O&O**, a subsidiary of BFT SpA that produces lifting gates, rising bollards and automated sliding doors has deteriorated compared to the acquisition business plan, due to the macro-economic situation prevailing in Southern Europe, where the company conducts most of its business. The unallocated goodwill was additionally impaired by € 2.8 million. It has now been fully written down;
- The outlook for short and medium-term profit growth led to a review of **Pujol's** business plan (a company with a presence in Spain, Portugal and Italy), which has been seriously affected by the deteriorated macro-economic environment prevailing in Southern Europe. The entire unallocated goodwill has been written down for € 5.7 million. The brand remains valued at € 2.2 million in the consolidated statements.

Somfy Activities wrote down € 0.5 million from the equity value of its 40% investment in **Oxygen (Astélia)**, a company which specialises in alarm systems for the house-bound elderly. This impairment was recognised after indications of a loss in value were noted.

The Italian company **WAY (Somfy Activities)** announced a restructuring plan that will affect 55 employees. A € 3.0 million provision has been recognised as non-recurring income/expenses in the 2012 financial statements.

Somfy SAS was subject to a tax assessment in relation to the 2009 and 2010 financial years. The main adjustment was to the transfer price policy implemented between a subsidiary of Somfy SA, Somfy SAS and a number of distribution subsidiaries. The proposed tax adjustment for these two years totalled € 35.6 million. The Group considers that the arguments put forward by the tax authorities are disputable and is confident of the likelihood that this ruling be overturned. Therefore, the Group qualified the risk as a contingent liability and thus no provision was recognised at 31 December 2012 in relation to this dispute.

Somfy Participations wrote down € 0.9 million of **Sirem's** goodwill. This decision stems from the persisting difficulties experienced by Sodim, whose results fall short of business plan projections.

Somfy Participations wrote down € 2.3 million from the equity value of **CIAT**. This writedown follows a downward revision of the business plan of the company due to difficulties encountered during the financial year.

Somfy Participations wrote down € 7.0 million from the equity value of **Pellenc**. This decision stems from results that fall short of expectations set out in the acquisition business plan.

Somfy Participations wrote down € 2.5 million from the equity value of **Gaviota**. This writedown stems from results that fall short of expectations.

→ Change of income statement presentation method

In order to improve the quality of information, the presentation of the Somfy Group's income statement has evolved since 31 December 2011. The following change was introduced:

- Addition of EBITA, an aggregate commonly used within the Somfy Group, which consists of current operating result before amortisation of intangible assets allocated as part of business combinations (IFRS 3).

→ Presentation of financial statements

Parent company financial results

For the year to 31 December 2012, Somfy SA sales were € 3.0 million. Net financial income amounted to € 97.3 million, including € 107.8 million in dividends paid by its subsidiaries in respect of their net profit for the year to 31 December 2011.

Net profit amounted to € 87.0 million including income of € 3.0 million from tax consolidation.

Consolidated financial statements

→ Sales

Group sales were € 989.6 million for the full financial year just ended, which was an increase of 3.9% compared to the previous year (up 2.7% on a like-for-like basis). Sales were € 513.9 million in the first half of the year (up 0.9% on a like-for-like basis) and € 475.7 million in the second half (up 4.7% on a like-for-like basis).

Somfy Activities contributed € 889.8 million (up 3.4% on a like-for-like basis).

Several geographic regions reported substantial year-end increases driven by buoyant emerging markets. This was the case in America, Central and Eastern Europe and Asia Pacific (growth of 12.4%, 9.8% and 7.5%, respectively, on a like-for-like basis). Germany and France also performed satisfactorily considering

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the business environment (growth of 4.8% and 1.5%, respectively, on a like-for-like basis). Southern and Northern Europe both enjoyed renewed growth during the last months of the year but remained negative over the full year due to the decline recorded at the beginning of the year, which resulted from the economic crisis and adverse weather conditions (decline of 0.1% and 3.6%, respectively, on a like-for-like basis).

Somfy Participations contributed € 103.1 million (down 2.3% on a like-for-like basis).

The performance of individual companies varied greatly. Cotherm, which was sold early in October, performed well (up 6.1% on a like-for-like basis), while Zurflüh-Feller and Sirem were adversely affected by the economic climate (decline of 2.9% and 8.4% respectively, on a like-for-like basis).

→ Sales by customer location

| € thousands | 31/12/12 | 31/12/11 | Variance N/N-1 | Variance N/N-1 like-for-like |
|---|----------------|----------------|----------------|------------------------------|
| France | 244,398 | 240,617 | 1.6% | 1.5% |
| Germany | 138,967 | 131,643 | 5.6% | 4.8% |
| Northern Europe | 89,619 | 90,839 | - 1.3% | - 3.6% |
| Central and Eastern Europe | 82,144 | 73,886 | 11.2% | 9.8% |
| Southern Europe, Middle East and Africa | 161,036 | 158,416 | 1.7% | - 0.1% |
| Asia Pacific | 89,884 | 76,727 | 17.1% | 7.5% |
| Americas | 83,789 | 70,647 | 18.6% | 12.4% |
| SOMFY ACTIVITIES | 889,838 | 842,775 | 5.6% | 3.4% |
| SOMFY PARTICIPATIONS | 103,068 | 112,499 | - 8.4% | - 2.3% |
| Intragroup sales | - 3,265 | - 2,844 | 14.8% | 14.8% |
| SOMFY GROUP | 989,641 | 952,430 | 3.9% | 2.7% |

→ Results

The Group's current operating result was € 126.9 million for the financial year, up 1.8%, representing 12.8% of sales. This was € 75.4 million in the first half of the year (down 14.8%) and € 51.4 million in the second half (up 42.3%).

Somfy Activities' contribution grew 4.0% to € 122.9 million. The growth reflected a marked recovery in the second half of the financial year in line with the rebound in sales, which was partly due to favourable comparatives and steps implemented to increase competitiveness (reduction of overheads, increased productivity, disposal of non-strategic entities, etc.).

Somfy Participations' contribution declined by 38.0% to € 4.1 million, resulting from the net profit of fully-consolidated subsidiaries of € 7.6 million (down 25.2%) less structure costs of € 3.5 million (down 1.6%). This decline was due to the difficulties experienced by Sirem and the deconsolidation of Cotherm in the last quarter.

Consolidated net profit was € 83.5 million, down 48.2%. This largely came from negative non-recurring items, including: 1/ goodwill impairment of companies with significant exposure to the markets of Southern Europe, 2/ the recognition of restructuring costs for the Italian subsidiary Way srl, 3/ the impacts of the deconsolidation of Cotherm, i-Blind and Klereo, 4/ the drop in net financial income due to a high baseline

(€ 63.1 million capital gain on the disposal of agta record in 2011), 5/ the negative contribution of equity-accounted companies due to the writedown of several equity investments.

→ Financial position

The Group had a net cash surplus of € 36.5 million at the end of December, compared to net financial debt of € 15.7 million twelve months previously.

The net asset value of Somfy Participations was € 350.0 million at the end of 2012.

→ Segment reporting at 31 December 2012

| € thousands | Somfy Activities | Somfy Participations | Other | Inter-segment | Consolidated |
|---|------------------|----------------------|-------|---------------|--------------|
| Segment sales | 889,838 | 103,068 | – | – 3,265 | 989,641 |
| Segment profit/loss (current operating result) | 122,924 | 4,093 | – 164 | – | 126,853 |
| Share of net profit/loss of equity-accounted companies | – 324 | – 9,748 | – | – | – 10,072 |
| Cash flow | 128,161 | 19,988 | 2,800 | – | 150,949 |
| Intangible assets and PPE investments | 36,914 | 5,593 | – | – | 42,507 |
| Goodwill | 187,767 | 22,184 | – | – | 209,951 |
| Net intangible assets and PPE | 232,424 | 50,642 | – | – | 283,066 |
| Non-controlling equity investments | 65 | 138,128 | – | – | 138,193 |
| Equity-accounted companies | 3,044 | 106,474 | – | – | 109,517 |

→ Valuation of Somfy Participations portfolio

Methodology

The net asset value at December 2012 is the sum of the financial assets owned by Somfy Participations.

Financial assets defined as bonds are valued at their nominal value including accrued interest.

Regarding fully consolidated or equity-accounted investments and assets available for sale, the assessment methods chosen are the following:

Securities of unlisted companies

For each investment, the enterprise value is measured according to standard methods, namely:

– Market Peer Multiples method

A sample of comparable companies, comprising listed companies in the same industry for which analysts regularly publish their research and estimates, is identified for each company valuation. It is stable over time and is adjusted only if a comparable sample is no longer relevant. The multiples of the companies in the sample are calculated by (i) the average market capitalisation over the last 20 trading days prior to the assessment and net debt, which is estimated by analysts at the assessment date and (ii) EBITDA and EBITA estimates for the current year and the subsequent two years, derived from the most recent consensus among analysts at the time of the analysis. A discount may be applied on certain multiples to reflect the smaller size of companies in the sample and the company being valued. The average multiples of EBITDA (Earnings before interest, taxes, depreciation and amortisation) and EBITA (current operating result excluding amortisation of intangible assets allocated following acquisitions) of companies in the sample are applied to the recurring EBITDA and

EBITA of the current year and subsequent two years of the company being valued. The enterprise value derived is calculated as the average of the values obtained by applying these multiples to investment aggregates.

– Discounted cash flow method (DCF)

This method involves determining the present value of cash flows that a company will generate in the future. The cash flow projections, prepared in association with the management of the company concerned, include a critical analysis of the business plan of these companies. The discount rate used is the weighted average cost of capital and represents the level of expected return on capital employed (equity and debt required to finance the activity). It is calculated using financial data collected for the same sample as that used for multiples. The cash flow projections correspond to those used for impairment testing.

– Choice of method

Where the company being valued is mature in its market, its enterprise value is calculated by averaging the market peer multiples valuation and the discounted cash flow valuation.

For investments where the bulk of future growth depends on new markets (resulting from a change of strategy) or which are in decline or recovering, the enterprise value is calculated using the DCF method.

This multiple criteria analysis notably takes into account Somfy's intrinsic knowledge of its equity and its approach to medium-term investment.

The so-calculated enterprise value is increased or decreased by non-operating items, assessed at their net book value or market value if it can be reliably determined and the net financial debt, to obtain the recalculated value of 100% of the subsidiary. Financial

debt is valued at its nominal value plus accrued interest. The equity stake value in the net assets is obtained by applying the percentage of ownership by Somfy at the date of valuation. A minority discount is applied for certain subsidiaries with minority shareholding and/or reduced control.

Securities of listed companies are valued using the average closing price of the last 20 trading days preceding the assessment.

New investments, subsidiaries and affiliates, whether listed or unlisted, are valued at cost during the first 12 months of their acquisition. Post-acquisition, the subsidiaries establish yearly consolidated financial statements, certified by the Statutory Auditors, and update their business plans and profit forecasts for the fiscal year following the date of acquisition. After this period, companies are valued as per the above listed methods.

Somfy Participations portfolio valuation

| € millions | Valuation at 31/12/2012 | Valuation at 31/12/2011 |
|---|----------------------------|----------------------------|
| Equity portfolio | 277.1 | 291.3 |
| Mezzanine and convertible bonds portfolio | 73.0 | 66.2 |
| TOTAL PORTFOLIO | 350.0 | 357.5 |

→ Post-balance sheet event

Somfy Activities acquired the remaining 60% of the capital of Stor'm for € 0.5 million on 21 February 2013.

→ Outlook

The rollout of Somfy Activities' strategic plan will continue, with adjustments to adapt to the current environment. Accordingly, steps initiated in 2012 to control costs and increase competitiveness will be maintained.

Somfy Participations' objective will consist of supporting existing companies with fine-tuning their business model and developing their operations, as well as reviewing investment and disposal opportunities.

→ Information on the distribution of capital and holdings

Distribution of capital (Article L. 233-13 of the Commercial Code)

Shareholders owning more than 5% of the share capital and / or controlling more than 5% of net voting rights at 31 December 2012:

| | Number of shares | % share capital | Number of voting rights | % voting rights* |
|-----------------------|------------------------|--------------------|-------------------------------|---------------------|
| JPJ-S SCA** | 3,858,802 | 49.24 | 7,717,604 | 60.49 |
| Despature family** | 826,423 | 10.55 | 1,037,778 | 8.13 |
| JPJ 2 SA** | 633,558 | 8.08 | 1,142,902 | 8.96 |
| Manacor** | 391,900 | 5.00 | 483,810 | 3.79 |
| FAAC Holding SAS | 571,400 | 7.29 | 1,142,800 | 8.96 |
| Treasury shares | 433,109 | 5.53 | – | – |

* Based on share capital comprising 7,836,800 shares at 31 December 2012 representing 12,758,304 net voting rights.

** There is a binding agreement between JPJ-S SCA, members of the Despature family and the companies JPJ 2 and Manacor.

In November 2010, Silchester International Investors, acting on behalf of funds under its management, declared that on 1 November 2010 it had a holding of 595,775 shares representing 7.60% of the share capital of Somfy SA. Due to the lack of disclosure of whether upward or downward threshold crossings, this company is still presumed to hold between 5% and 10% of Somfy SA's share capital.

Changes to this list during the 2012 financial year are described below in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".

Reciprocal holdings (Articles L. 233-29 and R. 233-19 of the Commercial Code)

There are no reciprocal holdings as defined by current regulations.

