04

MANAGEMENT BOARD REPORT TO THE COMBINED GENERAL MEETING OF 24 MAY 2016

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 ended 31 December 2015.

Somfy Group is the global leader in opening and closing automation for both residential and commercial buildings.

HIGHLIGHTS OF THE YEAR

DISPOSAL OF CIAT

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On 5 January 2015, Somfy SA transferred its 46.1% equity investment in the share capital of CIAT Group to United Technologies Corporation. The transaction was worth €117 million, including €38 million related to the disposal price of the securities, excluding costs, and €79.4 million for the redemption of the CIAT bond issue originally subscribed to by Somfy.

The payment of the transfer price includes a deferred portion totalling €10.5 million spread between 2016 and 2019.

The disposal generated a consolidated net capital gain of €5.9 million in 2015.

Pursuant to IFRS 5, the impact of the disposal on the income statement, the balance sheet and the cash flow statement has been highlighted in specific lines in 2014 and 2015.

CANCELLATION OF FAAC SHARES

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In May 2015, Faac and Somfy Groups concluded that there were no joint development projects and therefore decided to undo the existing capital links (Somfy's 34% holding in the share capital of Faac and Faac's 7.3% stake in Somfy).

The transaction to unwind their mutual equity interests involved the exercise of a statutory right to withdraw and thus gave rise to the cancellation of the Faac shares held by Somfy. As consideration for this, the 571,400 Somfy shares held by Faac were returned to Somfy and a compensation balance of €50.7 million was set, the payment of which included a deferred amount of €13.2 million spread over 2016 and 2017.

This transaction generated a financial income of €35.7 million, net of expenses, and is reflected in the cash flow statement by the collection of €150.8 million related to the exit of the Faac securities and a movement of -€115.7 million involving Somfy SA treasury shares.

In addition, some of the returned Somfy shares (436,800 shares) have been cancelled to restrict the percentage of the share capital held by Somfy to 7.2%. As a result, the share capital of Somfy comprises 7,400,000 shares with a par value of €1 each, including 535,880 treasury shares at 31 December 2015.

RETURN OF GAREN'S USUFRUCT

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During June, the Group decided to return the usufruct in the share capital of **Garen Automação** without consideration. This transaction was unwound on 14 July 2015 from a legal perspective and as a result Somfy SA returned to its initial position of bondholder. The decision can be explained by the deterioration of the economic situation in Brazil and by the current problems of **Garen Automação**'s owners.

The deconsolidation took place during the third quarter, leaving Somfy with the residual financial risk of non-collection of its financial receivables despite agreement on the rescheduling of repayment over a six-year period (2021). In this regard, and as a precaution, the annual financial statements include a writedown to cover the maximum risk.

The exit of **Garen Automação** had a negative impact of €12.4 million on net financial income and also affected sales (2014 second-half sales were €11.4 million).

ENTITY HELD FOR SALE: GIGA

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As a result of the worsening economy in Brazil, the decline in sales seen in 2014 and an uncertain outlook, the Group took the decision to sell the Giga entity. A Restructuring Agreement, initiated in December 2015, is currently being finalised. It provides for the disposal of securities held by Somfy SA and the partial waiver of financial receivables. Within this context, the annual financial statements include a writedown of €2.0 million recognised in the Group's net financial income, which covers the maximum risk.

Pursuant to IFRS 5, balance sheet items are classified as assets and liabilities held for sale without restatement of the comparative period. Income statement and cash flow statement items are not restated.

CREATION OF OPENDOORS

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By a decision of the Commercial Court of Versailles, Somfy Group's successfully tendered for the takeover of the business of Openways SAS. This company specialises in access control (digital locks and other security systems).
As part of this takeover, the new entity **Opendoors** was created with share capital of €0.5 million and is a fully owned subsidiary of Somfy SA. In the consolidated financial statements of 31 December 2015, the transaction resulted in the acquisition of assets and a cash outflow of €1.4 million.

OTHER CHANGES IN GROUP STRUCTURE

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Apart from the transactions discussed above, the Group made no major acquisition during the 2015 financial year.

TAX AUDITS

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Somfy SAS was subject in 2012 to a tax audit in relation to the 2009 and 2010 financial years. The main adjustment related to the transfer price policy implemented between Somfy SAS and other Group entities.
The inspection was completed in 2014 when agreement was reached with the Tax Authorities, and the financial impact has been recorded.
As anticipated, a tax audit covering the 2013 financial year alone took place in the first half of 2015. The adjustment issued and paid, namely €1.9 million, is in line with the provision recognised at the end of 2014.

CONTINGENT LIABILITIES

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Somfy Mexico, the Group's Mexican subsidiary, was subject to a tax audit in 2013 by the tax authorities in relation to foreign trade matters. The value of the proposed adjustment was €1.4 million, covering customs duties, VAT and penalties related to lack of product certification. The company brought an action against the Tax Authorities in relation to the Customs Code that should be used for importing Somfy products to Mexico. At the end of 2014, the Group considered that the arguments put forward by the Tax Authorities were disputable and remained confident in the likelihood that this ruling would be overturned. Therefore, the Group had qualified this risk as a contingent liability and no provision was recognised at 31 December 2014.
By a decision made public in early July 2015, the Fiscal Court declared the adjustment to be invalid. The Tax Authorities appealed this decision. On 10 February 2016, the Fiscal Court issued a final judgment in the Group's favour. As a result, this risk is no longer qualified as a contingent liability.

The dispute between **Somfy SA** and **Spirel** employees is ongoing before the Albertville District Court. The employees seek annulment of the transfer of the Spirel securities, which took place in 2010, and to have Somfy SA ordered to pay them damages for the alleged deliberate bankruptcy of Spirel and non-material damage caused as a result of the anxiety, disappointment and vexation they claimed to have been victim of, for a total of approximately €9.7 million. Submissions filed by Chappel Industries France and Spirel were tabled and hearings should take place during the first half of 2016. Somfy SA disputes the arguments put forward by counsel for the Spirel employees, believes it has complied with its obligations and remains confident of its chances of receiving a favourable ruling.
In addition, in the course of July the employees also brought Spirel, Chappel Industries France et Somfy SA before the Albertville Labour Court, disputing the grounds for their dismissal and claiming damages of a substantially similar amount. Submissions are currently being filed and, at this stage, Somfy SA is unaware of the grounds on which the employees are basing their appeals.
Therefore, the Group continues to qualify these risks as contingent liabilities and no provision was recognised in relation to these disputes at 31 December 2015.

PRESENTATION OF FINANCIAL STATEMENTS

PARENT COMPANY DATA

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For the year ended 31 December 2015, Somfy SA generated sales of €3.4 million. Net financial income amounted to €287.8 million, taking into account €147.1 million in dividends paid by the subsidiaries on their profits for the year ended 31 December 2014 and including €149.1 million in revenue distributed on Faac's exit.
Net extraordinary expense totalled €0.4 million.
Net profit was €279.5 million, after inclusion of an income tax gain of €3.4 million.

CONSOLIDATED DATA

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SALES

Sales totalled €1,061.1 million for the financial year just ended, an increase of 8.1% in real terms and 5.6% on a like-for-like basis compared with the previous year.
All geographic regions achieved growth, with several of them recording a marked acceleration in the second half, partly due to the base effect. Central and Eastern Europe, Southern Europe and Northern Europe again stood out, benefiting from expansion in Poland, the Czech Republic, the Middle East and Africa, as well as from the continued recovery of the Iberian Peninsula, the UK and the Netherlands.
The Americas and Asia-Pacific suffered from the downturn in Brazil and Korea and from the slowdown in China, but conversely fully benefited from the dynamism of North America, Mexico, Australia and Japan.
Germany and France recovered as the year progressed and as a result successfully offset the downturn seen at the beginning of the year.

SALES BY CUSTOMER LOCATION

€ thousands	31/12/15	31/12/14	Change N/N–1	Change N/N–1 like-for-like
France	254,060	245,694	3.4%	3.3%
Germany	165,153	153,162	7.8%	6.7%
Northern Europe	103,865	95,706	8.5%	5.6%
Central and Eastern Europe	104,756	95,009	10.3%	7.0%
Southern Europe, Middle East and Africa	190,160	174,342	9.1%	5.6%
Asia-Pacific	115,176	96,933	18.8%	5.9%
Americas	127,979	120,883	5.9%	8.0%
SOMFY CONSOLIDATED	**1,061,149**	**981,731**	**8.1%**	**5.6%**

RESULTS

Current operating result was €165.6 million for the financial year, up 10.6% and representing 15.6% of sales, compared with 15.3% the previous year.
The increase is attributable to sales growth, foreign exchange gains and a healthy gross margin. It was achieved against the backdrop of a significant rise in structure costs, due to the continuation of the investment plan initiated in previous years and the resulting increase in research and development expenses.
Net profit was €164.8 million, boosted by the proceeds from the exit from CIAT and Faac's share capital (€5.9 million and €33.9 million respectively) but curtailed by provisions for the writedown of financial interests in Garen Automação and Giga (€6.7 million in total).
Net profit restated for exceptional items[1] was €127.2 million, an increase of 9.2%.

FINANCIAL POSITION

The net cash position went from a net financial debt of €199.9 million to a net cash surplus of €1.2 million between the start and the end of the financial year.
The improvement is closely linked to the high level of cash flow, a controlled increase in working capital requirement and the payments received following the exit from the share capital of both CIAT and Faac.
The net financial debt corresponds to the difference between financial assets and financial liabilities. Notably it takes into account unlisted bonds receivable, issued by certain companies in which shares are held or related entities, earn-out on acquisitions, liabilities relating to options granted to minority shareholders in fully-consolidated companies and deferred settlements of a financial nature. Not included are securities in non-controlling equity investments, convertible bonds, deposits & guarantees and government grants.
The net financial debt is detailed in note 8.2.3 to the consolidated financial statements.

SEGMENT REPORTING AT 31 DECEMBER 2015

€ thousands	Europe, Middle East & Africa	Asia & Americas	Eliminations between regions	Consolidated
Segment sales	811,467	319,051	– 69,369	1,061,149
Inter-segment sales	– 44,986	– 24,382	69,369	–
Segment revenue - Contribution to sales	766,481	294,668	–	1,061,149
Segment current operating result	142,468	23,134	–	165,602
Net profit of operations sold or held for sale (IFRS 5)	5,946	–	–	5,946
Share of net profit of associates	–	101	–	101
Cash flow	154,096	17,535	–	171,632
Net investments in intangible assets and PPE	39,051	8,163	–	47,214
Goodwill	86,532	95,738	–	182,269
Net intangible assets and PPE	214,847	59,876	–	274,722
Non-controlling equity investments	182	–	–	182
Investments in associates	723	1,535	–	2,258
Net assets held for sale (IFRS 5)	–	928	–	928

1. Net profit is restated primarily for capital gains and goodwill impairment recognised in 2014 and 2015.

POST-BALANCE SHEET EVENTS

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

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The Supervisory Board of 9 March 2016:
- Took note of Jean-Philippe Demaël's resignation from his office as a member and Chairman of the Management Board with effect from 9 March 2016;
- Unanimously appointed Jean Guillaume Despature, a member of the Management Board, as Chairman of the Management Board with effect from 9 March 2016, for the term of the Management Board offices which expire on 26 November 2017.

As from 9 March 2016, the Management Board is composed of:
- Jean Guillaume Despature, Chairman of the Management Board, and
- Pierre Ribeiro, Group CFO.

FINALISATION OF GIGA'S DISPOSAL

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The "Restructuring Agreement" referred to in the "Highlights" should be signed during the first half of 2016. The valuation of this entity at the end of 2015 under IFRS 5 included the assumptions of this agreement.

CIAT

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On 31 March 2016, United Technologies Corporation filed a claim against sellers of CIAT shares within the framework of the liability guarantee. Discussions will take place over 2016, however it will not be possible, as of the date of the Combined General Meeting, to calculate Somfy Group's potential exposure.

OUTLOOK

The current financial year should be marked by an unstable environment in the Americas and Asia, particularly in China, due to the local economic and monetary uncertainties, and by a rebalancing in Europe following the catching-up process seen over the recent period in regions such as Benelux and the Iberian Peninsula.
The investment effort will nevertheless be maintained, even increased in certain areas, mainly focusing on product innovation and brand promotion, in order to permit the Group to fully benefit from new market opportunities (expansion of connected objects, development of environmentally responsible solutions, etc.).