Action in concert and retention agreements

→ Action in concert

JPJ-S, JPJ 2, Manacor and certain members of the Despature family act in concert.

→ Collective retention agreements

A collective retention agreement relating to 60.83% of the share capital of Somfy SA and 70.08% of the voting rights of shares issued was signed on 30 December 2009 by several shareholders, including Management Board members Paul Georges Despature, Wilfrid Le Naour and Jean-Philippe Demaël, as well as Supervisory Board members Jean-Bernard Guillebert, Jean Despature, Victor Despature, Xavier Leurent and Anthony Stahl, in accordance with Article 885 I bis of the General Tax Code, for a period of two years from 30 December 2009, automatically extended indefinitely after this two-year period.

In addition, ten collective retention agreements relating to 56.84% of the Somfy SA company share capital, were signed on 9 and 22 April 2010 and 13 December 2010 by a number of shareholders, including Management Board members Paul Georges Despature, Jean-Philippe Demaël and Wilfrid Le Naour and Supervisory Board member Jean-Bernard Guillebert, in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration and automatically extended indefinitely after this period, unless one of the signatories gives notice of termination to other signatories.

Bylaws providing provisions relating to multiple voting rights (Excerpt of Article 28 of the bylaws)

"The voting right attached to the shares is proportional to the capital that they represent. All shares have the same par value and entitle their owner to one vote.

A voting right that is double that conferred on other shares is allocated to all fully paid shares that have been duly registered for at least four years in the name of the same shareholder at the end of the calendar year preceding that of each General Meeting.

In the case of a capital increase by the capitalisation of reserves, profits or issue premiums, registered shares granted free of charge to a shareholder in exchange for existing shares, which already benefit from this right, will be entitled to the same double voting right.

All shares converted into bearer shares or whose ownership has been transferred shall lose their entitlement to a double voting right, except in instances provided for by law."

Disclosure of shareholding threshold crossings during the 2012 financial year, pursuant to Article L. 233-7 of the Commercial Code

The limited company J.P.J. 2^[1], incorporated under the Laws of Luxembourg, declared having exceeded the threshold of 5% voting rights of Somfy SA on 16 January 2012 and holding individually 629,458 Somfy shares on that date, representing 986,608 voting rights, being 8.03% of the share capital and 7.59% of voting rights of this company^[2].

This threshold crossing resulted from the allocation of double voting rights.

It has been specified that the concert between (i) Paul Georges Despature, his children and the company J.P.J. 2 under his control, (ii) the company Somplus^[3] and (iii) certain members of the Despature family^[4], has not crossed any thresholds and held 5,210,969 Somfy shares at 16 January 2012, representing 9,687,109 voting rights, being 66.49% of the share capital and 74.50% of voting rights, broken down as follows:

| | Number of shares | % share capital | Number of voting rights | % voting rights |
|------------------------|------------------|-----------------|-------------------------|-----------------|
| J.P.J.S | 3,858,802 | 49.24 | 7,717,604 | 59.35 |
| Despature family | 690,160 | 9.81 | 948,207 | 7.29 |
| J.P.J. 2 | 629,458 | 8.03 | 986,608 | 7.59 |
| Somplus | 29,426 | 0.38 | 29,426 | 0.23 |
| Paul Georges Despature | 3,123 | 0.04 | 5,264 | 0.04 |
| TOTAL CONCERT | 5,210,969 | 66.49 | 9,687,109 | 74.50 |

[1] Controlled by Paul Georges Despature and his children.

[2] Based on a share capital comprising 7,836,800 shares representing 13,003,253 voting rights, pursuant to section 2 of Article 223-11 of General Regulations.

[3] J.P.J.S holds 28.57% of the share capital of Somplus, with the balance being owned by eight senior executives of Somfy.

[4] Namely: Monique Delcourt (and her children), Jean Despature (and his children), Marie-Christiane Devienne (and her children), Anthony Stahl, Françoise Leurent (and her children), Victor Despature (and his children), Joseph Despature and Manacor SA, Chantal Ibled (and her children) and Jacques Despature (and his children).

The Archdiocese of Bologna, ultimate shareholder of FAAC Holding SAS, declared, for regularisation purposes, having exceeded the thresholds of 5% ownership of the share capital and voting rights of Somfy SA on 23 April 2012 and holding 571,400 Somfy SA shares on that date and to date, representing 1,142,800 voting rights, being 7.29% of the share capital and 8.79% of voting rights of this company.

This threshold crossing resulted from the transfer through inheritance of 571,400 Somfy shares previously owned by Michelangelo Manini to the Archdiocese of Bologna.

Somfy SA declared, for regularisation purposes, having crossed the threshold of 5% ownership of its own share capital on 10 May 2012, following the acquisition of Somfy shares in the market, and holding 432,934 of its own shares on that date, representing 5.52% of its share capital.

Information on the buyback of own shares (Article L. 225-211 of the Commercial Code)

The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2012; it was authorised by the Combined General Meeting of 15 May 2012 and had the following objectives:

- To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers";
- To retain the shares purchased and subsequently exchange them or use them within the framework of potential acquisitions, recognising that shares acquired to that end may not exceed 5% of the company's share capital;
- To ensure the coverage of option plans to purchase shares and other forms of allocations of shares granted to employees and/or senior executives of the Group, in accordance with the terms and conditions prescribed by law, in particular in relation to employee profit-sharing, the Group savings scheme or the allocation of free shares;
- To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- To proceed with the possible cancellation of acquired shares, according to the authorisation granted by the Combined General Meeting of 15 May 2012 in its seventh resolution, sitting in extraordinary session.

These transactions may notably be carried out at times of a takeover bid, in compliance with Article 232-15 of the AMF General Regulations, if the bid is entirely cash-based and buyback transactions are carried out as part of the continued implementation of an on-going programme and are not liable to make the bid fail.

The maximum purchase price is set at € 250 per share. Therefore, the maximum amount of the share buyback programme is € 195,920,000.

During the financial year just ended, on the basis of the authorisations given by the General Meetings of 2011

and 2012, the company bought back 85,153 shares at an average price of € 156.92, sold 8,602 shares at an average price of € 158.91 and allocated 25 shares at an average price of € 85.98 in respect of exercised options.

Out of the 85,153 shares acquired, 8,959 shares were allocated to the liquidity objective and 76,194 to covering share purchase option plans and plans to grant free shares to employees and senior executives of the Group. Trading fees amounted to € 42,417.09.

No other shares were re-allocated for objectives other than those initially specified.

The company held 433,109 of its own shares at 31 December 2012, representing 5.53% of the capital. The value of the purchase price of the share amounted to € 173.04 for a nominal value of € 1 each, representing a total nominal value of € 433,109.

The Management Board will submit a new treasury share purchase plan for a period of eighteen months for shareholders' approval. This plan would replace the current programme, which will be terminated early. It would allow management to purchase up to 10% of the shares of the company, if necessary restated for any potential capital increase or decrease transactions that may be carried out over the timeframe of the programme. The objectives of this programme would be:

- To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers";
- To retain the shares purchased and subsequently exchange them or use them within the framework of potential acquisitions, recognising that shares acquired to that end may not exceed 5% of the company's share capital;
- To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or senior executives of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or senior executives of the Group;
- To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- To proceed with the possible cancellation of acquired shares according to the authorisation granted by the Combined General Meeting of 15 May 2012 in its seventh resolution, sitting in extraordinary session.

These transactions may notably be carried out at times of a takeover bid, in compliance with AMF General Regulations and particularly in respect of Article 231-40 of the said regulations if, on the one hand the bid is entirely cash-based and on the other, buyback transactions are carried out as part of the continued implementation of an on-going programme and are not liable to make the bid fail.

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The company reserves the right to use options or derivative instruments, in accordance with applicable regulations. We propose to set the maximum purchase price at € 250 per share, and consequently the maximum amount of the share buyback programme at € 195,920,000.

The Management Board would thus be granted the power to do whatever is necessary in that respect.

Information on investments and controlled companies

Investments in French companies during the financial year ending 31 December 2012 (Article L. 233-6 of the Commercial Code):

| Company name | Direct control | | Indirect control | |
|-----------------------|------------------|-----------------|--------------------------------|-----------------|
| | Number of shares | % share capital | Number of shares | % share capital |
| Cotherm Evolution SAS | 1,100,025 shares | 10.0 | – | – |
| Sofilab 4 SAS | 1,586,529 shares | 25.0 | – | – |
| BFT Sud Ouest SA | – | – | 50 shares held by BFT SpA* | 10.0 |
| Mastercom SARL | – | – | 1,210 shares held by BFT SpA* | 100.0 |
| Axis Automatismes SAS | – | – | 500 shares held by Somfy SAS** | 60.032 |

*BFT SpA is wholly-owned by Somfy Espagne, itself a wholly-owned subsidiary of Somfy SA.

** Somfy SA acquired the remaining 60% stake in Axis and then transferred the entire share capital of this company to Somfy SAS, a wholly-owned subsidiary of Somfy SA.

Names of companies directly or indirectly controlled and the portion of Somfy SA's share capital held by them (Article L. 233-13 of the Commercial Code): none of the companies controlled by Somfy SA hold shares in Somfy SA.

→ Elements liable to have an impact in the event of a public offering (Article L. 225-100-3 of the Commercial Code)

Under existing regulations, the following may have an impact in the event of a public offering:

- The capital structure and all direct or indirect holdings known of Somfy SA and all relevant information that is described under "Information on the distribution of capital and holdings";
- There are no bylaw restrictions to the exercise of voting rights;
- There are no securities carrying special voting rights, aside from the existence of double voting rights enjoyed by fully paid shares registered under the same named shareholder for at least four years (see excerpt from Article 28 of the bylaws);
- Voting rights attached to Somfy shares held by personnel through FCPE Somfy (Somfy Investment

Fund Scheme) are exercised by a representative appointed by the Supervisory Board of the FCPE to represent it at the Annual General Meeting;

- Commitments signed between shareholders that could lead to restrictions on the transfer of shares and exercise of voting rights have been referred to in the "Action in concert and retention agreements" section;
- Rules governing the appointment and replacement of Management Board members and any bylaw amendments are respectively provided for in Articles 15 and 30 of the bylaws reproduced below:

→ Bylaw provisions relating to the appointment and replacement of members of the Management Board (Article 15)

"The Management Board is composed of a minimum of two and a maximum of five members who may or may not be shareholders.

In accordance with and for the period provided for by the law, the Supervisory Board will appoint Board Members, determine their number, nominate the Chairman of the Board and determine their remuneration.

No person aged over 70 may be appointed to the Management Board. Upon reaching this age, members of the Management Board are deemed to have resigned at the Supervisory Board's next meeting.

The Supervisory Board is authorised to assign the powers of the Chairman of the Board, as conferred by law, to one or more members of the Management Board who carry the title of Chief Executive Officer.

Board Members can be re-elected.

In case of a vacancy, a replacement shall be appointed for the time remaining until re-election of the Board.

The Supervisory Board must fill Board vacancies within a two month time frame so that the number of Directors does not fall below the minimum required by the bylaws. Otherwise, any interested party may ask the President of the Commercial Court, acting in chambers, to make this temporary appointment. The person thus appointed may, at any time, be replaced by the Supervisory Board.

Management Board members or the Chief Executive Officer may only be dismissed by the Annual General Meeting or by the Supervisory Board. If dismissal is decided without just cause, it may give rise to damages. In the case where an individual holds an employment contract with the company, the revocation of his/her functions purely as a Management Board Member or Chief Executive Officer will not terminate this contract".

→ Bylaw provisions relating to bylaw amendments (Excerpt of Article 30)

"Only an Extraordinary General Meeting can modify the company's bylaws in all its provisions. Nevertheless it cannot increase shareholders liabilities with the exception of transactions resulting from an exchange or regrouping of shares properly decided and executed.

It requires a two-thirds majority of votes of present or represented shareholders, including shareholders who voted by mail.";

- Concerning powers, the Management Board has no delegations except those described under the sections "Information on delegations relating to share capital increases and other authorisations" and "Information on the buyback of own shares";
- Agreements concluded by the company that may be altered or terminated upon a change of control of the company are as follows: contracts signed between Somfy SA and credit institutions concerning credit facilities granted require the latter to inform the said banks of all projects related to a significant change in its shareholding, notably those resulting in a transfer of control to a new company;
- There are no particular agreements providing for benefits upon termination of the term of office of a Management Board member.

→ Information on the terms and conditions of retention of shares allocated free of charge to senior executives (Article L. 225-197-1 II section 4 of the Commercial Code)

At its meeting of 13 May 2009, the Supervisory Board set the number of shares that every member of the Management Board is required to retain in nominative form until the termination of their term of office: resulting in every member being required to retain 25% of the total shares allocated free of charge, this percentage being reduced to 20% at the end of four years from the allocation, then successively to 15% at the end of six years from the allocation, to 10% at the end of eight years from the allocation and to 5% until termination of their term of office.

→ Information on appointments held and remuneration received during the financial year (Article L. 225-102-1 of the Commercial Code)

The Supervisory Board met on 12 November 2009 and reappointed the Management Board members. These appointments took effect on 27 November 2009, for a period of four years.

The Management Board is composed as follows:

| Name | Position | Date Appointed | Date term expires |
|------------------------|----------|------------------|-------------------|
| Paul Georges Despature | Chairman | 27 November 2009 | 26 November 2013 |
| Jean-Philippe Demaël | Member | 27 November 2009 | 26 November 2013 |
| Wilfrid Le Naour | Member | 27 November 2009 | 26 November 2013 |

Appointments held by Management Board members and remuneration received from Somfy SA and subsidiaries under its control

→ Paul Georges DESPATURE Chairman of the Management Board

- Chairman of the Supervisory Board of Damartex SA,
- Member of the Supervisory Board of CIAT Group SA,
- Director of FAAC SpA and Compagnie Industrielle d'Applications Thermiques SA,
- Manager of CMC SARL.

Remuneration includes a fixed and a variable part. Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee on the basis of the measurements of performance for both the Somfy Activities and Somfy Participations branches, weighted by the contribution of each branch to the Group's net profit. A debt measurement criterion is added (net debt/ cash flow at 31 December of the relevant year).

Due to confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria is not disclosed.

Details of remuneration paid during the financial year just ended are included in the summary table (page 24). Since the termination of his employment contract on 30 June 2010, the Chairman of the Management Board only receives remuneration in respect of his term of office.

→ Wilfrid LE NAOUR Chief Executive Officer of Somfy SA, Somfy Participations branch

- Chairman of the Supervisory Board of Financière Nouveau Monde SA and Direction Marty Holding-DMH SA,
- Observer of NMP SAS,
- Chairman of Somfy Ltd and Provence Nouveau Monde SAS,
- Member of the Supervisory Board of Damartex SA and CIAT Group SA,
- Director of Somfy Mexico SA de CV, Gaviota Simbac SL, FAAC SpA, BFT SpA, Somfy Middle East Co. Limited, Somfy Systems Inc., Pellenc SA and Compagnie Industrielle d'Applications Thermiques SA,
- Manager of Somfy GmbH.

Remuneration includes a fixed and a variable part. Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee on the basis of three criteria specific to Somfy Participations:

- The change in the net asset value of equity investments;
- The percentage achievement of annual budgets;
- The improvement of Somfy Participations' financial position.

A qualitative criterion based on the Supervisory Board's approval of the strategic plan submitted has been added to these criteria.

Due to confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria is not disclosed.

The variable remuneration also includes profit sharing, employee shareholding and contributions to the Group savings scheme, as described in the Chairman's report on internal control and corporate governance.

The exceptional portion relates to regulatory compensation.

Benefits in kind consist of the use of a company car.

Details of remuneration paid during the financial year just ended appear in the summary table (page 24).

→ Jean-Philippe DEMAËL Chief Executive Officer of Somfy SA, Somfy Activities branch

- Chairman of Somfy Systems Inc., Somfy Middle East Co. Limited, Somfy Nordic Aktiebolag, Somfy Hellas SA, Somfy SA (Suisse), Somfy China CO Ltd., N.V Somfy S.A, Fondation d'Entreprise Somfy pour mieux habiter la planète, Somfy SAS, Somfy Kabushiki Kaisha, Somfy España SA, Somfy India PVT Ltd,
- Director of Harmonic Design Inc., Somfy Kabushiki Kaisha, Somfy India PVT Ltd., Somfy Taiwan Co Ltd., Somfy SA (Suisse), Somfy PTY. Limited, Promofi BV, Automatismos Pujol SL, Energy Eye Inc., N.V Somfy S.A, Asian Capital International Limited, Somfy ULC, Chusik Hoesa Somfy, Somfy España SA, Somfy Hellas SA, Hong Kong CTLT Trade Co., Limited, New Unity Limited, Sino Link Trading Limited, Somfy Co Limited, SISA Home Automation Ltd., Somfy Italia SRL, Somfy Nederland BV, Somfy Ltd., Somfy PTE Ltd, Somfy Nordic Aktiebolag, BFT Italia SpA,
- Manager of Somfy GmbH.

Remuneration includes a fixed and a variable part. Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee on the basis of an objective scale, taking the following items into account:

- Profit growth (average annual growth of current operating result over two years);
- Return on capital employed (average ROCE over two years);
- Business development, measured by sales growth and by its differential with the sales growth of a range of reference points comprised of nine companies considered to be comparable.

Due to confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria is not disclosed.

The variable remuneration also includes profit sharing, employee shareholding and contributions to the Group savings scheme, as described in the Chairman's report on internal control and corporate governance.

Benefits in kind consist of the use of a company car.

Details of remuneration paid during the year just ended appear in the summary table (page 24).

The company CMC SARL established a supplementary pension plan in 2006. This plan applies to Directors and III-C position Senior Executives, as well as Managers benefiting from an employment contract, in accordance with the categories defined by the French Convention Collective Nationale des Ingénieurs et Cadres de la Métallurgie.

The plan grants a contingent right to supplementary pension, pursuant to the so-called "Article 39", which is dependent on the seniority of the beneficiary (a minimum of 15 years). The right to a supplementary pension is acquired at a rate of 0.75% per year of service and cannot exceed 15% of the potential beneficiary's reference salary. The reference salary is defined as the average of the best three years after applying CNAV re-evaluation coefficients. Based on estimates setting at 35% the future rate of replacement provided by the compulsory pension plans when the affected population reaches retirement age, this plan should enable the rate to increase to $35 + 15 = 50\%$ of the reference salary for beneficiaries whose career within the Group lasted 20 years or more.

Commitments of the plan and corresponding assets have been outsourced to an insurance company. Future commitments are fully covered by plan assets under management, which were measured at fair value.

Management Board members likely to be concerned by this plan are Wilfrid Le Naour and Jean-Philippe Demaël.

In relation to their employment contract prior to their appointment to the Management Board, Wilfrid Le Naour and Jean-Philippe Demaël also benefit from a so-called "Article 83" defined contribution pension plan, applicable to Senior Executives as well as Managers benefiting from an employment contract, for whom the portion of contributions payable by the company represents 6.25% of remuneration, limited to the tranche B cap applicable to the Senior Executives' regime.

The exercise of stock options previously granted to these two directors is included in the special report presented to the Annual General Meeting, pursuant to Article L. 225-184 of the Commercial Code.

For members of the Management Board who had benefited from stock options until then, the new constraints introduced by the Law of 3 December 2008 have led the Supervisory Board to exclude them from

future allocations of performance-based shares and stock options. However, the Board deemed it necessary to continue giving perspective to their contribution and bring their interest as much as possible in line with those of the shareholders and other managers, as in the past. Therefore, it was decided to grant them variable remuneration based on identical performance conditions to those used for allocating performance-based shares to Management. No such share was transferred in that respect during the financial year. It should be noted that the Chairman of the Management Board remains excluded from stock option and performance-based share allocations and is therefore not concerned by this decision.

Appointments held by Supervisory Board members and remuneration from Somfy SA and subsidiaries under its control

→ Jean DESPATURE

Vice-Chairman of the Supervisory Board

- Member of the Supervisory Board of Damartex SA,
- Chairman of the Management Board of Yainville SA,
- Director of Autoplanet, Carbeo and VGL Food.

→ Victor DESPATURE

Member of the Supervisory Board

- Member of the Audit Committee and Remuneration Committee of Somfy SA,
- Chairman and Chief Executive Officer of MCSA SA,
- Chairman of the Supervisory Board of SCA JRP-D, JRP-S, Valorest, Acanthe, Cimofat and SC Soderec,
- Member of the Supervisory Board of Damartex SA and SAS Mobilis,
- Permanent representative of MCSA SA, Chairman of SAS MCSA-CELERC, MCSA-SIPEM and MCSA-SET,
- Member of the Audit Committee and Remuneration Committee of Damartex SA,
- Manager of SARL MCSA Participation, MGS and MCSA-Tunis and SC VICMA, DEVIN-VD, LE MARECHAL and POUZAINTE,
- Manager of SA COLAM ENTREPRENDRE.

→ Jean-Bernard GUILLEBERT

Chairman of the Supervisory Board

- Chairman of the Audit Committee and member of the Remuneration Committee of Somfy SA,
- Vice-Chairman of the Supervisory Board of Damartex SA,
- Chairman of the Audit Committee of Damartex SA,
- Member of the Remuneration Committee of Damartex SA.

→ **Xavier LEURENT**
Member of the Supervisory Board

- Member of the Supervisory Board of Damartex SA,
- Manager of FIDEP.

→ **Valérie PILCER**
Member of the Supervisory Board

- Member of the Audit Committee of Somfy SA.

→ **Michel ROLLIER**
Member of the Supervisory Board

- Director of Lafarge,
- Director and Vice-Chairman of Siparex Associés.

→ **Anthony STAHL**
Member of the Supervisory Board

- Member of the Supervisory Board of Damartex SA,
- Chairman of the Management Committee of FIDEP.

→ **Martine CHARBONNIER**
(resignation dated 15/12/2012)

- Member of the Audit Committee of Somfy SA,
- Member of the Supervisory Board of Damartex SA and SCA Altamir Amboise,
- Director of SA Ausy and Motul SA,
- Observer of SA Shan.

The terms of office as members of the Supervisory Board of Jean-Bernard Guillebert, Jean Despature, Victor Despature, Xavier Leurent and Anthony Stahl will expire at the end of the next General Meeting. It will be proposed to the General Meeting of 16 May 2013 to renew the terms of office as members of the Supervisory Board of Jean Despature, Victor Despature, Xavier Leurent and Anthony Stahl. Jean-Bernard Guillebert did not ask for his term to be renewed.

As regards the duration of the terms of office of the members of the Supervisory Board, it will also be proposed to the next General Meeting to amend the provisions of Article 18 of the bylaws in order to:

- Reduce the duration of the terms of office of members of the Supervisory Board from six to four years (it being specified that this reduction in duration of the terms of office will not impact current terms of office which will continue for the term initially set);
- Allow for a staggering of terms of office. Thus Supervisory Board members may be appointed on an exceptional basis for a term of three years, two years or one year for the exclusive purpose of allowing the introduction or maintenance of the staggering of terms of office.

Therefore, it will be proposed to the General Meeting of 16 May 2013 that the terms of office of the following Board members that are reaching their end are renewed for the durations specified below (subject to the adoption of the resolution relating to the amendment

of Article 18 of the bylaws concerning the duration of terms of office):

- Jean Despature, for a term of four years, until the end of the General Meeting to be held in 2017, convened to approve the financial statements for the financial year just ended;
- Victor Despature, for a term of four years, until the end of the General Meeting to be held in 2017, convened to approve the financial statements for the financial year just ended;
- Xavier Leurent, for a term of two years, until the end of the General Meeting to be held in 2015, convened to approve the financial statements for the year just ended;
- Anthony Stahl, for a term of two years, until the end of the General Meeting to be held in 2015, convened to approve the financial statements for the year just ended.



Remuneration of members of the Management Board and Supervisory Board

→ Summary of remuneration

| (€) | Attendance fees 2012 | Fixed remuneration 2012 | Variable remuneration 2012 (*) | Exceptional remuneration 2012 | Benefits in kind 2012 |
|--|-------------------------|----------------------------|-----------------------------------|----------------------------------|--------------------------|
| Members of the Management Board | | | | | |
| Paul Georges Despature Chairman of the Management Board | – | 205,000 | 110,000 | – | – |
| Jean-Philippe Demaël | – | 395,000 | 154,100 | – | 4,668 |
| Wilfrid Le Naour | – | 370,000 | 262,100 | 69,496 | 5,916 |
| Members of the Supervisory Board | | | | | |
| Jean-Bernard Guillebert Chairman of the Supervisory Board | 11,900 | 39,960 (**) | – | – | – |
| Martine Charbonnier | 12,400 | – | – | – | – |
| Jean Despature | 4,400 | – | – | – | – |
| Victor Despature | 16,300 | – | – | – | – |
| Xavier Leurent | 4,400 | – | – | – | – |
| Valérie Pilcer | 12,400 | – | – | – | – |
| Michel Rollier | 15,625 | – | – | – | – |
| Anthony Stahl | 4,400 | – | – | – | – |

(*) Variable remuneration paid in 2012 in respect of 2011.

(**) Remuneration as Chairman of the Supervisory Board.

→ Options allocated and exercised during the financial year

The Chairman of the Management Board is not a beneficiary of option plans or performance-based shares.

During the financial year, no member of the Management Board received options, nor performance-based shares, nor benefited from performance-based shares that became available to them.

Wilfrid LE NAOUR - Position at 31/12/2012

| Plan N° | Date of allocation | Date of vesting | Allocation price | Unexercised at 31/12/11 | 2012 allocations | 2012 exercised | 2012 lapsed | Balance at 31/12/12 |
|---------|--------------------|-----------------|------------------|-------------------------|------------------|----------------|-------------|---------------------|
| 15 | 02/04/08 | 03/04/12 | 155.00 | 3,000 | – | – | – | 3,000 |
| | | | | 3,000 | – | – | – | 3,000 |

Jean-Philippe DEMAËL - Position at 31/12/2012

| Plan N° | Date of allocation | Date of vesting | Allocation price | Unexercised at 31/12/11 | 2012 allocations | 2012 exercised | 2012 lapsed | Balance at 31/12/12 |
|---------|--------------------|-----------------|------------------|-------------------------|------------------|----------------|-------------|---------------------|
| 15 | 02/04/08 | 03/04/12 | 155.00 | 3,000 | – | – | – | 3,000 |
| | | | | 3,000 | – | – | – | 3,000 |

→ Procedure for setting the remuneration of Management Board and Supervisory Board members

The remuneration of Management detailed above is proposed by the Remuneration Committee. It is revised each year on the basis of expert advice and is in line with the Market.