INFORMATION ON THE DISTRIBUTION OF SHARE CAPITAL AND HOLDINGS

DISTRIBUTION OF SHARE CAPITAL (Article L. 233-13 of the Commercial Code)

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To the best of the company's knowledge, the distribution of share capital and voting rights is as follows:

Shareholding structure at 31/12/2015	Number of shares	% share capital	Theoretical voting rights	% theoretical voting rights	Voting rights at AGMs	% voting rights at AGMs
J.P.J S. SCA	3,896,068	52.65%	7,754,870	59.57%	7,754,870	63.48%
J.P.J.2 SA	643,005	8.69%	1,272,463	9.78%	1,272,463	10.42%
Manacor	391,900	5.30%	783,800*	6.02%	518,524	4.24%
Compagnie Financière Industrielle	330,775	4.47%	661,550	5.08%	661,550	5.42%
Despature family and others	311,901	4.21%	613,281	4.71%	613,281	5.02%
Total action in concert	**5,573,649**	**75.32%**	**11,085,964**	**85.17%**	**10,820,688**	**88.58%**
Treasury shares	535,880	7.24%	535,880	4.12%	–	–
Other shareholders	1,290,471	17.44%	1,395,190	10.72%	1,395,190	11.42%
TOTAL	**7,400,000**	**100.00%**	**13,017,034**	**100.00%**	**12,215,878**	**100.00%**

** Including 265,276 voting rights not exercisable until 09/01/2017 due to late declaration of threshold crossing.*
The identity of controlling individuals is detailed in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".

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 regarding the attainment of upward or downward threshold crossings, this company is still presumed to hold between 5% and 10% of Somfy SA's share capital.
No shareholder other than those mentioned above holds, directly or indirectly, alone or in concert with others, more than 5% of the share capital or voting rights of the company.
Changes to this list during the 2015 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)

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There are no reciprocal holdings as defined by current regulations.

ACTION IN CONCERT AND RETENTION AGREEMENTS

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ACTION IN CONCERT

On 3 June 2013, the limited partnership with share capital J.P.J.S., the limited companies J.P.J.2 and Manacor and certain members of the Despature family concluded a shareholders' agreement constituting an action in concert between them, in relation to the company Somfy SA. The main clauses of the agreement provide:

Action in concert: the parties confirm their wish to act in concert within the meaning of Article L. 233-10 of the Commercial Code to implement a common policy with regard to Somfy SA. To that end, the parties undertake to make every effort and to consult one another, before every vote in the General Meeting of Somfy SA shareholders on resolutions relating to the appointment of members of the Supervisory Board or modification of the mode of administration or management of the company and any transaction in the capital of Somfy SA with a view to establishing a common position.

Maintaining the equity holding: the parties undertake to maintain their overall equity holding in Somfy SA at more than 50% of the share capital and voting rights of this company.

Duration: these undertakings are made for a period of ten years from the signature of the agreement, namely 3 June 2013. Any decision to reduce the term of the agreement will be made by a ¾ majority of the Somfy SA shares held by the parties, it being understood that in the case of separation of the shares, the voting right will belong to the usufructuary.

COLLECTIVE RETENTION AGREEMENTS

To the company knowledge, a collective retention agreement relating to 64.93% of the share capital of Somfy SA and more than 20% of the voting rights of shares issued was signed on 31 December 2015 by several shareholders, including Management Board members Jean Guillaume Despature and Pierre Ribeiro, as well as Supervisory Board members Jean Despature, Victor Despature, Anthony Stahl and Michel Rollier, in accordance with Article 885 I bis of the General Tax Code, for a period of two years from 31 December 2015, automatically extended indefinitely after this two-year period.

In addition, the company is aware of five collective retention agreements relating to 49.33% to 54.23% – for the commitment relating to the largest portion – of the Somfy SA company share capital, signed on 9 April 2010 by several shareholders, including Management Board member Jean-Philippe Demaël, 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.

The company is aware of a collective retention agreement relating to a total of 50.15% of the Somfy SA company share capital, signed on 6 March 2013 by several shareholders, 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.

Lastly, the company is aware of a collective retention agreement relating to a total of 49.24% of the Somfy SA company share capital, signed on 30 October 2014 by several shareholders, including Management Board members Jean Guillaume Despature, Jean-Philippe Demaël and Pierre Ribeiro, in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration.

BYLAW PROVISIONS RELATING TO DOUBLE VOTING RIGHTS (Excerpt of Article 29 of the bylaws)

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"The voting right attached to shares is proportional to the capital that they represent. All capital and dividend 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 2015 FINANCIAL YEAR, PURSUANT TO ARTICLE L. 233-7 OF THE COMMERCIAL CODE

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By letter received on 29 May 2015, the French financial markets authority, the Autorité des Marchés Financiers (AMF opinion 215C0743) was the recipient of the following disclosures of threshold crossings, which took place on 27 May 2015:

The company J.P.J.S.[2] declared that it had individually crossed above the threshold of 50% of the share capital of Somfy to individually hold 3,858,802 Somfy shares representing 7,717,604 voting rights equating to 52.15% of the share capital and 59.94% of the voting rights in that company[3]; Compagnie Financière Industrielle[4] declared that it had individually crossed above the threshold of 5% of the voting rights in Somfy to individually hold 330,775 Somfy shares representing 661,550 voting rights, equating to 4.47% of the share capital and 5.14% of the voting rights in that company[3]. These threshold crossings were the result of the cancellation by Somfy of 436,800 of its treasury shares[5].

On this occasion, the shareholders' agreement between Paul Georges Despature, his children and the companies J.P.J.S.[2] and J.P.J.2[6] under his control, the company Compagnie Financière Industrielle[4], the company Manacor[7], the company Somplus[8] and certain members of the Despature family had not crossed any threshold and stated that at 27 May 2015 it held 5,573,687 Somfy shares representing 10,943,608 voting rights, equating to 75.32% of the share capital and 84.99% of the voting rights in this company[3], broken down as follows:

2. Company (registered office: 25 avenue Fosse-aux-Chênes, 59100 Roubaix) controlled by Paul Georges Despature.

3. Based on a share capital comprising 7,400,000 shares representing 12,876,205 voting rights, in application of paragraph 2 of Article 223-11 of the General Regulations.

4. Limited company incorporated in Luxembourg (registered office: 15, boulevard Roosevelt, L-2450 Luxembourg, Grand Duchy of Luxembourg) controlled by Patrick Despature.

5. See company press release published by Somfy on 27 May 2015.

6. Company (registered office: 11, avenue Émile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg) controlled by Paul Georges Despature and his children.

7. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Thierry Despature.

8. Wholly-owned by J.P.J.S.

	Number of shares	% share	Voting rights	% voting rights
J.P.J.S.[2]	3,858,802	52.15	7,717,604	59.94
J.P.J.2[6]	643,005	8.69	1,267,463	9.84
Manacor[7]	391,900	5.30	749,086	5.82
Compagnie Financière Industrielle[4]	330,775	4.47	661,550	5.14
Despature family	308,756	4.17	474,907	3.69
Somplus[8]	37,266	0.50	66,692	0.52
Paul Georges Despature	3,183	0.04	6,306	0.05
TOTAL CONCERT	**5,573,687**	**75.32**	**10,943,608**	**84.99**

2. Company (registered office: 25 avenue Fosse-aux-Chênes, 59100 Roubaix) controlled by Paul Georges Despature.
4. Limited company incorporated in Luxembourg (registered office: 15, bld. Roosevelt, L-2450 Luxembourg, Grand Duchy of Luxembourg) controlled by Patrick Despature.
6. Company (registered office: 11, avenue Émile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg) controlled by Paul Georges Despature and his children.
7. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Thierry Despature.
8. Wholly-owned by J.P.J.S.

By letter received on 22 December 2015 (AMF opinion 216C0006), supplemented by letter received on 4 January 2016, the Autorité des Marchés Financiers advised of the wind up of the company Somplus[9] on 17 December 2015, the date of completion of the transfer of all Somplus' assets to the company J.P.J.S.[10]. Within this framework, 37,266 Somfy shares representing 0.50% of the share capital of Somfy[11] previously held by Somplus were transferred to J.P.J.S.
On this occasion, the shareholders' agreement between Paul Georges Despature, his children and the companies J.P.J.S.[10] and J.P.J.2[12] under his control, the company Compagnie Financière Industrielle[13], the company Manacor[14] and certain members of the Despature family had not crossed any threshold and stated that at 17 December 2015 it held 5,573,649 Somfy shares representing 10,914,144 voting rights, equating to 75.32% of the share capital and 84.97% of the voting rights in this company[15], broken down as follows:

	Number of shares	% share	Voting rights	% voting rights
J.P.J.S.[10]	3,896,068	52.65	7,754,870	60.37
J.P.J.2[12]	643,005	8.69	1,267,463	9.87
Manacor[14]	391,900	5.30	743,600	5.79
Compagnie Financière Industrielle[13]	330,775	4.47	661,550	5.15
Despature family	308,718	4.17	480,355	3.74
Paul Georges Despature	3,183	0.04	6,306	0.05
TOTAL CONCERT	**5,573,649**	**75.32**	**10,914,144**	**84.97**

9. Wholly controlled by J.P.J.S., itself controlled by Paul Georges Despature.
10. Company (registered office: 25 avenue Fosse-aux-Chênes, 59100 Roubaix) controlled by Paul Georges Despature.
11. It is specified that of the 37,266 Somfy shares which were held by Somplus, 29,426 Somfy shares carried a double voting right, which was annulled as part of the transaction.
12. Company (registered office: 11, avenue Émile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg) controlled by Paul Georges Despature and his children.
13. Limited company incorporated in Luxembourg (registered office: 15, bld. Roosevelt, L-2450 Luxembourg, Grand Duchy of Luxembourg) controlled by Patrick Despature.
14. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Thierry Despature.
15. Based on a share capital comprising 7,400,000 shares representing 12,845,150 voting rights, in application of paragraph 2 of Article 223-11 of the General Regulations.

The company is not aware of any other threshold crossings.

INFORMATION ON THE BUYBACK OF OWN SHARES
(Article L. 225-211 of the Commercial Code)

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The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2015; it was authorised by the Combined General Meeting of 13 May 2015, 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 as payment within the framework of potential acquisitions;
- To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers 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 corporate officers 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 shares acquired, subject to the authorisation granted by the General Meeting of shareholders of 14 May 2014 in its sixth resolution, sitting in extraordinary session.

The company reserved the right to use options or derivative instruments, in accordance with applicable regulations.

The maximum purchase price was set at €330 per share, with the maximum amount of the share buyback programme set at €126,133,590, taking account of the 401,457 treasury shares held at 31 December 2014.

During the financial year just ended, on the basis of the authorisations given by the General Meetings of 2014 and 2015, the company bought back 585,618 shares at an average price of €203.96, sold 14,395 shares at an average price of €259.04 and cancelled 436,800 shares priced at €202.50.

The untying of capital relationships between Faac and Somfy is now effective. It has given rise to the cancellation of all the Faac shares held by Somfy, with Somfy concurrently receiving, as consideration, all the Somfy shares held by Faac and the payment by Faac of a balance of €50.7 million.

It should be noted that, of the shares acquired, the company purchased 571,400 Somfy shares on 27 May 2015 from Faac through a number of off-market transactions, and concurrently cancelled 436,800 of these securities to reduce the number of treasury shares held. Following this transaction, the share capital comprises 7,400,000 shares.

Of the 585,618 shares acquired, 14,218 were allocated for the purpose of liquidity, 134,600 for the purpose of retention for their subsequent remittance in exchange or payment in relation to potential mergers and acquisitions, and 436,800 shares were allocated for the purpose of cancelling purchased shares, in accordance with the authorisation granted by the Annual General Meeting of shareholders of 14 May 2014 in its sixth extraordinary resolution and were cancelled as stated above.

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

The company held 535,880 of its own shares at 31 December 2015, representing 7.24% of the share capital; the value of the purchase price of the share amounted to €185.26 for a par value of €1 each, representing a total nominal value of €535,880 (€389 for the liquidity contract, €246,854 to be retained for future acquisition transactions and €288,637 to cover option plans to purchase shares and/or free share allocation plans).

The Management Board will submit a new share buyback plan for a period of 18 months for shareholders' approval. This plan would replace the current programme, which would 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 share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by regulations;
– To retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
– To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers 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 corporate officers of the Group;
– To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
– To cancel purchased shares, in accordance with the authorisation granted or to be granted by the Extraordinary General Meeting.

The company would reserve the right to use options or derivative instruments, in accordance with applicable regulations.