The Remuneration Committee, having considered the Mollenex recommendations on the remuneration of Directors of listed companies, submits for approval to the Supervisory Board the various components of remuneration and the criteria for allocating the variable share of Directors' remuneration, so that their remuneration may be fixed.

At the General Meeting of 18 May 2011, the shareholders decided to set attendance fees for the next financial years at € 80,000, until otherwise specified.

It will be proposed to the General Meeting of 16 May 2013 to amend this package and set the annual attendance fees to be apportioned between members of the Supervisory Board at € 100,000 from the 2013 financial year on, until otherwise specified.

The Supervisory Board apportions attendance fees among its members in proportion to their attendance at Board meetings and Audit Committee and Remuneration Committee meetings.

The Chairman of the Supervisory Board receives specific remuneration for carrying out his duties as Chairman.

→ Information on transactions performed by directors during the financial year (Article 223-26 of AMF General Regulations)

The company is aware that various purchase transactions falling within the scope of Article L. 621-18-2 of the Monetary and Financial Code have been carried out during the past financial year, for a total amount of € 343,188.62.

→ Proposal for the appointment of a new Supervisory Board member

It is proposed that Paule Cellard be appointed as member of the Supervisory Board, in addition to the current members and those members whose terms of office are proposed for renewal, for a period of four years until the 2017 General Meeting held to approve the financial statements for the year then ended, subject to the condition precedent of the adoption of the thirteenth resolution in extraordinary session relating to the reduction of the terms of office of Supervisory Board members and the modification of Article 18 of the bylaws.

Paule Cellard, a French national, is a graduate of ESC Paris (Business School) and the University of Paris Law School. She has held various roles within international banking institutions, notably as Head of General Inspectorate at Crédit Agricole, Chief Executive Officer of private banking services company Indosuez, then Global Head of Compliance at Crédit Agricole Corporate and Investment Bank until November 2012. She subsequently founded the consulting firm KLEFICONSEIL and is currently a Director and member of the Audit Committee of Crédit Agricole Private Banking Luxembourg.

Paule Cellard meets all the independence criteria set out in the Board's internal regulations.

→ Corporate governance

Audit Committee

The Audit Committee currently comprises three members, Jean-Bernard Guillebert, Committee Chairman, Victor Despature, and Valérie Pilcer.

The Committee's mission is to monitor the preparation of financial information and the efficiency of internal control and risk management systems. It is also informed of due diligence carried out by the Statutory Auditors in their legal assignment to audit the parent company and consolidated financial statements, ensures the latter's independence and is involved in their selection.

The Audit Committee supervises the work of Internal Audit and approves the annual audit plan. It proposes, directs and ensures the follow-up of Internal Audit assignments.

Since its creation, it has met at each half-year and year-end.

During the 2012 financial year, the Audit Committee met five times with an attendance rate of 100%.

The Internal Audit Department is under the supervision of the Audit Committee and reports to the Chairman of the Management Board, and by delegation to the Group's Chief Financial Officer.

This department comprises the Internal Audit Officer and three auditors and carries out audits that evaluate the correct application of accounting principles and the organisation and systems implemented in the audited entities.

An audit plan is established annually together with Somfy Group's management. It is subject to approval by the Management Board and validation by the Audit Committee. The assignments included in the audit plan provide an independent assessment of the efficiency of the internal control procedures of each entity.

If applicable, the main weaknesses identified in internal control are communicated and recommendations are issued. A follow up of the implementation of recommendations is carried out once a year. A report is presented to the Management Board and to the Audit Committee.

In addition, urgent assignments, not included in the audit plan, may be carried out during the year upon request from the Management Board or the Audit Committee.

Twice a year, the Internal Audit Officer presents a report on the activities of his/her department to the Management Board and the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises two members, Victor Despature and Jean-Bernard Guillebert (independent member), and its mission is to submit proposals to the Supervisory Board, notably concerning the amount and methods of calculation of remuneration of senior executives and to offer an opinion on attendance fees.

At least once a year, the Committee uses a firm specialised in senior executive remuneration, which informs them of the generally applied practices in companies of comparable size.

The Remuneration Committee met three times during the financial year ending 31 December 2012. The members had an attendance rate of 100%.

The work of the Committee and opinions it has given are the subject of a verbal presentation to the Supervisory Board to help prepare and substantiate the decisions of the Board in terms of senior executive remuneration.

Independence of the members of the Supervisory Board

As provided by the Middenext framework, the Board has assessed the independence of its members.

Based on the independence criteria suggested by the Middenext framework, the Supervisory Board notes that, to date, an independent member of the Board is a member who has no relationship of any nature whatsoever with Somfy SA or its management, or with a company consolidated by the Somfy Group, that may affect his/her freedom of judgment, and who meets the following criteria:

- He/she is not and has not been an employee and does not hold and has not held a general management position within Somfy SA or any other Group company over the past three years;
- Is not a significant customer, supplier or banker of Somfy SA or its Group, or for which Somfy SA or its Group represents a significant share of his/her business activity;
- Is not a significant shareholder of Somfy SA;
- Is not closely related to a Director or major shareholder;
- Has not been a Statutory Auditor of Somfy SA over the past three years.

In light of these criteria, the Supervisory Board considered that Valérie Pilcer, Michel Rollier and Jean-Bernard Guillebert qualify as independent members.

→ Information on research and development activities (Articles L. 232-1 and L. 233-26 of the Commercial Code)

In order to improve its efficiency and speed up the implementation of its product innovations, in 2012 Somfy upgraded the structure of its development teams. The former entities "Shutters and awnings" and "Windows and blinds" are from now on amalgamated within a new Activity known as "Home and Building" structured mainly in project teams. This amalgamation takes into account the cross-cutting of numerous products, motors as much as automatic systems and so aims to strengthen the coherence of offers and technologies, also by the creation of new synergies between R&D teams. At the same time, 2012 saw the launch of a Home Automation centre with 35 engineers based in Archamps (Haute-Savoie) whose mission is to further develop Somfy's Home Automation offering, particularly the TaHoma web interface, a control point capable of interconnecting and remotely controlling all automatized household equipment, including those of other manufacturers. In 2012, the setting up

of new technical partnerships with leading players in the household sector enabled TaHoma's sphere of compatibility to be widened. In addition, the home automation technology io-homecontrol has expanded into new applications and is now deployed, for example, on all models of gates and garage doors available on the market.

In the service industry market, development teams have been concentrating their facade automation offers on new digital motorisation systems, controlled by digital networks as well as on an IP Animeo version aimed at improving the heating and lighting comfort of the occupants of these buildings.

As part of its eco-design programme for Somfy branded products, since 2010 Somfy Activities has been conducting a study of the environmental impact of Somfy branded products called Analysis of the Life Cycle. In 2012, the findings helped identify the key improvement areas. In addition to the choice of materials used, reducing the energy consumption of wireless motors in standby mode is an important lever in the reduction of greenhouse gas emissions. Based on this knowledge, Somfy continues to develop its most representative product ranges in order to make them more energy efficient. The new generation Oximo motor uses half as much energy as its previous version. In the future, eco-design work will continue, centring on three areas: energy, material and waste.

The Group's main research and development centre is located in Cluses (74) as near as possible to the historic factory that is today in charge of the manufacturing of new products and includes 400 engineers spread evenly between the "electromechanical", "electronic" and "digital" professions. In 2012 these teams launched more than 40 new products or solutions and resulting in the filing of 36 patents. It should also be noted that more than 100 inventions are on-going.

→ Information on employee shareholding (Article L. 225-102 of the Commercial Code)

At 31 December 2012, the FCPE Somfy (Somfy Investment Fund Scheme) held 54,450 Somfy shares amounting to 0.69% of the company's share capital.

→ Social and environmental reporting (Article L. 225-102-1 of the Commercial Code)

A policy of sustainable development integrated into the Somfy Group strategy

The Somfy Group shares with its employees a culture of responsibility that underpins its Sustainable Development policy.

Somfy Group companies exercise their environmental, social and societal responsibility through the implementation of Sustainable Development strategies guided by the following objectives:

- Minimising the environmental impact of all its activities, sites and products;
- Ensuring the professional and personal development of all its employees;
- Discharging their civic responsibility by involving themselves in social issues consistent with their areas of work;
- Supporting the development of communities wherever they are established.

Regarding its customers and users of its products, **Somfy Activities** is committed to improving living environments by helping to deal with environmental challenges such as the energy efficiency of buildings, or social issues such as the independence of the elderly within their own homes.

Several principles help ensure the implementation of these strategic policies:

- A continuous improvement plan measured by certain indicators;
- The establishment of a structured dialogue with the stakeholders: customer satisfaction survey, measuring employee commitment, investor and shareholder relations policy, active participation both internationally and locally with working groups and organisations on industry issues;
- Regular and transparent communication;
- Compliance with international standards and frameworks (Global Compact in 2013).

Somfy Group's Sustainable Development policy addresses the high expectations of its customers and all its stakeholders, be they the development of environmentally friendly solutions, or social or societal commitments. They take into account the increasing globalisation of the Group's activities, thus emphasising the need for the predisposition and monitoring of the respect of ethical principles and governance.

Organisation

The organisation as a whole and the teams within the Group contribute to the continuous improvement of the Sustainable Development policy.

Since 2008, Somfy Activities has had a Sustainable Development Department. It reports to the Group's Operations Department. Its missions are to guide the implementation of the Group's environmental commitments, in particular the energy efficiency of sites, the eco-design of products, the reduction of the environmental impact of its activities and the recycling of end-of-life products.

The Group Human Resources Department has the task of guiding the implementation of Somfy Activities' commitments relating to social matters.

The Communications Department has the task of guiding the implementation of Somfy Activities' commitments relating to societal matters. In this regard, the Group Communications Director is a member of the Somfy Foundation Governing Board, the main driving force of the Group's citizenship policy, and whose main purpose is to support projects that fight poor housing.

On a quarterly basis, the Strategic Committee for Sustainable Development brings together the Sustainable Development Director, the Group Human Resources Director and the Group Communications Director. Its mission is to ensure the coherent implementation of Somfy Activities' Sustainable Development policy: Planet, Employees and Company.

Scope

The reporting scope included in the 2012 financial year is restricted to companies located on French territory.

The companies that fall within the scope of this report are:

- For Somfy Activities:
 - Somfy SAS
Sales offices which account for less than 5% of the number of employees have not been taken into account.
 - Simu SAS
- For Somfy Participations:
 - Zurflüh-Feller
 - Sirem

For reasons of accessibility to information for the 2012 financial year, the other Group companies have not been included. The gathering of information on the relevant companies that are outside French territory will take place gradually up to the 2015 financial year.

Social information

→ A Human Resources policy for organisational transformation and employee commitment

To support the Group in its growth ambition and its transformation, Human Resources policy is following a roadmap that is concentrated on three areas and will be deployed between now and 2015.

Developing skills

The creation of a skills observatory will enable a better understanding of how Somfy skillsets will evolve, and what skills requirements will be needed over the next few years. The aim is to improve staff employability and to secure career paths.

Developing commitment

The new internal barometer SomfyScope which was introduced in October 2012 will measure employee commitment going forward. Action plans will be put into place from 2013 in order to strengthen this commitment and to reach levels typically seen in comparable companies.

Guiding performance

To ensure transparency and fairness to its employees, Somfy has created and launched a classification of all positions listed within the organisation internationally.

→ Comment on the scope

The consolidation of information allowing for an overall vision of social data within the whole of the Group's scope still remains inaccessible given the absence of a joint human resources information system.

Aware of this problem, the company decided to invest in a human resources management system to be gradually rolled out from 2013 onwards. Thus information analysis will become more and more qualitative as the rollout widens.

The company will take advantage of the opportunity afforded by the legislation regarding transparency of its management data to give detailed information in future reports on the progress of its social framework.

Given the limited consolidation capacity, the data submitted temporarily only relates to France by regrouping firstly data from the companies Somfy SAS and Simu SAS.

Moreover, information in this social section will include that relating to the companies Sirem and Zurflüh-Feller, companies that are over 75% owned by Somfy Participations and fully consolidated.

4 - Management Board report

Nevertheless, in order to preserve consistency in presentation, the key data of these last two companies will be analysed separately.

The coverage of this social reporting makes up 30% of the Group's total workforce.

→ Methodological details

| | |
|---------------------------------|---|
| Total workforce | Present permanent and temporary workforce (excluding apprentices, trainees and expatriate employees) at 31/12/2012. |
| Absenteeism | Period of absence (all types of medical conditions + other absences excluding all types of holiday) compared with theoretical working time (amount of contractual attendance within the framework of the social calendar). |
| Frequency | [Number of work accidents (excluding commuting accidents) with lost time above 1 Day / Number of hours worked] X 1,000,000. Period from 1 January to 31 December. Permanent and temporary workforce excluding expatriate employees. |
| Severity | [Number of days of absence caused by work accidents (excluding commuting accidents) / Number of hours worked] X 1,000. Period from 1 January to 31 December. Permanent and temporary workforce excluding expatriate employees. |
| Training | The number of hours corresponds to the total placement hours (internal, external, intragroup) performed by employees excluding on-the-job training. |
| Trainees | Number of training activities. Those that involve a single person may be counted several times if this person has participated in several training activities. |
| % of external training expenses | These expenses include educational costs, and the travel and accommodation costs of trainees and coordinators brought onto the payroll. |



4

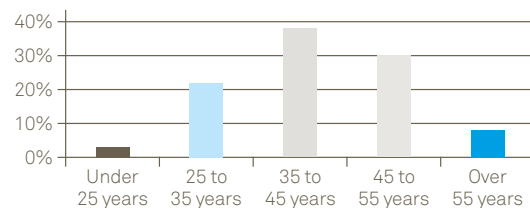
→ Analysis data

Employment data

• Somfy SAS and Simu SAS scope

2012 total workforce and analysis by age

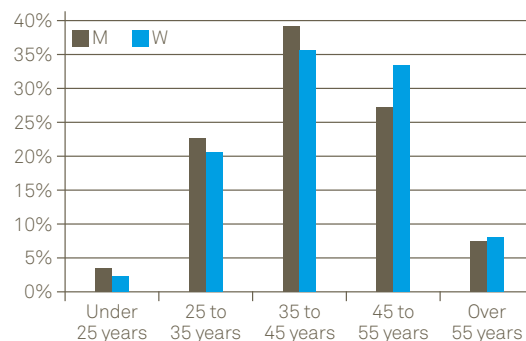
| | | |
|----------------|--------------|---------------|
| Under 25 years | 49 | 3.0% |
| 25 to 35 years | 354 | 21.9% |
| 35 to 45 years | 611 | 37.8% |
| 45 to 55 years | 479 | 29.6% |
| Over 55 years | 125 | 7.7% |
| TOTAL | 1,618 | 100.0% |



The age structure is well balanced, in particular thanks to a significant recruitment drive implemented in recent years.

Workforce analysis by age and by gender

| | M | W | M | W |
|----------------|--------------|------------|---------------|---------------|
| Under 25 years | 35 | 14 | 3.5% | 2.3% |
| 25 to 35 years | 227 | 127 | 22.7% | 20.6% |
| 35 to 45 years | 392 | 219 | 39.1% | 35.6% |
| 45 to 55 years | 273 | 206 | 27.2% | 33.4% |
| Over 55 years | 75 | 50 | 7.5% | 8.1% |
| TOTAL | 1,002 | 616 | 100.0% | 100.0% |



The percentages of males and females by age range are consistent. Nevertheless it can be noted that the workforce is more male in % terms in the under 45's and more female in the over 45's. This discrepancy in the under 45's can be explained by the recruitment in

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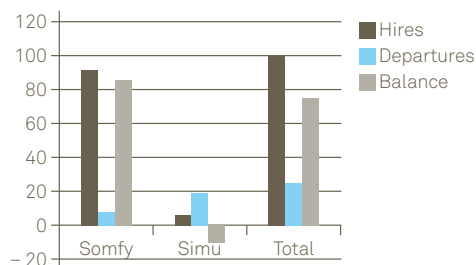
recent years of a significant number of engineers as women remain under-represented in technical areas. The Group must be mindful of bringing more women into some of its divisions.

Staff turnover

Despite a conservative second half-year as regards recruitment given the less favourable economic situation, headcount within this structure increased 4.6% resulting in a net hiring of 75 people.

However this growth only affected Somfy SAS, with the headcount of Simu SAS dipping slightly.

| Movements | | | |
|----------------|-----------|-------------|-----------|
| | Somfy | Simu | Total |
| Hires | 92 | 8 | 100 |
| Departures | 6 | 19 | 25 |
| BALANCE | 86 | - 11 | 75 |



It should be noted that redundancies made up 28% of departures.

Remuneration

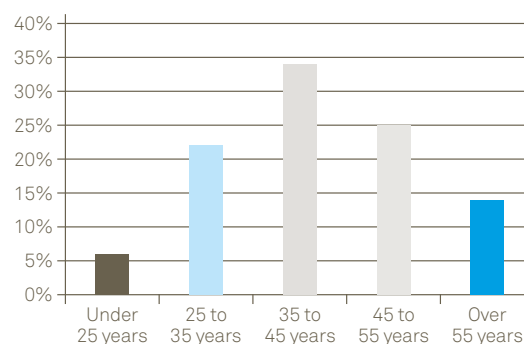
Under the overlapping effects of the increase in workforce and salary review, the payroll of this scope increased 6.6% overall with Somfy however seeing a much steeper rise (up 7.3%) compared with Simu (up 2.1%). The companies within this scope have maintained annual increases in salaries despite less favourable economic conditions in order to continue supporting employee commitment. Classification areas for non-managerial positions and the "grading" of managerial positions are being rolled out in order to integrate changes in jobs and to assess how attractive internal salaries are relative to the market.

| € | Somfy | Simu | Consolidation |
|---------------|-------------|-------------|---------------|
| Payroll 2011 | 52,396,775 | 7,537,700 | 59,934,475 |
| Payroll 2012 | 56,226,216 | 7,693,551 | 63,919,767 |
| CHANGE | 7.3% | 2.1% | 6.6% |

• Somfy Participations scope - fully consolidated companies (Sirem and Zurflüh-Feller)

2012 workforce analysis by age

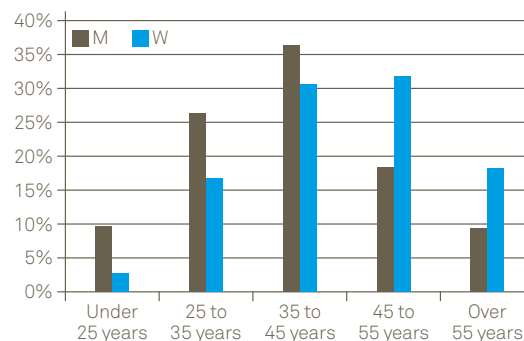
| | | |
|----------------|------------|---------------|
| Under 25 years | 34 | 6.3% |
| 25 to 35 years | 116 | 21.6% |
| 35 to 45 years | 180 | 33.6% |
| 45 to 55 years | 133 | 24.8% |
| Over 55 years | 73 | 13.6% |
| TOTAL | 536 | 100.0% |



The age structure is well balanced throughout the structure's workforce.

Workforce analysis by age and by gender

| | M | W | M | W |
|----------------|------------|------------|---------------|---------------|
| Under 25 years | 27 | 7 | 9.7% | 2.7% |
| 25 to 35 years | 73 | 43 | 26.3% | 16.7% |
| 35 to 45 years | 101 | 79 | 36.3% | 30.6% |
| 45 to 55 years | 51 | 82 | 18.3% | 31.8% |
| Over 55 years | 26 | 47 | 9.4% | 18.2% |
| TOTAL | 278 | 258 | 100.0% | 100.0% |

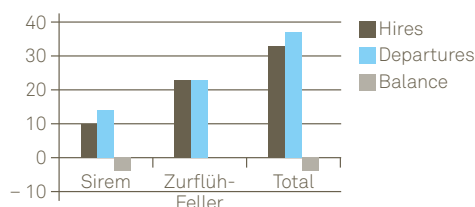


The percentages of males and females by age range are less consistent here. The workforce is far more male in % terms in the under 45's and more female in the over 45's.

Staff turnover

The headcount has remained virtually stable in this structure with a decrease of less than 1%, as departures were offset by the recruitments.

| Movements | | | |
|----------------|------------|----------------|------------|
| | Sirem | Zurflüh-Feller | Total |
| Hires | 10 | 23 | 33 |
| Departures | 14 | 23 | 37 |
| BALANCE | - 4 | 0 | - 4 |



It should be noted that redundancies made up 19% of departures.

Remuneration

The payroll of the scope increased for both companies.

| € | Sirem | Zurflüh-Feller | Consolidation |
|---------------|-----------|----------------|---------------|
| Payroll 2011 | 4,383,829 | 10,337,356 | 14,721,185 |
| Payroll 2012 | 4,652,849 | 10,893,550 | 15,546,399 |
| CHANGE | 6% | 5.4% | 5.6% |

Despite a slightly lower headcount, the payroll of this scope will have increased by 5.6%.

Working organisation

• Somfy SAS and Simu SAS scope

Organisation of working time

The dominant working structure is the daily schedule (73%). Shift work (2x8) relates to 27% of the overall population. This proportion is more significant for the manual workforce that works in factories or in logistics centres, two facilities that need higher utilisation rates of their equipment. Night shifts remain minimal.

Part time working is slightly higher at 2%.

| | Daytime work | Shift work | of which Part time |
|--------------|--------------|--------------|--------------------|
| Somfy | 77% | 23% | 2% |
| 1,376 | 1,060 | 316 | 28 |
| Simu | 50% | 50% | 3.30% |
| 242 | 121 | 121 | 8 |
| TOTAL | 73.0% | 27.0% | 2.2% |

Absenteeism

| | Somfy | Simu |
|-----------------|---------------|--------------|
| 2011 | 2.66% | 3.72% |
| 2012 | 2.94% | 4.05% |
| INCREASE | 10.53% | 8.87% |

Absenteeism became more pronounced for both companies between 2011 and 2012 despite the introduction of specific support measures (interview on return, coordination of preventative measures with workplace health and social welfare departments).

Both companies nevertheless remain at a lower level than the rate recorded in their industry, namely 5.7% (Source UIMM June 2012).

• Somfy Participations scope - fully-consolidated companies (Sirem and Zurflüh-Feller)

Organisation of working time

The daily schedule structure relates to 58% of the workforce. However, the situation differs greatly with 100% of the work within Sirem done during the daytime whilst this figure is 40% for Zurflüh-Feller where shift work dominates (2x8 and 3x8 for around 50 people).

Part time work is nevertheless higher within this scope with around 10% of the workforce concerned.

| | Daytime work | Shift work | of which Part time |
|----------------|--------------|--------------|--------------------|
| Sirem | 100% | – | 5% |
| 160 | 160 | – | 8 |
| Zurflüh-Feller | 40% | 60% | 12% |
| 376 | 150.4 | 225.6 | 45.12 |
| TOTAL | 57.9% | 42.1% | 9.9% |

Absenteeism

| | Sirem | Zurflüh-Feller |
|-----------------|---------------|----------------|
| 2011 | 3.72% | 4.53% |
| 2012 | 4.52% | 5.50% |
| INCREASE | 21.51% | 21.41% |

Absenteeism within both companies rose about 21% during 2012.

Both companies nevertheless remain at a lower level than the rate recorded in their industry, namely 5.7% (Source UIMM June 2012).

Social relations

• Somfy SAS and Simu SAS scope

The legal bodies relating to employee representation (Works Council, Employee Representatives and Health & Safety Committee (CHCST)) all exist within this scope and are active with monthly (Works Council and Employee Representatives) and quarterly (CHCST) meetings, supplemented by extraordinary meetings whenever necessary.

Social dialogue is an important lever that the Group is seeking to strengthen. In 2012, staff representation bodies, in particular those of Somfy SAS, all received social dialogue training with the leading participation of Jean Kaspar (former national secretary of the CFDT). In 2013, managers themselves will also be gradually trained in order to help them integrate more widely the important place of social regulation in the life of the company and to define their role in coordinating this dialogue.

2012 was marked:

For Somfy SAS by:

- A new three year profit-sharing agreement;
- An agreement on profit-sharing bonuses;
- A unilateral decision on salary reviews.

At the same time, the company undertook a risk analysis project (strenuous work) and a project aimed at developing psycho-social risk prevention. These projects will be finalised in 2013.

For Simu by:

- A salary agreement;
- An amendment to the profit-sharing agreement;
- An agreement on profit-sharing premiums;
- An agreement concerning professional equality.

Likewise, the risk analysis was initiated in 2012 and has resulted in the definition of improvement initiatives included in the single document.

2013 looks far busier in terms of issues under negotiation, with Management undertaking negotiations on the following subjects:

- A so-called “living” agreement grouping together in particular professional equality, disability, psycho-social risks and generation contract;
- A GPEC (Manpower and Skill Planning) agreement;
- A social dialogue agreement;
- A working time agreement.

• Somfy Participations scope - fully consolidated companies (Sirem et Zurflüh-Feller)

The legal bodies relating to employee representation (Works Council, Employee Representatives, Health & Safety Committee (CHCST)) all exist within this scope and are active with monthly (Works Council and Employee Representatives) and quarterly (CHCST) meetings, supplemented by extraordinary meetings whenever necessary.

2012 was marked:

For Sirem by:

- A professional equality agreement.

For Zurflüh-Feller by:

- A strenuous work action plan;
- An agreement on the dividend premium;
- The introduction of a PERCO (Group Retirement Savings plan).

Health and safety

• Somfy SAS and Simu SAS scope

Workplace health and safety conditions

| | | Somfy | | Simu | |
|------|---|-------|-------|------|------|
| | | No. | % | No. | % |
| 2011 | % of employees having received health/safety training | 110 | 8.12% | 135 | 56% |
| 2012 | % of employees having received health/safety training | 892 | 65% | 175 | 75% |
| 2011 | Number of work-related conditions declared | 7 | 0.5% | – | 0% |
| 2012 | Number of work-related conditions declared | 13 | 0.9% | 3 | 1.2% |
| 2012 | Number of employees having received a supplementary medical check (*) | 352 | 26% | 15 | 6.2% |

The intensity of health and safety training rose sharply for both companies in 2012. A number of work-related conditions are developing at a rate of almost 1% of the total workforce. Strenuous work action plans and ergonomic analyses of workstations should in due course lead to the containment then the reduction of this figure.