We propose to set the maximum purchase price at €480 per share. The maximum value of the transaction, taking account of the 535,880 treasury shares held at 31 December 2015, is therefore set at €97,977,600.

INFORMATION ON INVESTMENTS AND CONTROLLED COMPANIES

—

Investments in French companies during the financial year ended 31 December 2015 (Article L. 233-6 of the Commercial Code):

No equity stake was acquired in any French company over the course of the financial year ended 31 December 2015.

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 known direct or indirect holdings in Somfy SA and all relevant information is described under "Information on the distribution of share 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 29 of the bylaws);
– Voting rights attached to Somfy SA 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 31 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 are private persons and may or may not be shareholders.
In accordance with and for the period provided for by the law, the Supervisory Board will appoint Management Board members, determine their number, appoint one of them as Chairman of the Management 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 Management Board, as conferred by law, to one or more members of the Management Board who carry the title of Chief Executive Officer.
Management 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 Management Board.
If a Management Board member seat is vacant, the Supervisory Board must change the number of seats it had previously set or fill the vacancy within a two-month time frame so that the number of members 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 31)

"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 FOR THE RETENTION OF SHARES ALLOCATED FREE OF CHARGE TO EXECUTIVE CORPORATE OFFICERS
(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 terms of office.

INFORMATION ON APPOINTMENTS HELD AND REMUNERATION RECEIVED DURING THE FINANCIAL YEAR (Article L. 225-102-1 of the Commercial Code)

At 31 December 2015, the Management Board was composed as follows:

Name	Position	Date appointed	Date term ends
Jean-Philippe Demaël	Chairman	6 november 2014	26 november 2017
Pierre Ribeiro	Member	6 november 2014	26 november 2017
Jean Guillaume Despature	Member	6 november 2014	26 november 2017

A change in the composition of the Management Board took place on 9 March 2016, as detailed in the paragraph "Post-Balance Sheet Events" in this report.

APPOINTMENTS HELD BY MANAGEMENT BOARD MEMBERS AND REMUNERATION RECEIVED FROM SOMFY SA AND SUBSIDIARIES UNDER ITS CONTROL

—

JEAN-PHILIPPE DEMAËL
Chairman of the Management Board

- Chairman of Somfy SAS,
- Chairman of the Board Committee of the Somfy Corporate Foundation "pour mieux habiter la planète",
- Member of the Board of Directors of the endowment fund "Les Petites Pierres",
- Director of Ningbo Dooya Mechanic & Electronic Technology Co. Ltd, Hong Kong CTLT Trade Co. Limited, New Unity Limited and Somfy Middle East Co. Limited,
- Member of the Advisory Committee of Somfy Brasil Ltda,
- Manager of Somfy GmbH.

The above terms of office are exercised within unlisted Somfy Group companies.
Remuneration includes a fixed part and a variable part.
Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. The variable part is based on the achievement of objectives that take account of quantitative and qualitative criteria. For the part based on quantitative criteria (referred to as "financial" criteria), the criteria used are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth of a range of benchmarks consisting of nine companies deemed to be comparable. For the part based on qualitative criteria (referred to as "non-financial" criteria), the criteria used concern the quality performance within the company, the monitoring of the Quality Management System (QMS), and the implementation of the Development Master Plan (DMP). These non-financial criteria are weighted by a coefficient representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons, the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board, are not publicly disclosed.
The variable remuneration also includes the incentive bonus, profit-sharing and contributions to the Group savings scheme, as described in the report of the Chairman of the Supervisory Board.
Benefits in kind consist of the use of a company car.
Details of remuneration paid during the financial year just ended are included 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 (collective bargaining agreement for engineers and managers in the metalworking industry).
The plan grants a contingent right to a supplementary pension, pursuant to the so-called "Article 39", which is dependent on the length of service 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.
Member of the Management Board concerned: Jean-Philippe Demaël, potential beneficiary of this pension plan.
In relation to his employment contract prior to his appointment to the Management Board, Jean-Philippe Demaël also benefits from a CMC SARL 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' scheme.

PIERRE RIBEIRO
Group CFO

- Director of Asian Capital International Limited, Sino Global International Holdings Limited, Sino Link Trading Limited and Promofi BV,
- Member of the Board of Directors of BFT SpA.

The above terms of office are exercised within unlisted Somfy Group companies.
Remuneration includes a fixed part and a variable part.
Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. The variable part is based on the achievement of objectives that take account of quantitative and qualitative criteria. For the part based on quantitative criteria (referred to as "financial" criteria), the criteria used are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth of a range of benchmarks consisting of nine companies deemed to be comparable. For the part based on qualitative criteria (referred to as "non-financial" criteria), the criteria used concern the quality performance within the company, the monitoring of the Quality Management System (QMS), and the implementation of the Development Master Plan (DMP). These non-financial criteria are weighted by a coefficient representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons, the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board, are not publicly disclosed.
The variable remuneration also includes the incentive bonus, profit-sharing and contributions to the Group savings scheme, as described in the report of the Chairman of the Supervisory Board.
Benefits in kind consist of the use of a company car.
Details of remuneration paid during the financial year just ended are included in the summary table (page 24).

JEAN GUILLAUME DESPATURE
Member of the Management Board

- Chairman of the Supervisory Board of Damartex SA (company listed on Alternext),
- Chairman of the Remuneration Committee and member of the Audit Committee of Damartex SA (company listed on Alternext),
- Chairman of the Board of Directors of Financière Développement Suisse SA,
- Director of TTMD SA (Somfy Group company) and Acacia SA,
- Director of DSG (branch of Somfy Group) and Edify, both branches of Grand-Saconnex,
- Manager of FIDEP and CMC SARL (Somfy Group company).

Remuneration includes a fixed part and a variable part.
Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. The variable part is based on the achievement of objectives that take account of quantitative and qualitative criteria. For the part based on quantitative criteria (referred to as "financial" criteria), the criteria used are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth of a range of benchmarks consisting of nine companies deemed to be comparable.

For the part based on qualitative criteria (referred to as "non-financial" criteria), the criteria used concern the quality performance within the company, the monitoring of the Quality Management System (QMS), and the implementation of the Development Master Plan (DMP). These non-financial criteria are weighted by a coefficient representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons, the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board, are not publicly disclosed.
The variable remuneration also includes the incentive bonus, profit-sharing and contributions to the Group savings scheme, as described in the report of the Chairman of the Supervisory Board.
Benefits in kind consist of the use of a company car.
Details of remuneration paid during the financial year just ended are included in the summary table (page 24).

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 payments were made in this respect during the financial year.

APPOINTMENTS HELD BY SUPERVISORY BOARD MEMBERS AND REMUNERATION RECEIVED FROM SOMFY SA AND SUBSIDIARIES UNDER ITS CONTROL

—

PAULE CELLARD
Member of the Supervisory Board

- Member of the Audit Committee of Somfy SA,
- Member of the Supervisory Board of Damartex SA (company listed on Alternext),
- Chairman of the Audit Committee of Damartex SA (company listed on Alternext),
- Member of the Remuneration Committee of Damartex SA (company listed on Alternext),
- Director and Chairman of the Audit Committee of Crédit Agricole Private Banking Luxembourg.

JEAN DESPATURE
Member of the Supervisory Board

- Member of the Supervisory Board of Damartex SA (company listed on Alternext),
- Chairman of the Board of Directors of Yainville SA.

VICTOR DESPATURE
Vice-Chairman of the Supervisory Board

- Chairman of the Audit Committee of Somfy SA,
- Member of the Remuneration Committee of Somfy SA and Mobilis SAS,
- Chairman and Chief Executive Officer of MCSA SA,
- Chairman of the Supervisory Board of SCA J.P.J.D., J.P.J.S., Valorest, Acanthe, Cimofat and SC Soderec,
- Member of the Supervisory Board of Mobilis SAS,
- Permanent representative of MCSA SA:
  Chairman of SAS MCSA-CELERC, MCSA-SIPEM and MCSA-SET,
- Manager of SARL MCSA-Tunis and SC Vicma, Devin-VD and Le Maréchal,
- Director of Edify SA (company listed on the Euro-MTF market of the Luxembourg stock exchange).

BERNARD HOURS
Member of the Supervisory Board

- Member of the Board of Directors of Essilor (company listed on Euronext),
- Member of the Corporate Officers and Remuneration Committee of Essilor (company listed on Euronext),
- Member of the Strategic Committee of Essilor (company listed on Euronext),
- Member of the Corporate Social Responsibility Committee of Essilor,
- Non-executive member of the Board of Directors of Verlinvest,
- Member of the Board of Directors of Vitacoco.

XAVIER LEURENT
Member of the Supervisory Board

- Vice-Chairman and member of the Supervisory Board of Damartex SA (company listed on Alternext),
- Manager of FIDEP.

VALÉRIE PILCER
Member of the Supervisory Board

- Member of the Audit Committee of Somfy SA.

MICHEL ROLLIER
Chairman of the Supervisory Board

- Chairman of the Remuneration Committee of Somfy SA,
- Chairman of the Supervisory Board of Michelin (company listed on Euronext),
- Chairman and Chief Executive Officer of Siparex Associés,
- Director of LafargeHolcim (company listed on Euronext),
- Chairman of the Audit Committee of LafargeHolcim (company listed on Euronext),

ANTHONY STAHL
Member of the Supervisory Board

- Member of the Supervisory Board of Damartex SA (company listed on Alternext),
- Chairman of the Management Committee of FIDEP.

Apart from the terms of office and duties performed by the members of the Supervisory Board within Somfy SA, all the other terms of office and duties are performed outside the Somfy Group.

The composition of the Supervisory Board was amended during the 2015 financial year as follows:
- Anthony Stahl's term of office as a member of the Supervisory Board was renewed for a period of four years, namely until the end of the General Meeting to be held in 2019 to approve the financial statements for the financial year just ended;
- Bernard Hours was appointed as a member of the Supervisory Board, replacing Xavier Leurent, for a period of four years, namely until the end of the General Meeting to be held in 2019 to approve the financial statements for the financial year just ended.

REMUNERATION PAID IN 2015 TO MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

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SUMMARY TABLE OF REMUNERATION (including remuneration paid by the company and controlled companies)

Euros	Attendance fees 2015	Fixed remuneration 2015	Variable remuneration 2015*	Benefits in kind 2015
Members of the Management Board				
Jean-Philippe Demaël, Chairman of the Management Board	–	500,000	307,978	4,824
Jean Guillaume Despature	–	290,000	209,000	4,016
Pierre Ribeiro	–	290,000	154,428	5,749
Members of the Supervisory Board				
Michel Rollier	2,600	75,000**	–	–
Paule Cellard	9,200	–	–	–
Jean Despature	4,400	–	–	–
Victor Despature	13,100	–	–	–
Xavier Leurent	2,200	–	–	–
Valérie Pilcer	9,200	–	–	–
Bernard Hours	38,167	–	–	–
Anthony Stahl	– ***	–	–	–

** Variable remuneration paid in 2015.*
*** Remuneration as Chairman of the Supervisory Board.*
**** No longer wishes to receive attendance fees for this term of office.*

OPTIONS ALLOCATED AND EXERCISED DURING THE FINANCIAL YEAR

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

PROCEDURE FOR SETTING THE REMUNERATION OF CORPORATE OFFICERS

The remuneration of Directors as 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 Middlenext recommendations on the remuneration of executive corporate officers of listed companies, submits for approval to the Supervisory Board the various components of remuneration and the criteria for allocating the variable share of corporate officers' remuneration, so that their remuneration may be fixed. The variable remuneration criteria for each member of the Management Board are noted above in the section "Appointments held by Management Board members and remuneration received from Somfy SA and subsidiaries under its control".
At the General Meeting of 24 May 2016, it will be proposed to the shareholders to increase attendance fees to be apportioned between the members of the Supervisory Board from €150,000 to €200,000 for the 2016 financial year and 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 compensation in relation to his duties as Chairman.
A member of the Board receives specific attendance fees for his participation in Board and other meetings as well as for miscellaneous travel within the Group.

INFORMATION ON TRANSACTIONS PERFORMED BY DIRECTORS DURING THE FINANCIAL YEAR (ARTICLE 223-26 OF AMF GENERAL REGULATIONS)

The company is aware that various 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.

PURCHASES (€)

Registrant and nature of transaction	Amount
NIL	
Acquisition	–
TOTAL PURCHASES	–

SALES (€)

Registrant and nature of transaction	Amount
Somplus, related to Jean-Philippe Demaël, Chairman of the Management Board	172,545
Disposal	172,545
TOTAL SALES	**172,545**

CORPORATE GOVERNANCE

AUDIT COMMITTEE

—

The Audit Committee comprises three members: Victor Despature, Committee Chairman, Valérie Pilcer (independent member) and Paule Cellard (independent member).