(*) The supplementary medical checks for Somfy should relate to around 4% of the workforce but in agreement with the occupational health and safety department, these checks related to 26% of the workforce in 2012, these checks being intensified for production posts.

The corresponding figure for Simu was 6.2% over the same financial year.

Frequency and severity

| | Somfy | Simu |
|--------------------------------------|--------------|---------------|
| Frequency 2011 | 9.47 | 4.74 |
| Frequency 2012 | 15.28 | 17.25 |
| Severity 2011 | 0.1 | 0.05 |
| Severity 2012 | 0.35 | 0.11 |
| No. of accidents with Lost time 2011 | 21 | 5 |
| No. of accidents with Lost time 2012 | 30 | 12 |
| CHANGE 2012/2011 | 42.9% | 140.0% |

The year was adversely affected in particular by production issues (urgent transfer of production between Group sites) which played a part in an increase in the number of accidents and had a negative impact on frequency and severity.

Specific prevention initiatives implemented in 2012:

- Supplementary medical checks extended to the manual workforce;
- Ergonomic analysis of workstations;
- Training in gestures and postures;
- Increase in the presence of a social worker;
- Survey on work-related stress;
- Intervention of ANACT (national agency to improve working conditions);
- Training in prevention and well-being (considered movements, warming up, stretching);
- Road safety training for sales representatives and employees driving long distances;
- Specific training in the use of cutters.

It should be noted that to date no specific agreement relating to health and safety in the workplace exists within this scope. Risk analysis shows that we are not at the threshold of 50% of employees exposed, a threshold which sets an obligation to negotiate. Nevertheless, the company will continue in its preventative measures by continuing its initiatives in this area. Strenuous work will be included in improvement action plans for the first time.

The element of work-related stress will be the object of a specific action plan in 2013. This element will form part of the scope of the “living agreement” that the company hopes to negotiate in 2013.

Finally, the disability element, which is already the subject of numerous internal initiatives, will also form part of the subjects on which the company wishes to establish commitments as part of an agreement to be negotiated in 2013.

• Somfy Participations scope - fully consolidated companies (Sirem and Zurflüh-Feller)

Workplace health and safety conditions

| | | Sirem | | Zurflüh-Feller | |
|------|---|-------|-------|----------------|-------|
| | | No. | % | No. | % |
| 2011 | % of employees having received health/safety training | 43 | 27% | 134 | 35% |
| 2012 | % of employees having received health/safety training | 69 | 43% | 182 | 48.4% |
| 2011 | Number of work-related conditions declared | 4 | 3% | 3 | 0.8% |
| 2012 | Number of work-related conditions declared | 8 | 5% | – | 0% |
| 2012 | Number of employees having received a supplementary medical check | 74 | 46.3% | – | 0% |

The intensity of health and safety training rose for both companies in 2012. The situation regarding work-related conditions was inconsistent, increasing for Sirem and decreasing for Zurflüh-Feller.

A little less than 50% of Sirem employees were affected by supplementary safety checks. This obligation does not affect Zurflüh-Feller.

Frequency and severity

| | Sirem | Zurflüh-Feller |
|--------------------------------------|--------------|----------------|
| Frequency 2011 | 99.92 | 16.84 |
| Frequency 2012 | 80.65 | 20.15 |
| Severity 2011 | 6.54 | 0.43 |
| Severity 2012 | 4.7 | 0.33 |
| No. of accidents with Lost time 2011 | 14 | 9 |
| No. of accidents with Lost time 2012 | 21 | 11 |
| CHANGE 2012/2011 | 50.0% | 22.2% |

It emerged that the number of accidents resulting in lost time rose between 2011 and 2012 for both companies.

However, whilst the frequency is increasing for Zurflüh-Feller, the severity appears to be down.

As for Sirem, despite a sharp rise in the number of accidents, both the frequency and the severity are down, a sign of the early effects of an active policy undertaken to bring the company back in line with better rates.

Specific prevention initiatives implemented in 2012:

- Reorganisation of workstations;
- Intervention of ANACT (national agency to improve working conditions);
- Ergonomic analysis of workstations;
- Agreement signed with CARSAT;
- Chemicals risk analysis;
- Introduction of moulded earplugs;
- Change in certain categories of gloves (cut resistant);
- Installation of a ventilation hood in premises for plating analysis.

No specific agreement relating to health and safety in the workplace exists in this scope but there are many preventative measures in place and they will be pursued in the future in order to further develop the area of prevention.

Training

• Somfy SAS and Simu SAS scope

The Training Plan lies within Somfy's strategic areas and objectives. It benefits from inputs from the annual Human Resources cycle and in particular from the People Review, HR action plan, annual performance reviews and professional discussions.

Quantified data

| | Somfy | Simu |
|-------------------------|--------------|--------------|
| No. of hours 2011 | 27,657 | 5,117 |
| No. of hours 2012 | 29,825 | 5,200 |
| CHANGE 2012/2011 | 7.84% | 1.62% |

| | Somfy | Simu |
|----------------------|-------|------|
| No. of trainees 2011 | 2,434 | 226 |
| No. of trainees 2012 | 1,115 | 244 |

| | Somfy | Simu |
|--------------------------------|-------|------|
| External expenses 2011 | 1.78% | 2% |
| External expenses 2012 | 1.57% | 2% |
| Graduate education 2012 | 5 | 3 |
| 2012 Individual Training Right | 81 | 19 |
| 2012 Individual Training Leave | 5 | – |

The number of hours of training rose between 2011 and 2012 for both entities, but principally within Somfy. Commitment to external expenses remained stable within Simu and decreased slightly within Somfy in 2012. Both entities hired employees on apprenticeships leading to a qualification as well as a significant number of initiatives eligible to qualify under the individual training right (ITR). The overall level of commitment remains high and consistent in relation to a company that wants to defend and strengthen its leadership.

Priorities are focused on skills development:

- Skills
 - Implementation of vocational development for different skills within the company. At each stage of the employee's career within the company, provide tailored information to ensure his/her effectiveness and improve his/her employability;
 - System of professional qualification. Introduction three years ago of joint qualification certificates (Certificats de Qualification Paritaire) for the least qualified;
 - Mentoring. Imparting the necessary skills to newcomers or newly promoted employees to enable them to succeed in their new positions.
- Management and leadership
 - Team management. Rollout of training programmes based on the manager profile in correlation with the managerial skills framework;
 - Project management;
 - Cross-departmental management.
- Inter-cultural (languages and multi-cultural collaborations)
 - Introduction of a scheme backed at European level, centred on the need for language skills specific to each position. Identification of the current levels of trainees, the target level and implementation of personalised programmes.

In addition, training is coordinated centrally:

- Somfy Academy;
- Management potential;
- Cross-departmental training projects.

• Somfy Participations scope - fully consolidated companies (Sirem and Zurflüh-Feller)

Quantified data

| | Sirem | Zurflüh-Feller |
|-------------------------|---------------|----------------|
| No. of hours 2011 | 1,453 | 3,128 |
| No. of hours 2012 | 1,700 | 2,957 |
| CHANGE 2012/2011 | 17.00% | - 5.47% |

| | Sirem | Zurflüh-Feller |
|----------------------|-------|----------------|
| No. of trainees 2011 | 77 | 132 |
| No. of trainees 2012 | 119 | 120 |

| | Sirem | Zurflüh-Feller |
|--------------------------------|-------|----------------|
| External expenses 2011 | 2% | 1,55% |
| External expenses 2012 | 2% | 1,26% |
| Graduate education 2012 | 1 | - |
| 2012 Individual Training Right | 3 | 7 |
| 2012 Individual Training Leave | 1 | 3 |

Sirem continued its efforts with regard to external training expenses between 2011 and 2012. Both the number of hours and the number of trainees increased. Zurflüh-Feller reduced its external training expenses during the same period as reflected in both the number of hours and the number of trainees. Investment in training nevertheless remains significant despite this shift experienced by Zurflüh-Feller in 2012.

Equal treatment

• Somfy SAS et Simu SAS scope

Measures adopted to promote gender equality

The company Simu is covered by an agreement signed at the end of 2012. Somfy began negotiations on the subject in early 2013. Measuring the impact of action plans adopted will be relevant from 2014.

Measures adopted to promote the employment and the inclusion of disabled people

- Rate of disabled workers

| | Somfy | Simu |
|-------------------------------|-------|-------|
| Rate of disabled workers 2012 | 3.13% | 2.56% |

This rate corresponds to the number of disabled workers relative to the total workforce. With the implementation of measures such as sub-contracting to companies employing people with special needs or accommodating trainees, both companies almost reached the 6% rate for accommodation of disabled people in 2012.

Somfy SAS continued its rollout of measures in 2012.

- Employee retention
Continued efforts of committees to retain employees with the medical department and Human Resources manager of the entities concerned to detect possible unfitness for the position and to better anticipate reclassifications, changes to working conditions or retraining.
Continued support of employees who have official recognition of their status as a disabled worker (French RQTH status) through the introduction of measures to offset their disability.
Internal reclassification of two people and an on-going retraining.
- Developing employment of disabled people
Recruitment of two people on permanent contracts, Delegation of 24 temporary employees holding an RQTH,
Presence of three trainees,
Membership of two specialised recruitment forums in Grenoble and Meythet,
Contact with the disability projects of some schools and universities.
- Media campaigns
Throughout the year media campaigns are organised internally and externally to reinforce our commitment to disabled workers.
- Sub-contracting actions with the protected worker sector
Several new initiatives have been pursued in order to develop recruitment opportunities in the protected worker sector.
- Actions relating to the accessibility of our premises
Following an accessibility audit carried out in 2011, improvement work has been scheduled and budgeted for over several years.

The company will negotiate a specific agreement relating to disability in 2013.

For its part, Simu has focused on supporting the recognition of the status of the disabled worker and workplace adjustments.

• Somfy Participations scope - fully consolidated companies (Sirem and Zurflüh-Feller)

Measures adopted to promote gender equality

Sirem signed an agreement on this subject in 2012. Zurflüh-Feller is covered by a specific action plan. Measuring the impact will be relevant from 2014.

Measures adopted to promote the employment and the inclusion of disabled people

- Rate of disabled workers

| | Sirem | Zurflüh-Feller |
|-------------------------------|-------|----------------|
| Rate of disabled workers 2012 | 6% | 5% |

Both companies have focused on supporting the recognition of the status of the disabled worker and workplace adjustments

Promotion and respect of the ILO core convention provisions

• Somfy SAS / Simu SAS and Sirem / Zurflüh-Feller scope

France has ratified the core conventions of the ILO concerning:

- Forced labour;
- Freedom of association and protection of the right to organise;
- The right to organise and to bargain collectively;
- Equal pay;
- Abolition of forced labour;
- Discrimination;
- Minimum age for admission to employment and concerning the worst forms of child labour.

French law incorporates these fundamental principles. The companies within its scope respect these principles within the framework of their management of human resources and as part of their social relations.

In 2013, the company plans to join the Global Compact initiative.

Actions taken in support of human rights

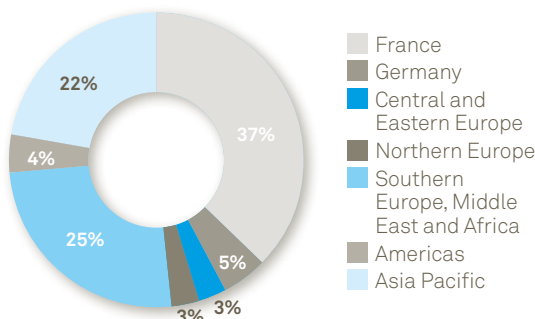
In 1945 France signed the Universal Declaration of Human Rights (UDHR) which is recognised as being the foundation of international law relating to human rights. The UDHR has inspired a large body of international treaties which constitutes a legally binding global framework for the promotion and protection of human rights.

Over time, international treaties relating to human rights have increasingly focused on and specialised in problems to be addressed as well as on social groups requiring their protection. Human rights legislation continues to grow and further develop fundamental rights and freedoms that are included in the International Charter of Human Rights, in particular by examining rights and concerns relating to racial discrimination, torture, enforced disappearances, disabled people and the rights of women, children, migrants, minorities and indigenous peoples.

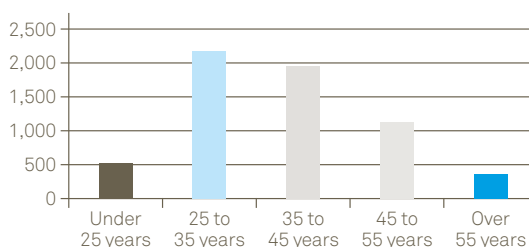
France was one of the founding members of the UN at its inception in 1945. As such, it has taken the lead on a number of issues. It is represented on the principal bodies of the UN, notably on the Human Rights Council. Somfy Group governance complies with current legislation and is part of the long French tradition of defending human rights.

→ Several Group figures

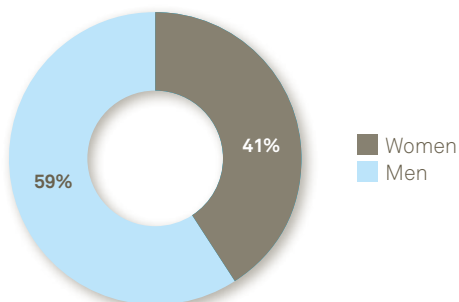
• Workforce analysis by geographic region



• Workforce analysis by age



• Workforce analysis by gender



Environmental information

→ Scope

The reporting scope included in the 2012 financial year is restricted to companies located on French territory.

The companies that fall within the scope of this report are:

- For Somfy Activities:
 - Somfy SAS
Sales offices which account for less than 5% of the number of employees have not been taken into account.
 - Simu SAS
- For Somfy Participations:
 - Zurflüh-Feller
 - Sirem

For reasons of accessibility to information for the 2012 financial year, the other Group companies have not been included. The gathering of information on the relevant companies that are outside French territory will take place gradually up to the 2015 financial year.

→ Nature of activities, associated risks and measures taken

Somfy Activities

The activities of the sites are tertiary, industrial and logistical.

The industrial sites mainly perform product assembly operations from plastic components, metals and circuit boards sourced from outside the sites. Assembly operations do not produce greenhouse gas emissions, liquid releases or substances discharges, with the exception of packing waste and possible manufacturing scrap which are subject to selective sorting and recovery. There are no machine operations generating waste material.

There is no specific noise pollution generated by the industrial sites affecting local residents. In fact operations are situated inside the buildings and mainly consist of the assembly of small parts.

The different sites located within French territory are subject to classification levels compliant with French legislation in relation to pollution or nuisance risks that these facilities are likely to create.

The sites are subjected to an authorisation scheme for storage in covered warehouses and a registration scheme for compression facilities and installation of accumulators for recharging fork-lift trucks.

Somfy Participations

Among Somfy Participations companies, Zurflüh-Feller is unusual in that it takes in machine operations and metal forming, plastics moulding and surface

treatment. A general assessment of the risks associated with relevant preventive measures was carried out in 2012. This led to the update of the registrations of the different stations which are found in registrations or authorisations for these activities.

Every year Zurflüh-Feller, due to the nature of its activities, carries out a campaign to measure its noise emissions that has not shown any evidence of any particular environmental nuisance.

For Somfy Activities and Somfy Participations, there are no facilities that correspond to the maximum level, "Authorisation with encumbrances - (AS)3 commonly known as "SEVESO".

Conclusions on the natures of activities, associated risks and measures

For these reasons the risk of air, soil, water and noise pollution is low or non-existent. This report does not therefore provide any information on these subjects.

In relation to these risks of pollution or nuisance that Somfy Activities and Somfy Participations sites are likely to create and the preventive measures introduced, the amount of provisions and guarantees for environmental risks is nil.

Given this low level of environmental risk on these sites, there are no specific resources deployed. The measures introduced are managed by the facilities departments of the sites.

→ General environmental policy

Somfy Activities

The environmental policy of Somfy Activities is structured around the heading "Planet" which, along with the headings "Employees" and "Company", comprise Somfy Activities' Sustainable Development strategy.

Somfy Activities has a Sustainable Development Department. This department integrates the resources and skills necessary for the completion of projects that come under the heading "Planet". It oversees a network of 35 eco-ambassadors who support, in each sector, the introduction of measures resulting from the Sustainable Development policy.

Coordination of the "Planet" heading alongside the two others ("Employees" and "Company") takes place within a Sustainable Development Committee which brings together the operational Management of each of these headings.

For Somfy Activities, contribution to ambitions related to the "Planet" heading has consisted of conducting four major projects in 2012 on the following topics:

- Collection and recovery of end-of-life products;
- Carbon® test;
- Eco-design;
- Eco-gestures and eco-practices.

In 2012, internal communication measures were taken in order to raise awareness among Somfy Activities employees of subjects linked to the protection of the environment. These measures took the form of articles in various internal newsletters in video and paper format (for example, in the internal magazine "Imagine" circulated in five languages to all Somfy Activities employees), or of activities at the different Somfy SAS sites, such as micro-conferences during the Sustainable Development week in April.

The topics covered were, amongst others:

- Sorting waste on the sites;
- Recycling office paper;
- Energy efficiency of the buildings;
- Eco-design and the assessment of the environmental impact of products through the PEP ecopassport® programme.

Somfy Participations

Sirem

In 2012, Sirem continued the rollout of measures to control its environmental impact, set out in its

Sustainable Development and environmental control plan, which was established in 2008. The major area for improvement in 2012 was the elimination of coil enamel / varnish from electric motors that use solvents. This has been undertaken as part of a general policy on the reduction of volatile organic compounds.

To back up its actions, Sirem mobilised its employees through environmental training and awareness measures:

- Six people attended a training day on European Directives ROHS and REACH;
- 80 people participated in information meetings led by training staff and Management on the themes of 5S and selective waste sorting.

Zurflüh-Feller

Important work identifying environmental risks linked to industrial activities was completed with the introduction of preventative measures. Information campaigns by poster and by working group were conducted. These campaigns concerned the topics of waste recovery areas and the handling and storage of polluting products.

→ Pollution and waste management

100% of waste water is evacuated to internal treatment facilities or to a public treatment network.

Prevention and recovery of waste

| | Total tonnage of waste | Hazardous waste | % of waste recovered |
|----------------|------------------------|-----------------|----------------------|
| Simu SAS | 245.5 t | 1.6 t | > 70% |
| Sirem | 29.4 t | 3.25 t | > 70% |
| Somfy SAS | 960 t | 14.4 t | > 70% |
| Zurflüh-Feller | 766.6 t | 205.2 t | > 70% |

Electronic products that fall under the European ROHS Directive were subject to the removal of hazardous substances, so as to eliminate their impact on products that become waste on reaching the end of their life.

Within Somfy SAS, measures were undertaken in 2012 in order to maximise recycling and waste recovery rates. Thus all the organic waste from the company restaurant in Cluses is sent to a composting facility. Somfy Participations have taken measures, particularly those relating to the reduction in production waste through a Quality project entitled "Customer first !"

The process of winding of electric motors can be undertaken in combination with impregnation operations. This being the case at Sirem, which has introduced measures to reduce the release of volatile organic compounds by replacing facilities for degreasing by halogenated solvents with a water/detergent based degreasing machine, and by eliminating, in 2012, the impregnating varnish for the coils which contains solvents. A new calculation for the simulated release of volatile organic compounds is planned in order to validate the effectiveness of these measures.

→ Sustainable use of resources

Water consumption of the sites is limited to sanitary consumption. There is no manufacturing process that is likely to exhaust local water resources or that depends on a limited water supply.

| | Volume of water used | % of water used evacuated to internal treatment facilities or to a public treatment network |
|----------------|-----------------------|---|
| Simu SAS | 2,827 m ³ | 100% |
| Sirem | 1,100 m ³ | 100% |
| Somfy SAS | 14,386 m ³ | 100% |
| Zurflüh-Feller | 4,000 m ³ | 100% |

Zurflüh-Feller is unusual in that it uses water from a private pond for its industrial processes.

Copper is used as raw material in the manufacturing of electric motors. This copper consumption is monitored.

| In tons | Copper consumption |
|----------------|--------------------|
| Simu SAS | 53 |
| Sirem | 45 |
| Somfy SAS | 198 |
| Zurflüh-Feller | – |

Optimising the consumption of raw materials is taken into account by research departments whose research on productivity serves to reduce this consumption.

Power

The businesses use network gas and electricity. There is no power generation on the industrial sites.

| In KWh | Gas | Electricity |
|----------------|-----------|-------------|
| Simu SAS | 2,902,263 | 1,550,801 |
| Sirem | 550,000 | 602,000 |
| Somfy SAS | 6,561,000 | 6,332,000 |
| Zurflüh-Feller | 5,770,270 | 9,937,348 |

In 2012, Somfy SAS carried out modernisation work on its heating and ventilation systems as well as insulation improvements to increase the energy efficiency of its buildings.

Zurflüh-Feller introduced improvements in the control and regulation of its heating systems as well as repair work to roof insulation.

Land use

There are no mining operations on any Somfy sites.

Our plants have HOSHIN or 5S workshops in order to optimise the footprint of the sites.

→ Adapting to the consequences of climate change

Our industrial activities do not present any risks linked to climate change, whether they relate to the growing scarcity of water, rising sea levels or the rise in temperature.

Therefore, no measures related to adapting to climate change need to be introduced.

Greenhouse gas emissions

| Teq CO ₂ | Related to gas consumption | Related to electricity consumption |
|---------------------|----------------------------|------------------------------------|
| Simu SAS | 679 | 112 |
| Sirem | 128 | 43 |
| Somfy SAS | 1,536 | 457 |
| Zurflüh-Feller | 1,350 | 717 |

→ Protection of biodiversity

No site is located within or bordering a protected area that requires specific measures.

Nevertheless, Somfy SAS owns several sites in the heart of the French Alps, near Mont Blanc. Somfy wants to act to protect the mountain eco-systems and is involved in local initiatives such as the "Club d'Entreprises pour la Montagne et son Développement Durable" (CEM2D) (Club of businesses supporting the mountain and its sustainable development).

For each component developed by a supplier, Somfy requests a written undertaking from the supplier relating to the European Directives REACH and ROHS.

Societal information

→ Economic and social territorial impact of the company's activity

Leader in its fields of activity, Somfy Group contributes to local employment in all the areas where it is located and thus participates in regional development, while remaining attentive to the local populations. In 2012, the Group continued to create employment in France and notably in the Rhône-Alpes region, a territory where the Group's operations have historically been located.

In order to promote regional development, Somfy has committed to support the lives of schools and higher education establishments in the Rhône-Alpes region. In this way, Somfy Group is a founding member of the Partner Companies Club of the Universities of Savoie ("Club des Entreprises Partenaires des Universités de Savoie"). In 2012, Somfy was involved in examination boards and welcomed some students from this University on work placements or work-study contracts.

Somfy Group is heavily involved in technology clusters and competitiveness centres active in the Arve valley (Haute-Savoie), where the Group's historical sites are located. Within Thésame, a technology network for businesses in mechatronics, Somfy is involved in the development of several technological innovations, and particularly in new sensors in collaboration with businesses such as SNR and Tefal.

Lastly, in collaboration and agreement with the regional authorities, Somfy supports defining projects for the future of the regions. It is within this framework that Somfy, in the role of leading economic partner, supported Annecy's bid to host the 2018 Winter Olympics. In 2012, Somfy headed a group of businesses involved in a project supported by the council of the Haute-Savoie region, which aims to make the region an example of Environmental and Societal Responsibility.

→ Relationships with people or organisations interested in the company's activity

In 2012, Somfy Group maintained a regular and constructive dialogue with priority stakeholders and in particular its employees, shareholders, suppliers and local resident associations.

In 2013, the Group will carry out a comprehensive mapping of its stakeholders in order to better understand the challenges and expectations of each of them, and to determine a form of dialogue tailored to each category. This mapping will be forwarded to the Group's senior management.

→ Sub-contracting and suppliers

Suppliers and sub-contracting are important for Somfy due to the nature of its industrial activity which is essentially assembly.

In actual fact, all the components that form part of the composition of the products are purchased components.

Aware of the challenges related to this, Somfy Activities has begun to introduce measures to make sure that its suppliers and sub-contractors are socially and environmentally responsible.

Thus Somfy Activities has auditors who assess suppliers prior to their admittance to the panel. These audits are conducted on the basis of a questionnaire that, in 2012, was expanded to include questions on the following topics:

- Existence of an environmental policy;
- Planning to ensure that products conform to environmental requirements;
- Existence of a health and safety policy and consideration of ergonomic and safety aspects in the design of workstations.

These questions are rated, with the ratings forming part of the final assessment score of the supplier.

If significant variations are discovered, relating for example to safety in the workplace, Somfy may ask the supplier to take corrective action.

For every component developed by a supplier, Somfy requests a written undertaking relating to the European Directives REACH and ROHS.

As the process is still relatively new, Somfy does not currently have any consolidated data to communicate.

→ Fair practices

As part of the growing internationalisation of its activities, Somfy Group is preparing an Ethics Charter which will set out the Group's policy in regard to tackling corruption. This Charter will be issued in 2013 and will apply to all Group employees.

→ Measures promoting consumer health and safety

Ensuring the safety of the users of its products is a top priority for Somfy Group. All Somfy Activities products conform to all electrical standards, in all the countries where they are distributed. All components used are tested by suppliers and the assembled products are fully tested by Somfy.

Through its training centres, Somfy Activities trains 4,000 professional customers in safe installation practices.

Every product is accompanied by usage and safety instructions.

→ A citizen's policy involving employees

Since its creation in 2004, the main task for the Fondation Somfy has been to implement Somfy Group's citizen's policy. Since 2011, it has refocused on the area of poor housing, in parallel with Somfy Activities' strategic mission to improve living environments.

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In 2012, Somfy extended the bylaws of its Fondation for three years, with a minimum budgetary commitment of € 300,000 per year. The Fondation Somfy supports general interest projects developed by the NGO or by organisations in the following three areas:

- Access to adequate housing and tackling poor housing;
- Social diversity thanks to innovative housing solutions;
- Employability in the building trade.

In 2012, the Fondation Somfy granted funds to 26 new projects supported by 15 organisations. In addition,

it renewed its partnership agreement with Emmaüs France. The support given to the organisation, amounting to € 130,000, has contributed to the financing of around ten projects in France.