The Committee's mission is to monitor the preparation of the 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 balance sheet date.

During the 2015 financial year, the Audit Committee met on four occasions with all members in attendance.

Under the supervision of the Audit Committee, the Internal Audit Department reports to the Group CFO, a member of the Management Board.

The department is made up of an Internal Audit Officer and the equivalent of 3.5 full time auditors, and carries out audits in all the Group's subsidiaries, based on an annual audit plan.

This plan, prepared together with the Management of Somfy Group, is approved by the Management Board and then validated by the Audit Committee. The assignments included in the audit plan provide an independent assessment of the efficiency of the system of internal control in each entity.

Where appropriate, the principal weaknesses identified in internal control are reported to Management and recommendations are issued. Monitoring of the implementation of the recommendations takes place twice a year, as well as during monitoring assignments on the ground. Every year, a report is presented to the Management Board and to the Audit Committee.

In addition, urgent assignments that were not provided for in the audit plan may be carried out during the year at the request of the Management Board or the Audit Committee.

Twice a year, the Internal Audit Officer presents a report on the activities of the Department to the Management Board and to the Audit Committee.

REMUNERATION COMMITTEE

—

The Remuneration Committee currently comprises two members: Michel Rollier, Committee Chairman (independent member) and Victor Despature. Its mission is to submit proposals to the Supervisory Board, in particular in respect of the amount and calculation methods for corporate officers' remuneration, including findings on the variable remuneration for 2014 and proposals to be issued for the 2015 financial year, and to issue an opinion concerning the amount of attendance fees. Upon its request, external persons who are not members may attend Committee meetings.

At least once a year, the Committee calls on a firm specialised in the subject of senior executive remuneration, which provides advice on the practices that are generally applied in companies of a comparable size. During the year just ended, it met three times. The rate of attendance by the members was 83%.

The members of the Remuneration Committee report verbally to the Supervisory Board on their work and on the opinions they have issued, thus helping the Board to prepare and make decisions in terms of corporate officers' remuneration.

INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

—

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

Based on the independence criteria suggested by the Middlenext 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 judgement, and who meets the following criteria:

- Is not and has not been an employee or executive corporate officer of Somfy SA or any other Group company during the last 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 corporate officer 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 Paule Cellard, Valérie Pilcer, Michel Rollier and Bernard Hours qualified as independent members.

INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES (ARTICLES L. 232-1 AND L. 233-26 OF THE COMMERCIAL CODE)

2015 was a pivotal year for Research and Development at Somfy, which pursued its investment effort in connected offers and implemented structural changes, while launching a significant number of innovative offers on its traditional markets.

At the R+T 2015 professional trade show in Stuttgart, the Group exhibited its five international brands and all the innovations that were announced in 2014. It was an opportunity to show all the players in our historical market how strong our brands and how dynamic our innovations are.

In this way, in 2015 the Exterior Business Group continued its investments in the BLDC motors platform. This technology was integral to the success of the "Somfy Smart & Smooth Operator" RS100 motor with customers at the R+T trade show. It offers new kinematics and new benefits for users. Well received on the market in France, Germany and Northern Europe, with certain manufacturers already switching to it for all their purchases, this motor, fitted with a two-way radio is supported by an ecosystem that generates productivity upon integration with manufacturers, and creates value in terms of installer configuration and maintenance.

Transposing this technology to other application technologies, and initially in the field of terraces, is underway.

Teams are also working on application technology interfaces aimed at improving our range of autonomous products.

Lastly, following the successful transfer of the outdoor venetian blind manufacturing lines to Poland, an R&D unit was opened there in line with the Group's desire to promote geographical proximity between R&D, industrialisation and market.

The Interior Business Group's R&D invested heavily in the North American market as part of our partnership with Springs Window Fashion and has developed a connected range that will be compatible with the standards of this market in the United States. The silent offers, initially designed for the US market, that also marked R+T, are currently being extended to include ranges more specifically designed for the European and Middle East market. The ultra-quiet "Sonesse" motor was awarded a prize by the tertiary integrators sector in the United States in 2015.
In relation to curtain applications, the year saw the adaptation of the development and manufacturing system that began in 2014 completed, for optimisation purposes and to move R&D closer to the Asian markets. In 2015, the curtains teams worked on expanding the range (DC + wirefree), with new offers being launched in early 2016.
In 2015, the Building Control Business Group put into production a range allowing the management of motorised awnings over IP. This launch meant equipping more than 60 buildings around the world throughout the year, and installing 20,000 io and SDN motors.
2015 was also marked by the completion of some iconic projects. They included "200 Georges Street in Sydney", which is an example of a successful international collaboration and saw one of the first installations of the "web remote", allowing occupants to control sun protection at their workstation via their computer.
2015 was a busy year for the Controls Business Group, since all the ranges were renewed, and R+T confirmed our leadership in terms of design and the relevance of our ergonomics. There was the launch of the NINA offer, a range with a touchscreen interface and innovative design and ergonomics, which was a huge success at the R+T trade show; as well as the development of a range of remote controls for Asia with tailored aesthetics and the renewal of the wired range.
Preparatory work was also completed in relation to the connected offer.
In parallel, the Group redeployed its connected home operations. The home automation division became the "Connected Solution" Activity, represented at the Executive Committee in the same way as the Access and Home & Building Activities.
Connected offers are a major challenge for the R&D teams. In Access, a quarter of Somfy brand Residential Access resources are allocated to it and two thirds of recruitments are software engineers. Similarly, the Security Business Group replaced three departing employees with the recruitment of new expertise in Cloud, Apps and video flow.
At R+T, the Activity presented the three Conexxoon offers which allow accessible and more consumer based home automation by applying smart home concepts to a more limited environment such as terraces and windows and to a more specific usage: creating an ambiance, warning and preventing. A connected security range is being prepared for early 2016.
The Cloud platform developed by the Group's subsidiary Overkiz led to an agreement being signed in 2015 with Monitorlinq which allowed Somfy to test service offers.
In 2015, BFT launched its own connected range with U-Link, an open offer allowing BFT solutions to connect to a number of protocols, in particular through the provision of an SDK for integrators. Moreover, BFT carried out a major restructuring of its R&D, by implementing a matrix organisation by Business Unit (Residential and Industrial, Tertiary and Commercial, Pedestrian and Urban). In addition to connectivity, the other area of focus was the redesign of all offers in keeping with the new BFT brand platform.
In 2015, the brand SIMU invested in its R&D centre, located in Arc-lès-Gray, on a new connected offer with control, design and operation points by Smartphone. This enabled the Group to retain a high performance multi-brand offer, including in connected offer.
The subsidiary WAY which hosts the R&D for ASA and Mingardi launched seven new products (motors and control points) and continued its efforts to tailor its offers to its customers' needs.
Somfy filed 40 new patent applications. The portfolio is made up of 1,849 patents.
A Director of Innovation was appointed in 2015.

INFORMATION ON EMPLOYEE SHAREHOLDING
(ARTICLE L. 225-102 OF THE COMMERCIAL CODE)

At 31 December 2015, the FCPE Somfy (Somfy Investment Fund Scheme) held 47,741 Somfy SA shares amounting to 0.65% of the company's share capital.

SOCIAL AND ENVIRONMENTAL REPORTING
(ARTICLE L. 225-102-1 OF THE COMMERCIAL CODE)

A SUSTAINABLE DEVELOPMENT POLICY IN LINE WITH SOMFY GROUP'S CORPORATE IDENTITY AND THE STRATEGIC VISION IT PORTRAYS
—

During 2015, Somfy Group extensively deployed and shared the Group's new corporate identity. Our vision, values and development model define what we are as a company and as employees. It is this combination that makes a Group unique.
The Group has an ambitious vision: to inspire a better way, accessible to all, to live in our living environments. The mission thereby committed to is to help to make a real improvement to our living environments, not only in terms of comfort, but also in terms of energy efficiency, security and independence for the people living in them.
The Group's four values are: Boldness, Respect, Openness and Proximity.
Boldness is to encourage the entrepreneurial spirit that has driven Somfy Group since its creation. Being bold means daring to innovate to support ambitious objectives. This ambition is found in the Sustainable Development policies that have been implemented.
Respect is to thrive on the diversity of cultures, personalities and generations. Our willingness to act as ethical and responsible citizens is a natural part of this respect for diversity.
Openness is to put an emphasis on being open to others, on partnerships and on the curiosity of our teams as a source of creativity and value creation.
Proximity is to be close to our employees and our customers. We are committed to building long-term relationships based on trust. This value is embodied in the dialogue that has been established with all the stakeholders of the business.
These values and this mission of Somfy Group are embodied in our development model. The challenges in the field of CSR are therefore naturally connected with our value creation, as they contribute to the commitment of Group employees and serve the long-term interests of the Group and its stakeholders. This helps the gradual yet decisive implementation of Sustainable Development drivers in the Group's strategy and operations.

The driving forces behind the Group's entities are:

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

The gradual strengthening of these forces is achieved through:

- A continuous improvement approach measured by indicators,
- The implementation of a dialogue with all the stakeholders,
- Regular and transparent communication.

Somfy Group's Sustainable Development policy is the declaration of its corporate identity. It seeks to meet, even surpass, the expectations of its customers and stakeholders, to unite them in a greater ambition; the achievement of the Group's mission: Providing better living environments for all.

GOVERNANCE

—

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

Since 2008, Somfy has had a Sustainable Development Department. It reports to the Group's Industrial Department. Its missions are to guide the implementation of the Group's environmental commitments.
The Group Human Resources Department has the task of guiding the implementation of Somfy's commitments relating to social matters.
The Communications Department has the task of guiding the implementation of Somfy's 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.

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 the three lines of Somfy' Sustainable Development strategy: Planet, Employees and Society.

SOCIAL INFORMATION

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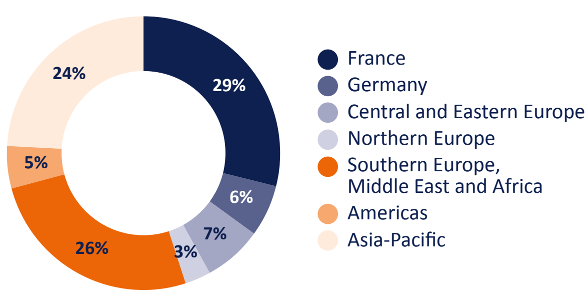
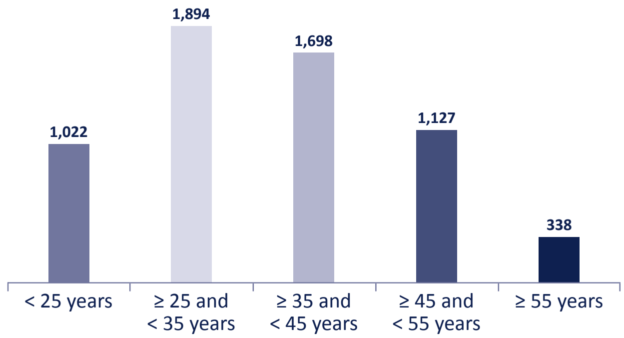
CONTEXTUAL DATA

At 31 December 2015, the total group workforce was 6,079 people (excluding temporary workers) and was analysed as follows:





CLARIFICATION REGARDING SCOPE

The scope of analysis of the social data for the preparation of the 2015 CSR Report increased by 20.7% in relation to the 2014 CSR Report. The report now covers 27 Somfy Group companies, 17 additions in relation to the 2014 CSR scope; and 4,187 employees, representing 68.9% of the Group's total workforce.

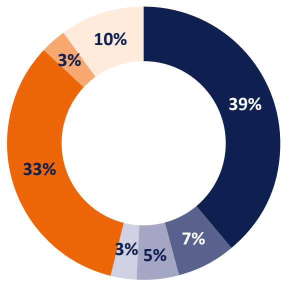
The social reporting scope, taken into account for the 2015 financial year, comprises the entities of the 2014 scope (there was no exit from the scope in 2015):

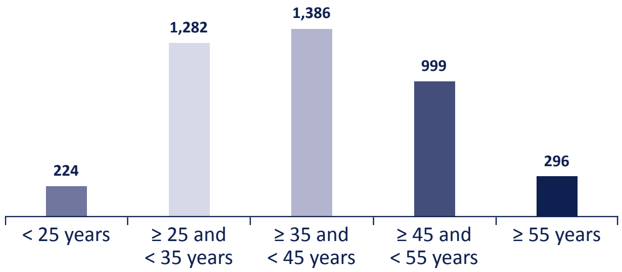
- Somfy SAS (France),
- Simu SAS (France),
- SITEM SARL (Tunisia),
- LianDa (China),
- Somfy China Co Ltd (China),
- Somfy GmbH (Germany),
- Somfy Systems Inc. (USA),
- BFT SpA (Italia),
- Somfy Italia SRL (Italia),
- WAY SRL (Italia).

To which the following entities were added:

- Somfy BV (Netherlands),
- Somfy Ltd (UK),
- NV Somfy SA (Belgium),
- Somfy Nordic AB (Sweden),
- Somfy Norway AS (Norway),
- Somfy Middle East Co Ltd (Republic of Cyprus),
- Somfy Ev Otomasyon Sistemleri Ticaret Ltd Sti (Turkey),
- Somfy Maroc SARL (Morocco),
- Somfy Tunisie (Tunisia),
- Somfy Egypt (Egypt),
- Somfy South Africa (PTY) Limited (South Africa),
- SOPEM (Poland),
- Somfy K.K. (Japan),
- Somfy PTY Ltd (Australia),
- Somfy Joo (Korea),
- Automatismos Pujol SL (Spain),
- Somfy España SA (Spain).

These 27 companies in the 2015 CSR scope are spread across five continents, and 21 countries (South Africa, Germany, UK, Australia, Belgium, China, Cyprus, South Korea, Egypt, Spain, United States, France, Italy, Japan, Morocco, Norway, Netherlands, Poland, Sweden, Tunisia and Turkey):





The 2015 CSR scope covers, among others, seven of the eight factories located around the world, representing 77.6% of the Group's industrial workforce.
Information was collected for 2014 and 2015, which enabled data and their variations to be compared on a constant group structure basis throughout the analysis. As such, 2014 comparison data has been restated (in comparison with the 2014 published data) to incorporate the broader data consolidation scope.
The methodologies used for the reporting of certain CSR indicators may present limitations due to:

- Particularities of local legislation in the various countries in which the Group is located,
- Lack of availability of information on certain scopes,
- Use of estimates in the absence of assessment tools.

WORKFORCE

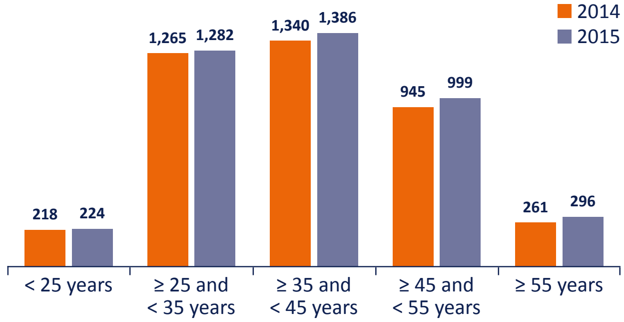
The increase in workforce is representative of the Group's international development. Over the 2015 financial year, the workforce grew 3.9%, going from 4,029 to 4,187 employees, mainly due to the sharp increase in the number of employees at our Polish factory SOPEM (more than 69%) whose operations started on 4 January 2014 and which is a new entry into the CSR scope.
The male to female staff ratio within the scope remained virtually stable with a balanced split: 51% men and 49% women.

Workforce analysis by gender

	31/12/14 Published	31/12/14 Restated*	31/12/15	Change
Men	1,735	2,106	2,147	41
Women	1,733	1,923	2,040	117
TOTAL	**3,468**	**4,029**	**4,187**	**158**

** The changes are due to adjustments, changes in protocol and the addition of new companies to the CSR scope.*

The growth in the workforce was due to an increase in the number of employees over the age of 35 joining the Group.



PAYROLL

Across the Group, employee expenses amounted to €313.3 million at 31 December 2015, compared with €286.9 million at 31 December 2014. Within the 2015 CSR scope, these totalled €231.9 million at 31 December 2015, representing 74% of the Group compared with €211.5 million at 31 December 2014 representing 73.7% of the Group.

A RESPONSIBLE SOCIAL POLICY

The Group's Social Responsibility policy is to support Somfy Group's transformation in its continued international expansion, in creating new markets and increasing its innovation activity.

In 2015, the Group continued to roll out its road map in the field of Human Resources according to three key areas: the implementation of practices aimed at turning the personal **commitment** of each individual into collective momentum, the development of **skills** thanks to internal support measures, and the strengthening of **performance** through new cross-company projects.

Within a complex global economic environment, Somfy Group continued to demonstrate a winning mentality to ensure its growth. This ambition was driven by the project Let's! 2015 which guided all the Group's corporate measures until the end of the year.

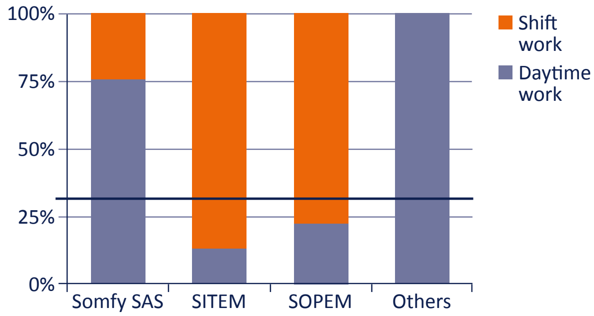
AREA: COMMITMENT

The measures deployed help to provide both direction to the collective project and consistency to maintain and strengthen commitment within the teams. Each employee is a key player in this development. A whole series of social measures are currently in place so that everyone is involved in the ongoing changes: access to information, to training, development possibilities etc. They also include a formalisation of the practices ensuring that everyone receives balanced support and is listened to more.
The strategic issue of competitiveness calls for every employee to feel recognised, individually involved and to share a desire for collective success.

Work organisation

In all the companies within the scope, the average working week complies with the applicable local legislation and varies between 35 and 45 hours of work per week. The most common working week is 40 hours, covering more than 56% of the staff within the scope of the study.
Organisation by shift schedule concerned the following production sites in 2015: Somfy SAS, SITEM and SOPEM.

Overall, this organisation applied to approximately 32% of employees. It should be noted that 4.7% of all employees work part time, primarily in Europe.



Collective working hours can vary depending on production plans and business opportunities. This flexibility is essential in adapting to market needs. One of the adjustment parameters at industrial level is night time working, which takes place on an ad hoc basis in the event of a production peak.

Social relations

Social dialogue refers to all the relationships and interactions that exist within the company between management, executive staff, staff representatives and employees. It is an important component in regulating the collective organisation of work, and it enables Somfy Group's social frame of reference to progress and employees to be informed about the Group's position and its areas of development and transformation. The company wishes to enhance its quality and role.
All the companies in the CSR review scope comply with the local laws and agreements connected with their activities.
Faced with the complexity in which the Group is developing and in order to better connect the strategic challenges and the economic constraints with employees' aspirations and expectations, the social dialogue drive has been particularly strengthened with employees in France. Although not all companies in the CSR review scope have union representatives, social dialogue is guaranteed or implemented through regular meetings and/or communication with staff representative bodies or with employees directly.
Generally, the companies in France, Italy, Germany, Tunisia and Poland have union representation, as well as LianDa, in China. The others, which are smaller in terms of workforce and subject to fewer requirements in this field, encourage social dialogue via direct meetings with employees.
Certain companies signed new agreements in 2015 or amendments to agreements in place, primarily in the fields of social dialogue (France), salaries and employee benefits (Australia, France, Italy, China, Tunisia), employee savings (France), working time (France), training (Italy), and pension schemes (France).

Several countries including France have taken action to improve the "Quality of Working Life". These improvements have taken the form, amongst others, of setting up staff rooms, dedicated rooms for sporting activities, a company restaurant, a concierge service and a crèche.

Health and safety

The development of health and safety is one of the key pillars of Somfy's human project characterised by the desire to better live together within the Group. Somfy's social responsibility begins with a guarantee to ensure everyone's physical safety and discover a quality of life within their working environment that encourages commitment. Most of the companies have an occupational health department and internal safety functions, notably strengthened in France by the support of company doctors and specialists in ergonomics. Efforts have been made in many countries to reduce the exposure to risks and to improve working conditions.
Within Somfy SAS, it was decided that a safety engineer should be recruited in order to improve safety management with the intention of making it an area of excellence.
During 2015, a tool to manage occupational risks was selected and will be gradually rolled out in France in 2016.

Work accidents frequency and severity rate indicators for the CSR scope:
In 2015, many companies strengthened their communication and awareness raising initiatives in the field of occupational risks. Specific examples involve initiatives on our industrial sites (pedestrian walkways, evacuation signage, safety induction booklets, skylight renovation, etc.) and more broadly concerning mobile employees in relation to the issue of travel risks. As such, the overall frequency and severity rates were significantly improved.
In 2015, the industrial organisation set itself reduction targets for its frequency rates. This indicator was also used in the Somfy SAS incentive agreement.
In 2014, the study of frequency and severity rates covered four companies: Somfy GmbH, SITEM, Somfy SAS and Simu SAS. A comparison on a constant scope basis is shown below so that changes may be understood.

	2014 Published	2014 Restated*	2015 Like-for-like basis
Frequency rate	10.97	11.95	7.61
Severity rate	0.18	0.20	0.16

** The difference with the data published in 2014 is due to a correction of the number of hours worked and paid and a correction of the number of days' absence for Somfy GmbH and Somfy SAS*

To explain these statistics, we have decided to split the review of these frequency and severity rates according to the industrial or commercial activity of the companies.

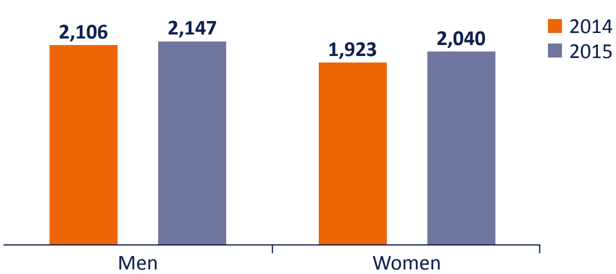
	Industrial sites		Distribution subsidiaries		Consolidation	
	2014	2015	2014	2015	2014	2015
Frequency rate	11.32	7.49	6.72	1.19	10.16	5.99
Severity rate	0.20	0.16	0.03	0.01	0.16	0.12

It can be seen that accidents occur less frequently and are less serious in the distribution subsidiaries than on the production sites and that in both cases the rates have fallen. Overall, the number of accidents has dropped by 38% and the number of days' absence caused by work related accidents fell by almost 15%.
Work related accidents and occupational diseases are monitored, and preventive action implemented, by dedicated working groups or specially appointed employee representative bodies, according to country (HSWCC in France for example). SITEM has, for example, seen very good growth in results which may be explained by the implementation of, amongst other things, SIM (Short Interval Management) which leads to daily updates with production staff during which the problems identified are reported; where possible resolution takes place immediately and problems can be escalated to up to five higher levels.
Initiatives related to psychosocial risk (PSR) problems, and more generally to quality of working life, launched in France in 2014, have been maintained and strengthened: expanding and professionalising the monitoring network, training employees and managers in stress management, organisation of rest and relaxation measures, and Sustainable Development initiatives.
Efforts have continued in relation to Musculo-Skeletal Disorders (MSD) including training in movements and posture, workstation ergonomics, job rotation in production, and road risk prevention.
Most recognition of occupational diseases is related to these MSDs. The number of people affected by a recognised occupational disease has been decreasing since 2013.

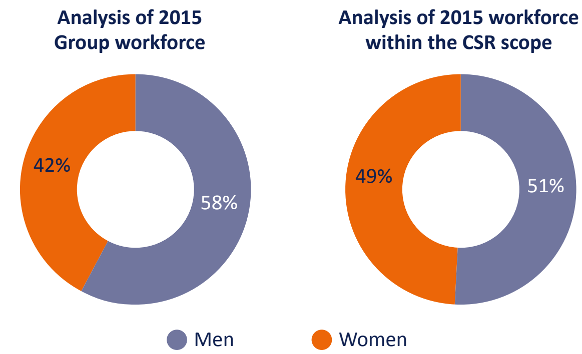
Absenteeism:
The rate of absenteeism was 2.76% for the entire reporting scope, a decline compared with 2014 (2.98%).

Equal treatment

Somfy Group pays particular attention to avoiding any form of discrimination and encouraging as much as possible the equal treatment of employees and applicants. It is important to highlight the diversity in both our activities and in the people who are developing and supporting them.
In terms of professional equality, taking into account developments in legislation, the French companies have signed agreements or action plans committing them to setting improvement targets in the field of professional equality. An initial assessment successfully highlighted positive developments with progress nevertheless to be made with all our stakeholders.
As such, our partners who benefit from the payment of the apprenticeship tax were asked to sign gender equality charters to encourage them to move forward with us on the issue.
In 2015, the female workforce within the CSR scope grew more than 6% (1.9% for male staff) leading to a slight improvement in the ratio of male to female employees to almost achieve balance, with 51% men and 49% women (in 2014, the ratio was 52%/48%).



It should be noted that across the Group, this workforce ratio is fairly consistent (58% men and 42% women).



This variation between the Group and the CSR scope can be explained by the presence in the 2015 scope of three major production sites with overwhelmingly female staff (SOPEM, SITEM and LianDa) with an overall proportion of 78.2% women.
In the area of disability, the majority of the Group's companies are subject to local regulations with which they comply. Some take additional action, often with the support of specialised institutions, to improve the working conditions of any employees affected by specific health problems, their continued employment remaining an ongoing priority. Several measures, such as adapting workstations or working hours, adapting premises, or support in terms of recognition, restructuring or reclassification can be seen.
In the area of ethics, as announced in 2014, the rollout of the Ethics Charter began in September 2015. The aim is that, once the rollout is complete, all Somfy Group employees know about the existence of this Charter and its contents, and that they have been made aware of and trained in ethical concepts by their managers. This Charter is a tool for the promotion of dialogue between employees so that ethics is an open matter understood by all. More details are provided in the societal section of this report.
Somfy Group has a network of Human Resources Managers extending across the entire scope covered by this report. One of their main roles is to ensure the respect of Human Rights, particularly examining within their scope rights and concerns relating to racial discrimination, torture, enforced disappearances, disabled people and the rights of women, children, migrants, minorities and indigenous peoples.

AREA: EMPLOYABILITY AND SKILLS

The company continued its effort to ensure that the skills of Group employees are matched with the organisation's needs and to ensure the employability of staff.

Employment

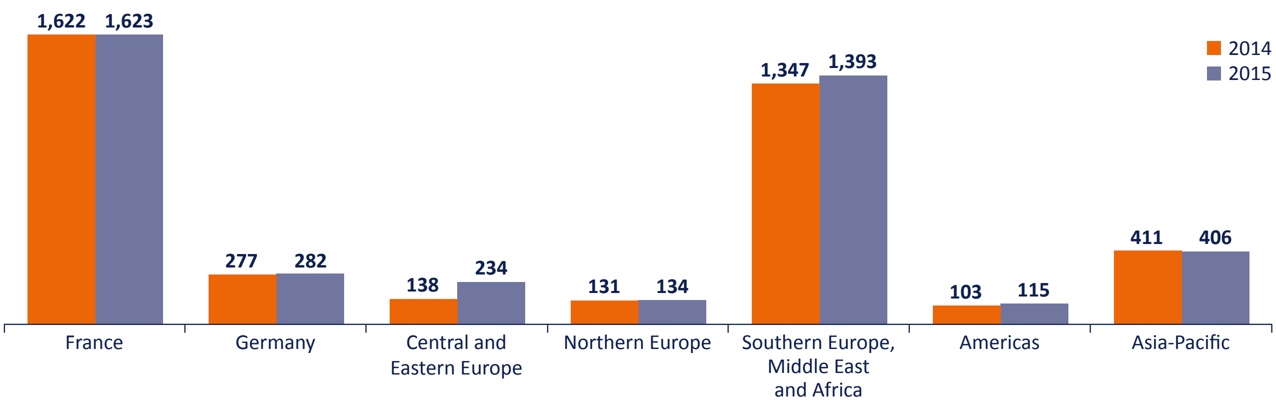
In 2015, there were 480 recruitments, higher than the number of departures (322), which included 26 dismissals. Moreover, the rate of voluntary turnover[16], exclusively involving resignations, was 3.6%.
It should be noted that the company continued to focus on internal mobility. As such, in France, more than 46% of positions were filled via internal mobility.

16. Voluntary turnover calculation method: the ratio between the number of departures due to resignation over a given period and the number of employees at the end of the previous period (year).

Below is an overview of the changes in workforce by geographical zone:

Workforce analysis by geographic region	31/12/14 Published	31/12/14 Restated*	31/12/15	Change
France	1,618	1,622	1,623	1
Germany	277	277	282	5
Central and Eastern Europe	–	138	234	96
Northern Europe	–	131	134	3
Southern Europe, Middle East and Africa	1,143	1,347	1,393	46
Americas	103	103	115	12
Asia-Pacific	327	411	406	– 5
TOTAL	**3,468**	**4,029**	**4,187**	**158**

** The changes are due to adjustments, changes in protocol and the addition of new companies to the CSR scope.*



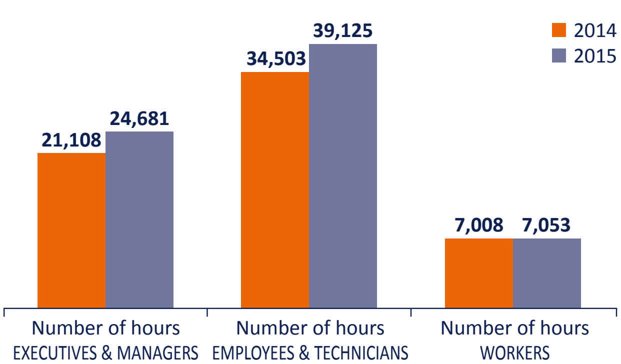
It may be noted that the workforce primarily grew in the Eastern and Central Europe, and Southern Europe and MEA regions.

Training

Investment in training focused on initiatives likely to help the Group achieve its transformation objectives, in order to act in a more agile, prompt and simple way both collectively and individually, and to support cooperation and performance[17].

Training hours - CSR scope	31/12/14 Published	31/12/14 Restated*	31/12/15	Change
Number of hours EXECUTIVES & MANAGERS	19,407	21,108	24,681	3,573
Number of hours EMPLOYEES & TECHNICIANS	28,744	34,503	39,125	4,621
Number of hours WORKERS	4,758	7,008	7,053	46
TOTAL	**52,908**	**62,619**	**70,859**	**8,240**

** The changes are due to corrections, and the addition of new companies to the CSR scope.*



Although undervalued, the number of training[18] hours in 2015 for the entire CSR scope increased by 13.2% overall in comparison with the previous year. Employees & technicians and executives & managers were the main beneficiaries of this increase.
The main training areas used in 2015 generally involved management & communication, intercultural skills (languages), project management, quality, development of professional expertise, as well as special efforts

17. Published training hours refer to sessions lasting more than two hours.
18. Given that several of the companies newly included in the CSR scope did not have details of training hours by category of employee, their total number of hours was added by default to the employees & technicians category – with a low overall impact as their staff members represent less than 3% of the total workforce within the scope.

made to improve health and safety training, following the example of Somfy SAS which has devoted more than 18% of its number of training hours to "Health & Safety" training.
The results of the commitment survey Somfyscope, presented in 2014, enabled some Group companies to take on training plans which more specifically meet the requirements of its teams.

The Somfy Academies

The "Management and Leadership" Academy, created in 2013, is aimed at managers' managers. This system, which alternates 12 days of training, mentoring and exchange of best practices, aims to promote transformation and manage changes. This enables managers to better manage complexity, to act more consciously and effectively and lastly to fulfil Somfy's expectations in relation to the expected managerial approach.
In 2015, approximately 40 new managers and executives received this training.
The members of this academy (97 to date) were involved in defining the Group's strategic guidelines for the new 2016/2020 cycle. As such, the Believe! Project is going to closely interweave our economic and human project over the next five years.
The purpose of the "Quality Academy" is to support the management line in the transformation of the Quality culture. It enables awareness to be raised in relation to the overall Quality strategic issue and the central role of the customer. It is aimed at managers and department heads (80 people) from different areas: Manufacturing, Design, Purchasing, Customer Relations and Quality.
During 2015, a third Academy, "Business in Motion", was created which primarily involves managers in marketing & communication, product development and controlling. The purpose of this Academy is to develop a common language, and offers tools to rationalise and align decision-making. A pilot involving approximately 15 people was carried out during the second quarter. The Academy should be up and running in France and China in 2016 covering about 80 people.

Safeguarding career paths: Horizon tool

The Horizon tool introduced in France to support employees in relation to analysing and securing their career path concerned 170 employees over two years, including 46 in 2015.
The purpose of this tool is to enable participants to think about their own professional project: this system, overseen by HR teams, involves a series of interviews to establish a summary of previous positions and skills held and to consider potential development paths by taking into account the feasibility of the project (in terms of the skills gap to be bridged, the employee's motivation to change and above all, the current labour market, both within Somfy or externally). The analysis of the professional project could lead to a development in the current position, an internal mobility that has been prepared and validated, even in some cases a secure transfer to a position outside Somfy. The Horizon tool is a key component of the mobility policy in place within the company.
This ability to guarantee a professional future to every employee is called "employability". Within this "win-win" approach, Somfy builds loyalty amongst its workforce whilst making sure they are offered relevant opportunities. While the business increases its knowledge and expertise, employees can develop professionally through positions which suit them perfectly.

AREA: PERFORMANCE

It is through the gradual rollout of key HR business processes - People Review, Talent Review, Grading, Annual Performance Appraisal and Salary Reviews – supported by dedicated tools, that Somfy Group continuously measures both individual and collective performance to serve its corporate project. The value of the entire system is to guide and enhance the development of resources to make them a lever of commitment and attractiveness both internally and externally.

International Human Resources Information System: IHRIS

The Group has set up an International Human Resources Information System (IHRIS) able to monitor key HR processes in support of Somfy Group's business goals. These processes notably concern staff monitoring, performance management, team reviews, succession planning, remuneration packages.
This information system will help to build and develop an HR culture that is shared far beyond the HR community, and to provide management with new decision-making aids. It allows everyone to access their own professional data and that of their teams, and to view their position within the structure of the Group.
During 2015, the rollout of IHRIS continued and at the end of the year covered 3,145 people across 38 countries. The companies added to the tool this year were: SITEM, Somfy España SA (Spain & Portugal), Automatismos Pujol SL, Pujol Redutores de Velocidade LDA, Somfy Bulgaria AD, WAY SRL and Somfy Thailand.
The Group's goal is for IHRIS to be fully deployed by 2017, for basic data. Additional modules will be gradually added and will form the basis of an international deployment plan over the next few years so that the information system increasingly adds value for Group management and employees.

Overhaul of the Performance Review

One of the tools implemented in IHRIS was, for example, piloted during the first quarter of 2015, between March and April, with a group of 250 managers: Annual Performance Management (APM). The aim of this development is to bring individual annual appraisals into line with collective and cross-company targets. This new appraisal, called APM, enhances not only the performance of the individual, but also team and company performance. That is why all employees will gradually have overlapping targets that are clearly defined during individual appraisals, between departments and between business areas and projects; all intended to promote collaboration and a stronger link between performance and bonus.
The impact of this system will ensure quality and uniformity in the rollout of the appraisal system and process which:

- Expressly informs employees of the requirements and priorities related to their position (permanent tasks);
- Defines performance targets for the Group, by company, individual and of management;
- Explains the level of expectation in terms of skills and behaviours via a clear and shared frame of reference;
- Establishes a clear link between performance and remuneration: individual increase measured against performance of permanent role and bonus measured against annual targets;
- Interacts with other HR processes (remuneration, training, career management);
- Trains managers in a SMART (Specific, Measurable, Ambitious, Realistic, and Timed) definition of targets and in how to conduct the various interviews;
- Offers support to managers in the assessment of employees in the event of a particular concern (poor performance, behavioural problem, etc.).

The Group's aim is to strengthen the culture of individual and collective performance whilst adhering to its values.

Remuneration: Project to categorise management positions (Grading)

Extensive streamlining work has been carried out in the company since 2014 to identify the various positions in all the subsidiaries. The aim of this Grading (or classification) project is to assess the burden of responsibility of each position within Somfy, by accurately describing each role and the skills it requires. This work, carried out gradually, is necessary to improve fairness, particularly in relation to supporting and assessing different employees. This was supplemented by a more transparent vision in relation to the remuneration and employee benefits to which everyone may be entitled.
The Grading project in 2015 involved:
- Assessing 138 benchmark positions for L-1 and L-2 of the Executive Committee for Somfy SAS and L-1 for the Asia-Pacific Business & Marketing Area;
- Analysing the internal equity of remunerations within Somfy's gradings;
- Comparing Somfy's remuneration levels with market practices;
- Communicating with managers.

The implementation of Grading enables the provision of clear information on the rules for employees' eligibility for the different components of the remuneration packages and on the employee benefits in place, whilst providing managers with a common tool to monitor their management teams (remuneration and career management).
The ongoing project will involve:
- Pursuing the assessments for the L-3 staff of members of the Executive Committee;
- Constructing a grading based salary structure;
- Defining the rules of governance.

Talent Review

One of Somfy Group's priorities is to clearly inform all employees about the management and professional support tools. It also involves implementing the framework for a genuine "joint construction" of individual careers between the employee, their manager and their Human Resources manager.
Within this framework, meetings between managers and HR Managers, called People Reviews, are particularly important to ensure the development and professional growth of everyone within the Group. It is at this point that opportunities can be suggested collectively, between the manager who knows their employee's skills and the Human Resources Manager who is aware of the opportunities offered by the company. The People Reviews mean that both the key positions and the employees with the drive and necessary skills to develop in a new role can be identified.
Within this context, the Talent Review process is currently being revised in order to improve career management. It will include the introduction of succession planning, the identification of potential and key roles and lastly, the construction of personalised development plans.

In conclusion, the Human Resources road map remains ambitious, since the Let's! 2015 strategic project will be replaced in 2016 by the new economic and human resources project Believe! 2020. As with Let's! in its time, this project will provide direction and set targets.
Believe! involves two components to fulfil two major ambitions: the first, called Better living for all, is dedicated to the business, and will enable changes in the world to be anticipated so that we remain pioneers in our markets. The second, called Better Living Together, is a managerial and human component combining the values of boldness, respect, openness and proximity. Together, they combine to support the Group's four key transformations: quality, connectivity, innovation and agility.

ENVIRONMENTAL INFORMATION

NATURE OF ACTIVITIES, ASSOCIATED RISKS AND MEASURES TAKEN

The activities of the sites are of tertiary, industrial and logistical natures. Industrial sites mainly perform product assembly operations from plastic and metallic components and circuit boards sourced from outside the sites. Assembly operations do not product gas emissions, liquid releases or substance 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. Indeed, operations are situated inside the buildings and mainly consist of the assembly of small parts.
The different sites are subject to classification levels compliant with local regulations in relation to pollution or nuisance risks that these facilities are likely to create.
The French sites are subject 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. There are no facilities that correspond to the maximum level, "Authorisation with encumbrances - (AS)3" commonly known as "SEVESO".
Conclusions on the nature 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 Group's 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

In 2015, the priority given in previous years to eco-design took shape through the launch of the Act for Green® label, which designates products that meet eco-design requirements.
This priority can be traced back to the results of a Bilan Carbone® (carbon assessment) carried out in 2012. This carbon assessment had established work on electricity consumption and the use of raw materials as priorities.
In 2015, three new products were launched on the market with this Act for Green® label. They included a new motorisation, the S&SO RS100, and two control points, the Smoove RS100 and SITUO IO.
Act for Green® is based on a framework taken into account by Research & Development teams. It incorporates requirements that are broken down according to several subject areas:
- Controlling greenhouse gas emissions through moderate electricity use and the choice of appropriate raw materials,
- Seeking to use recycled and recyclable raw materials in the composition of products,
- Materials selected for their low impact on health and the environment,
- Product durability,
- An available statement of the environmental impacts in line with the PEP ecopassport® programme. Somfy has signed up to the PEP ecopassport® programme. This programme, developed by the electricity industry, defines a standardised method for making environmental declarations in accordance with international regulations (ISO 14025 & ISO 14040s). The information contained in this PEP ecopassport® has been independently verified by Bureau Veritas CODDE.

Specific initiatives regarding internal communication were carried out, aimed at Research and Development teams in particular, for the purpose of including these eco-design requirements in all stages of product creation. A roadmap for the integration of projects in the Act for Green® programme had been drafted for the next three years.

Requests, both customer and regulatory, in relation to understanding the substances used in our products has intensified. Work has been undertaken with the development of procedures and the completion of analyses to confirm the conformity of Somfy products with the REACH and ROHS European Directives.

Somfy has a Sustainable Development Department. This department integrates the resources and skills necessary for the completion of projects that come under the heading “Planet”. The Sustainable Development Department rolls out its policy by working with the teams concerned in Somfy Group’s various sites and businesses.

In 2015, Somfy Group continued to implement measures to reduce the environmental impact of its sites:

- Somfy participates in the Mobil Arve programme in Haute-Savoie (France), aimed at reducing the impact of transport pollution in a zone covered by an air pollution plan;
- Car-pooling site in Haute-Savoie (France): 150 Somfy employees use this private community to easily find a co-driver amongst their colleagues (up 30 employees compared with 2014);
- The measures introduced under the partnership with Corabio made it possible to achieve the target of serving 10% local and organic products in Somfy’s company restaurant in Cluses (up 5% compared with 2014);
- The reuse of laptop computers across Somfy SAS: 377 products handled in 2015 including 143 computers. The update and removal of computer data is performed by a company promoting the employment of disabled people. These computers and various accessories are then reused, thereby breathing new life into them. In 2015, 95% of the equipment was reusable, with the remaining 5% sent for recycling;
- LianDa, in China, has developed gardening areas in its green spaces that are used by its employees;
- The SITEM factory in Tunisia has made investments in LED lighting in its workshops;
- The SOPEM factory in Poland is committed to reducing its energy consumption and waste production. Since the factory went into production in 2014, a structure for sorting and recycling waste has been introduced. In 2015, meetings with staff have been led to offer training in procedures to deal with waste;
- In Italy, BFT has an ISO 14001 certified structure. Instructions on the sorting and reduction of waste in manufacturing zones have been implemented by internal “environment experts” and employees responsible for waste management. This happens through meetings and general communication with staff or information campaigns. Measures have also been implemented in relation to eco-design with priority accorded to reducing the energy consumption of products, to packaging and recyclable oils.

Internal communication initiatives continued in 2015 in support of initiatives undertaken. They took the form of articles in the various in-house magazines, both in video and paper format (for example, in the in-house magazine “Imagine” printed in five languages and available to all Somfy employees), information meetings on site or internal seminars.

The communication themes tackled were primarily based on the Act for Green® programme and the link between Somfy’s values and its commitment to the environment.

POLLUTION AND WASTE MANAGEMENT

WASTE (Tonnes)	31/12/14 Published	31/12/14 Like-for-like	2015/2014 Change on like-for-like	2015 Additions to the scope	31/12/15 Total scope
Non-hazardous waste	2,085	1,908	179	167	2,254
Hazardous waste	37	19	– 1	1	19
TOTAL WASTE	**2,121**	**1,927**	**178**	**168**	**2,273**
Recovered waste	1,876	1,695	169	156	2,021
% of waste recovered	88%	88%			89%

Exit of: Somfy Systems Inc., Somfy Italia SRL, Somfy China Co Ltd, Somfy GmbH.
2015 addition of: SOPEM.
2014-2015 like-for-like: Somfy SAS, Simu SAS, BFT SpA, SITEM SARL, WAY SRL, LianDa.

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. Somfy also applies this requirement to products sold outside Europe.

SUSTAINABLE USE OF RESOURCES

Water

Water consumption at the sites is limited to the toilet facilities. At Somfy's various industrial sites, there are no manufacturing processes likely to exhaust local water resources or that depend on a limited water supply.

WATER CONSUMPTION (M^3)	31/12/14 Published	31/12/14 Like-for-like	2015/2014 Change on like-for-like	2015 Additions to scope	31/12/15 Total Scope
Water consumption	55,351	52,781	– 7,538	1,409	46,652

Exit of: Somfy Systems Inc., Somfy Italia SRL, Somfy China Co Ltd, Somfy GmbH.
2015 addition of: SOPEM.
2014-2015 like-for-like: Somfy SAS, Simu SAS, BFT SpA, SITEM SARL, WAY SRL, LianDa.

99% of waste water is discharged into public treatment networks.

Energy

The companies use gas, network electricity and heating oil.
Energy consumption is primarily linked to the heating and air conditioning of the premises.

ENERGY CONSUMPTION (KWh)	31/12/14 Published	31/12/14 Like-for-like	2015/2014 Change on like-for-like	2015 Additions to scope	31/12/15 Total Scope
Gas	11,659,131	9,792,992	929,397	609,226	11,331,615
Electricity	13,121,650	11,913,575	641,571	1,170,630	13,725,776
Mineral fuel	137,484	75,917	2,239	–	78,156
TOTAL ENERGY CONSUMPTION	**24,918,266**	**21,782,484**	**1,573,208**	**1,779,856**	**25,135,547**

Exit of: Somfy Systems Inc., Somfy Italia SRL, Somfy China Co Ltd, Somfy GmbH.
2015 addition of: SOPEM.
2014-2015 like-for-like: Somfy SAS, Simu SAS, BFT SpA, SITEM SARL, WAY SRL, LianDa.

Simu SAS continued its thermal insulation improvement measures by changing the skylights in its manufacturing workshops and replacing the old office windows with double glazed windows and airtight double glazing.
Similarly, Somfy SAS continued its initiative to reduce energy consumption on its sites:
- Insulation was improved and LED lighting was installed during refurbishment of premises;
- The traditional boiler at the Crétet site in France was replaced with a condensing boiler, receiving an energy certificate;
- An air compressor was replaced with a variable speed compressor, receiving an energy certificate;
- Air transfer system to regulate summer and winter temperatures between two workshops.

Raw materials

Somfy has incorporated requirements aimed at minimising the depletion of raw materials in its Act for Green® framework:
- Use of packaging materials with a minimum of 50% recycled fibres;
- Full use of recycled paper in product instructions;
- Ensuring products can be repaired as much as possible;
- Ensuring durability of remote controls with products resistant to cumulative shocks.

Regarding the collection and processing of end of life products, in 2013, Somfy implemented measures for professional sector products, which represented most of the volume put on the market:
- In France, through a contract signed with RECYLUM, an organisation authorised to process professional WEEE. This is the result of an industry approach in which Somfy Group was a stakeholder.

In 2015, Somfy continued in its efforts in this area through working within the various professional bodies to improve the industry and work on the recyclability of products. The recycling rate for S&SO RS100 motors is currently 59% (based on PEP ecopassport® data).

LAND USE

There are no mining operations on any Somfy Group's sites.
Our plants have regular HOSHIN or 5S workshops in order to optimise the footprint of the sites. A team of specialists, integrated into the Group's Industrial Department, is dedicated to leading these projects at the Group's plants.

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.
CO_2 emissions from our activities concern emissions related to the generation of electricity, gas and mineral fuel. They represent 5,946 tonnes of CO_2[19].

19. The conversion of KWh to CO_2 was calculated based on the conversion factors provided by IAE.

PROTECTION OF BIODIVERSITY

The SOPEM factory in Poland is located on the edge of protected sites belonging to the Natura 2000 network:
– Puszsza Niepolomicka PLB 120002,
– Torfowisko Wielkie PLH120080.
Somfy SAS owns several sites in the heart of the French Alps, near Mont Blanc. Somfy wants to act to protect the mountain's 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). A charter was notably developed in 2013.

SOCIETAL INFORMATION

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TERRITORIAL, ECONOMIC AND SOCIAL IMPACT

Consideration of the local impact of the company's activity in relation to employment and regional development

Leader in its business sectors, Somfy Group grew, which in 2015 had a positive impact on both direct and indirect employment across all the regions in which it operates. Several elements support this assertion:
– Pick up in recruitment in zones which, following the 2012 economic crisis, had to overhaul their cost structure: North America, Northern Europe and Southern Europe;
– In Poland specifically, implementation of a new phase of work to increase production capacity and creation of a regional logistics centre. This development of local employment was accompanied by a transfer of Group knowledge and skills (French operators sent to train their Polish counterparts);
– In 2015, Somfy Group continued to have a positive impact on employment in France and particularly in the Rhône-Alpes region, where its activities have traditionally been located.

The Group prioritises the local recruitment of senior executives and employees, as this offers advantages in terms of the understanding of local issues and cultures which is essential in particular in the residential sector.
Moreover, the Group wants production sites to be autonomous in their methods and their supply. The sites have autonomy in their choice of suppliers from a panel jointly constructed and managed by Group Purchasing. The aim is to maintain consistency in the purchasing strategy whilst going as far as possible to ensure local implementation in relation to sub-contracting and supply. This openness is beneficial to the Group which in return benefits from successful local initiatives which can then be rolled out elsewhere.
Group policy aimed at ensuring R&D centres are located close to production centres and the main consumer-dense areas led in 2015 to the creation of two R&D divisions - in China for curtain motorisation and in Poland for motorisation of exterior venetian blinds.

Consideration of the impact on neighbouring and local populations

In order to promote regional development, Somfy Group participates in and supports higher education establishments in the Rhône-Alpes region. In 2015, Somfy Group became a founder member of the Université Savoie Mont Blanc (USMB) Foundation alongside the Assemblée des Pays de Savoie and the Club des Entreprises de l'Université Savoie Mont Blanc. This selection forms part of the longstanding relationship between the University and Somfy, which has continued since the creation in 1991 of the Club des Entreprises, of which Somfy's Paul Dreyfus was the inaugural chairman. Somfy is working alongside the University to bring the academic world closer to the business world. This is the aim of the University-created Foundation. Moreover, since 2012, the Group has chaired the Board of the Ecole Polytech Annecy Chambéry, the University's engineering school. In total, 38 graduates of the University have stated they have worked for Somfy during or after their studies, 12 of whom hold a Master's. In 2015, Somfy welcomed students from the University on work placement and work-study contracts.
In addition, ARIES group "Graphic and Motion Design" students, in collaboration with Somfy and Grenoble School of Management, created a serious game called "Home Smart Home" on the housing of tomorrow in the form of a board game.
Somfy Group is heavily involved in competitiveness centres and technology clusters active in the Arve valley (Haute-Savoie), where the Group's historical sites are located. Somfy is particularly active in the Competitiveness Division of Mont-Blanc Industries, where it mixes with a number of leading and successful mechatronics businesses such as Altran-NSI, NTN-SNR, Seb-Téfal, Stäubli, etc. Somfy is involved in Thésame, a technology network for mechatronics businesses and MIND, a Public Interest Group and innovative Franco-Swiss platform specialised in the mechatronics field. Mechatronics is the synergetic and systematic combination of mechanics, electronics and real time computing, and is at the heart of Somfy's expertise. These collaborations enable the company to be committed to territorial industrial development whilst continuing to benefit from the input of skills and innovations into our design and industrialisation processes.
In 2014 in particular, Somfy Group launched the research and development project COMETE (Cloud pour la maison intelligente et l'efficacité énergétique / Cloud for the smart home and energy efficiency), whose purpose is to develop home automation systems aimed at improving the energy efficiency of buildings. The project brings together nine partners, businesses and research laboratories from the Rhône-Alpes region. COMETE is financially supported by the FUI (Fonds Unique Interministériel), the Rhône-Alpes Region, the Haute-Savoie and Isère departmental councils, and the Communauté de Communes (federation of local councils) of Grésivaudan. After three years of this project's development, Somfy Group believes that COMETE will lead to the creation of 40 local jobs.
On a different note, the Group has a role of director within the Board of Governors of the Arve Mont Blanc Intercompany Occupational Health Service, whose purpose is to promote and encourage the prevention of occupation risks in the Vallée de l'Arve, action which involves the health and safety risks for Group employees being better taken into account.

RELATIONS WITH STAKEHOLDERS

Conditions for dialogue with stakeholders

The Group annually reviews its communication plan in relation to its stakeholders, to ensure they are kept regularly informed and to facilitate as much as possible constructive discussions in relation to the Group's strategy and management with the stakeholders identified as priorities: employees, shareholders, investors, customers, users, suppliers and regional governments. We distinguish between customers, a term that refers to the professionals or distributors who buy and sell, integrate, or install our products; users, a term that refers to the end users of our products, whether they are the customers of our customers, users of our solutions in offices or communal facilities, or consumers buying our products on our websites.
The social section of this report summarises all the developments and improvements made as part of the dialogue with employees, management and unions.
Being responsive to professional customers is a strategic priority for Somfy Group and it is structured within a programme called "Customer First". For each customer profile, Somfy Group has developed dialogue-based activities – studies, surveys, training, services – tailored to the expectations of these stakeholders.

Users are regularly consulted as part of the development of our new offers. A forum moderated by Somfy gives them a voice in France. Other users, as well as company employees, reply to them. More than 100,000 questions are consulted each month by those using this forum, which received almost 800,000 visits in 2015, representing 40,000 unique visitors per month. This allows our hotline to be more efficient and to answer calls more quickly and has led to productivity gains in this telephone support service.
Involved in the development of the areas in which the Group is located, Somfy has led dialogue in France with the various levels of public decision-making to contribute to action in the areas of education, employment, research and development, or to support cultural and sporting projects for local people, by trying where possible to replicate these events within the company for the benefit of employees. These programmes include the Mont-Blanc Photo Festival (Pays du Mont-Blanc), le Salon du Livre Esperluette (Cluses), Musiques en Stock (Cluses), Plein Feux Festival (Bonneville), MB Race (Pays du Mont-Blanc) and various sports clubs (Cluses). This collaboration can take the form of patronage or sponsorship, since the visibility of Somfy's initiatives by Group employees or local residents is one of the aims of this commitment.

Acts of support, partnership or sponsorship

Action to support top young athletes
In 2014, Somfy created Somfy Ski Talents, a sponsorship programme for top young skiers, which as well as financially supporting young athletes, offers to help them, where applicable, to prepare for their transition into, or in finding out about, the business world. Thus in 2015, Jonas Devouassoux completed a placement at the R&D centre. Lastly, we help young athletes to build their reputations by passing on their news via our social networks.

A citizen's policy involving employees
Through the Somfy Foundation, the Group is pursuing its civic action in its field of business where it is strongest: the fight against poor housing, in keeping with the strategic mission to improve living environments driven by Somfy.

In 2015, the Group committed almost €400,000 to the Foundation, which enabled three major programmes to be financed:
– The endowment fund Les Petites Pierres is an online crowdfunding platform, www.lespetitespierres.org, created in 2013. It enables anyone to donate to community projects in the area of access to decent housing. In 2015, the platform enabled 25 projects to be funded, for an amount of €146,413, topped up by the Group. The recruitment at the Foundation of a project coordinator for digital communication meant that support could be put into place to help associations with their online presence;
– The international programme "A House is a Home" became the sole vehicle to roll out the Foundation's measures externally, across all the countries in which the Group operates and should allow associations looking for funding to be directed to the site. In 2015, two initiatives were conducted – in France, as part of the partnership with Emmaüs France, a single yet large scale project, the EMRA (Emmaüs Mutualisation Rhône-Alpes) community renovation project in St André le Gaz, Isère; and in Brazil, as part of the "Habitat for Humanity" partnership, the Foundation renovated one house per month in a suburb of São Paulo, meaning 12 projects, to provide housing for single mothers. Several projects aimed at linking the Group's subsidiaries with the Foundation are under consideration in Europe for 2016;
– Continuation of a participation programme for Somfy Group employees, "Time for Others" ("Un Temps pour les Autres"). This programme provides associations with the skills and drive of Somfy Group employees by offering the latter the opportunity to take part, during working hours, in solidarity action days on behalf of associations. In 2015, 117 employees benefited from a solidarity day to take part in this programme. This was an increase of 40%, demonstrating the interest shown by employees in this programme.

The Foundation led a campaign to raise awareness about poor housing by debuting a touring photographic exhibition, which shares with visitors the life trajectories and feelings of those benefiting from or involved in the projects carried out thanks to Les Petites Pierres endowment fund. It was exhibited in Annecy in late 2015, as well as to Group employees.
Following the example of what was achieved in Brazil as part of the growth strategy in Latin America, and what is currently being implemented in several countries in the Europe, Middle East and Africa region, the Group is globally exporting the Foundation's policy in order to promote this societal commitment to all Group entities and employees, beginning with subsidiaries where the economic issues demonstrate that each employee's commitment is fuelled by a shared sense of the common good provided by this civic action.

SUB-CONTRACTING AND SUPPLIERS

Suppliers and sub-contracting are important for Somfy Group due to the nature of its industrial activity which is essentially assembly. Indeed, all the components that form part of the composition of the products are purchased components.
In order to make progress in relation to responsible purchasing, Somfy Group, in collaboration with other manufacturers, has developed a maturity frame of reference in relation to collective and responsible purchasing: this framework incorporates the central issues of the standard, ISO 26000.
This work was carried out within the framework of PEAK, a business Research and Training network aimed at developing collaborative customer supplier relationships.
Somfy Group has begun to introduce measures to make sure that its suppliers and sub-contractors are socially and environmentally responsible. Thus, Somfy has auditors who assess suppliers prior to their admittance to the panel. These audits are conducted on the basis of a questionnaire that includes 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 Group may ask the supplier to take corrective action.
For every component developed by a supplier, Somfy Group requests a written undertaking relating to the European Directives REACH and ROHS.
In accordance with the regulations adopted by the US Securities and Exchange Commission in 2012, Somfy Group implemented its duty of diligence in respect of its supply chain, in order to ensure that the supplies used in its products do not contain any "Conflict Minerals".

FAIR PRACTICES

As announced in 2014, the rollout of the Ethics Charter began during the Somfy Conference in September 2015. The aim is that, once the rollout is complete, all Somfy Group employees know about the existence of this Charter and its contents, and that they have been made aware of and trained in ethical concepts by their managers.

"As it continues to grow, the Somfy Group benefits from greater visibility in many countries and on increasingly diversified markets. This development is generating new challenges and imposing new demands. Protecting the reputation of the Group therefore requires us to reinforce our need for exemplary behaviour in our day-to-day activities. Our leadership position on several of our business sectors and our ambition for the future imply greater responsibilities, which we readily accept. And the success of our Group will not last unless we clearly assert our requirements as an ethical and responsible business. In this context, the Somfy Group has drawn up an Ethics Charter which will become a point of reference in terms of individual and group behaviour, and will guide our day-to-day activities. We want to make this a Charter that brings people together, and share our aspirations with the men and women who join our Group."

Source: Introduction of the Ethics Charter by the Management Board

This Charter divides our principles into five areas:
– Compliance with laws and regulations,
– Upright behaviour,
– Respect for people,
– Integrity towards our customers and our business and financial partners,
– Responsibility towards society and the environment.

Ethics
EVERYDAY, EVERYWHERE, EVERYBODY

It is a common and unifying document based on a single set of principles applicable to all Somfy Group employees in each of its constituting entities. This Charter is also a tool for the promotion of dialogue between employees so that ethics is an open matter understood by all. To facilitate its circulation, it has been translated into 14 languages, and 30 ethics contacts have been appointed within the Group's different companies. Supported by managers, they can be consulted in the event of an ethical conflict or dilemma. An Ethics Committee has been set up to lead the process in relation to all the Group's ethical issues and to handle any alerts that may be reported via a dedicated and secure email address. A dedicated e-learning platform and a deployment kit complement this system; the package is accessible to the Group's managers, who are responsible for ensuring its rollout within their scope.
Somfy Group and its employees particularly seek to respect the regulations of the countries in which it operates in relation to organisation of work, whilst subscribing to the principles and objectives of the fundamental conventions of the International Labour Organisation (ILO) and by aiming to adopt the practices of a responsible management respectful of everyone.
This is reflected in a commitment to:
– Respect differences, improve diversity and reject discrimination;
– Reject any kind of harassment, notably moral and sexual;
– Ensure the health, safety and decent working conditions for the company's employees and partners;
– Seek to develop the skills and employability of staff;
– Seek the professional development of employees;
– Guarantee constructive social dialogue.
The Group's Ethics Charter reaffirms the fact that the company rejects all illegal child labour and the use of forced labour, seeks to establish constructive social dialogue and rejects all forms of discrimination and corruption, whether active or passive.

MEASURES PROMOTING CONSUMER HEALTH AND SAFETY

Ensuring the safety of the users of its products is a top priority for Somfy Group. Alongside other leading companies in the electrical industry and the building shutters sector, Somfy Group is heavily involved in standardisation in order to ensure that the good safety practices implemented in relation to product development are maintained. This action operates on an international (IEC standards), European (CENELEC and CEN standards) or local (UL standard for the United States for example) scale. To show that its products comply with safety standards, Somfy products are accredited by independent bodies in its different territories (VDE, NF, SASO, UL, etc.).
Somfy Group acquired a quality management system enabling it to ensure that its products comply with the standards and requirements in place within its markets. To control the performance and safety of the installation of its products, Somfy