Developed in 2012 with the help of Group Human Resources Management, the "Time for Others" plan gives Somfy Activities employees the opportunity during their working time to take part in common values action days arranged by partner organisations of the Fondation Somfy. Over the second half of 2012, 51 Somfy employees took part in 13 action days.

→ Information on delegations relating to share capital increases and other authorisations (Article L. 225-100 of the Commercial Code)

The Management Board benefits from the following delegations of authority:

| | Date of General Meeting | Authorisation expiry date | Authorised amount | Used during the financial year ended 31 December 2012 | Residual amount at 31 December 2012 |
|---|--|---------------------------|-----------------------|---|-------------------------------------|
| Authorisation to issue stock options | Extraordinary General Meeting 15 May 2012 | 14 July 2015 | 1.5% of share capital | Nil | 1.5% of share capital |
| Authorisation to grant existing free shares | Extraordinary General Meeting 15 May 2012 | 14 July 2015 | 1.5% of share capital | Nil | 1.5% of share capital |
| Authorisation to buy back shares | Ordinary General Meeting 15 May 2012 | 14 November 2013 | 10% of share capital | 0.97% of share capital | 4.47% of share capital |
| Authorisation to cancel shares bought back by the company | Extraordinary General Meeting 15 May 2012 | 14 May 2014 | 10% of share capital | Nil | 10% of share capital |

The Management Board does not benefit from any delegation of authority or powers granted by the General Meeting in respect of increases in capital in relation to Articles L. 225-129-1 and L. 225-129-2 of the Commercial Code.

→ Information on terms of payment (Article L. 441-6-1 of the Commercial Code)

At 31 December 2012, as at 31 December 2011, there are no liabilities due but unpaid to Somfy SA suppliers.

Trade receivables specific to Somfy SA's activity represent payment terms generally less than forty-five days from the end of the month.

→ Information on risks (Article L. 225-100 of the Commercial Code)

Somfy Group uses hedging instruments provided by its usual banking partners to hedge its exposure to interest rate and foreign exchange risks.

These risks result from:

- Its operational activities: trading (intragroup foreign currency denominated sales, invoicing of finished products distributed by trading subsidiaries outside the Euro zone and foreign currency denominated purchases);
- Its financing (interest rate hedge on Somfy Participations' LBO debts and on medium-term borrowings entered into to finance Somfy SA's working capital requirements).

The instruments used are primarily interest rate swaps and forward currency sales. The amounts hedged only relate to on-going or future transactions resulting from Somfy's normal business.

According to IFRS, all derivative financial instruments are measured at their fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with traditional criteria (over-the-counter market).

As part of the transposition of the MIF Directive that came into force on 1 November 2007, Somfy SA and its French subsidiaries opted for the "individual clients" category.

Interest rate risk

Somfy Participations' LBO package liabilities are hedged, in accordance with contract terms and conditions, by standard interest rate swaps (swap of variable rates for fixed rates) hedging against an increase of more than 150 basis points in EURIBOR 3 months, compared to the available rate. At 31 December 2012, 85.9% of LBO liabilities were hedged.

Each LBO liability is subject to compliance with covenants set by contract at the time the finance packages are negotiated.

At 31 December 2012, covenants may be summarised as follows:

- Covenants were complied with by Zurflüh-Feller;
- Covenants were not complied with by Sirem, as a result its debt was kept in current financial liabilities.

At 31 December 2012, Somfy SA availed of four to five-year credit lines totalling €148.6 million from five banking institutions, of which €10.1 million had been drawn down at year-end. In that respect, interest rate hedges were implemented for a nominal non-amortisable amount of €5 million.

The granting of facilities was subject to commitments given by Somfy SA to those banks, namely, that it would comply with three financial ratios, relating to:

- The Group's financial position (net debt to equity) and;
- Its coverage ratio (net debt to cash flow and net debt to EBITDA).

These two types of covenants were complied with at the 31 December 2012 year-end.

The Group applies hedge accounting to interest rate hedging instruments. Movements in the fair value of the effective portion are therefore taken to equity, with the ineffective portion being taken to net financial income/expenses.

The impact on equity at 31 December 2012 was €0.2 million (€0.1 million net of deferred tax).

Ineffective hedgings were a negative €0.2 million at 31 December 2012, compared to a negative €0.8 million at 31 December 2011, resulting in positive impact of €0.5 million on financial income, as well as a positive impact of €0.1 million from the disposal of Cotherm on operational result.

Foreign exchange risk

Somfy's exposure to foreign exchange risk is primarily related to intragroup sales of manufactured products originating from France (these sales being denominated in local currencies) and purchases denominated in local currencies.

Over 65% of the Group's consolidated sales are realised in the Euro zone.

Derivative financial instruments are primarily comprised of forward exchange contracts.

The Group has applied hedge accounting to foreign currency hedgings since 1 July 2010. The effective portion of fair value movements is therefore taken to equity and the ineffective portion is recognised in financial income/loss.

At 31 December 2012, the impact of effective hedgings on equity was a positive € 1,162 thousand (€ 742 thousand net of deferred tax) and a positive € 485 thousand on the income statement (transferred from equity).

Ineffective hedgings had a positive value of € 6 thousand at 31 December 2012, compared to a negative € 11 thousand at 31 December 2011, resulting in a positive impact of € 17 thousand on net profit.

Raw material risk

Somfy hedges against the volatility in the price of raw materials that are significantly used in the manufacturing of its motors by placing firm orders with its suppliers, depending on market conditions.

Share risks

The Group is exposed to equity risk on treasury shares, with their loss in value, due to the fall in the markets, resulting in the recognition of a tax-deductible provision of € 19.9 million. The corresponding € 7.2 million deferred tax was posted to reserves.

Legal risks

Somfy Group's operations are not subject to specific regulations. Its business does not require a specific legal or regulatory authorisation with the exception of the compulsory listing on the Register of Companies and stock exchange regulations.

Somfy Group is involved in a number of disputes in respect of its business. These should not have any significant negative impact on the Group's financial position.

To the Group's knowledge, there were no exceptional events or litigation likely to have a significant negative impact on the Group's or its subsidiaries' operations, assets or results.

Insurance – risk coverage

Somfy Group covers the main risks with the following insurance policies:

- “Property damage”, covering buildings and their contents (equipment, goods, IT equipment) up to the maximum amount of damage likely to be incurred;
- “Resulting loss of profit”.

Risks insured by these two policies include, fire, explosions, lightning, smoke, emissions, steam, impacts from airborne objects, electrical risks, storms, snow, hail, water damage, frost, machine breakage, IT equipment theft, natural disasters and other non-designated events;

- “General civil liability relating to monetary consequences of an insured entity's liability following physical injury, property damage or moral prejudice caused to a third party during or in relation to its operations”;
- “Directors' civil liability”;
- “Transported goods”;
- In addition, “Credit” insurance contracts, both in France and internationally, enable the Group to limit the impact of customer bad debts. Approximately 60% of sales are thus insured.

Country risk

The majority of operations occur in safe areas such as Europe, the United States and Asia.

The Group does not operate in any hyperinflationary economies.

→ Information on non-deductible charges (Articles 39-4 and 223 IV of the General Tax Code)



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The financial statements for the financial year ended 31 December 2012 do not include any non-allowable charges with regard to the income tax base, as defined by Articles 39-4 and 223 IV of the General Tax Code.

→ Allocation of net profit

The Management Board proposes to allocate the net profit of € 87,033,983.79 for the year ended 31 December 2012, increased by retained earnings of € 2,251,256.80 to a total of € 89,285,240.59, as follows:

| | |
|--------------------------------------|------------------------|
| – Allocation to shareholders of | |
| a gross dividend of € 4.80 per share | |
| being € 4.80 × 7,836,800 shares | € 37,616,640.00 |
| – Transfer to optional reserve | € 51,668,600.59 |
| | € 89,285,240.59 |

A gross dividend of € 4.80 will be distributed for each share with a par value of € 1, and this carries the right to a tax rebate granted to individuals subject to income tax in France, in accordance with Article 158-3-2° of the General Tax Code.

Shares held by the company on the ex-dividend date are not entitled to dividends, with the corresponding amount of unpaid dividends being transferred to retained earnings.

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The dividend will be payable on 4 June 2013; the shares must be held on 30 May 2013 (ex-date) to benefit from the dividend.

In accordance with legal provisions, it should be noted that the following dividends were paid during the last three financial years:

| Financial years ending | 31/12/2009 | 31/12/2010 | 31/12/2011 |
|-----------------------------|-----------------|-----------------|-----------------|
| Number of shares eligible* | 7,588,556 | 7,608,775 | 7,403,866 |
| Par value | € 1 | € 1 | € 1 |
| Total distributed dividends | € 36,425,068.80 | € 39,565,630.00 | € 38,500,103.20 |
| Dividends per share | € 4.80 | € 5.20 | € 5.20 |

* Number of shares comprising the share capital, excluding treasury shares held by Somfy with no right to dividend.

Dividends are fully eligible to the rebate provided for by Article 158-3-2° of the General Tax Code.

→ | Regulated agreements

Please note that no new agreement of the same nature as those referred to in Articles L. 225-86 and subsequent of the Commercial Code was concluded during the 2012 financial year.

→ | Stock market performance

During the 2012 financial year, the Somfy share price decreased by 14.09%. At 30 December 2011, the last trading day before the close of the previous financial year, the share price was € 151.90, compared to € 130.50 at 31 December 2012.

Based on the share price at 31 December 2012 and taking into account a gross dividend per share of € 4.80, the Somfy share yielded 3.68%.

The market for the share recorded a monthly trading volume high of 46,581 and low of 3,115 per month, with a monthly average of 11,179 shares, compared to 7,304 shares the previous year.

→ | Amendments to and standardisation of the bylaws

The following amendments to the bylaws will be proposed to the General Meeting of 16 May 2013 under the terms of a special resolution for each amendment:

Amendment to regulations governing the distribution of voting rights between usufructuary and bare owner

A proposal will be made to shareholders to amend the distribution of voting rights between usufructuary and bare owner at the General Meeting. Article 13 of the bylaws currently allows for a dual regime according to whether or not ownership is divided as a result of a gift with usufruct being retained by the donor in accordance with the provisions of Article 787 B of the General Tax Code. In this specific case, the voting rights for all resolutions belong to the bare owner, except for those relating to the appropriation of net profit, which are exercised by the usufructuary. In all other cases, however, voting rights belong to the usufructuary for Ordinary General Meetings and to the bare owner for Extraordinary General Meetings.

It is proposed that the provisions of Article 13 of the bylaws be amended in this respect with a view to providing a unique regime for distributing the voting rights in the event of a division of ownership. So as not to call into question the use of Article 787 B of the General Tax Code, it is therefore proposed that in all cases, unless agreed otherwise, voting rights belong to the bare owner with the exception of appropriation of net profit, for which voting rights are exercised by the usufructuary. Similarly, it is also proposed that the third paragraph of Article 12 of the bylaws be removed.

Amendment to regulations relating to the vacancy of a seat on the Management Board

It will also be proposed to the shareholders that the powers of the Supervisory Board in the event of a vacancy of a seat on the Management Board be clarified via Article 15 of the bylaws. In this respect, it is proposed that a specific provision be made that if a seat on the Management Board falls vacant, the Supervisory Board may:

- Either fill the vacancy;
- Or, if it does not wish to fill the vacancy, amend the previously set number of members of the Management Board.

Reduction in the length of term of office of Supervisory Board members

The proposed amendment submitted to the shareholders' vote on this point is presented in the paragraph relating to senior executives.

It will be proposed to the General Meeting of 16 May 2013 that the bylaws be standardised, and more specifically:

Relating to the conditions according to which the Special General Meetings must deliberate

It is proposed that the bylaws be brought in line with the provisions of Article L. 225-99 of the Commercial Code which defines the conditions of convening and deliberation relevant to Special General Meetings.

According to these provisions, the Special General Meetings only validly deliberate if the shareholders present or represented hold at least, on first notice, a third and, on second notice, a fifth of the shares with voting rights and the rights that are intended to be amended.

The quorum conditions thus required for the first notice of the Special General Meetings therefore differ from those required for Extraordinary General Meetings which can only validly deliberate, upon first notice, if shareholders present or represented hold at least a quarter of the shares with voting rights (Article L 225-96 of the Commercial Code).

As a result, it is proposed that the second paragraph of Article 23 of the bylaws "General Meeting" be amended to remove the reference to applicable regulations for Extraordinary General Meetings concerning the conditions of convening and deliberation of Special General Meetings which are subject to specific conditions.

Relating to the powers of the Ordinary General Meeting

It is proposed that the bylaws be brought into line with the provisions of Article L. 225-98 of the Commercial Code which defines the scope of the Ordinary General Meetings' powers.

In effect, the Ordinary General Meetings do not have the authority to take all decisions which do not amend the bylaws.

The Ordinary General Meetings are authorised to take all decisions which do not come under the powers of the Extraordinary General Meetings or which exceed the powers of the Management Board or the Supervisory Board.

It is proposed that the first paragraph of Article 29 of the bylaws "Ordinary General Meeting" be amended to specify in this way the scope of the powers of the Ordinary General Meetings.

Your Management Board asks you to approve the resolutions submitted to your vote.

The Management Board



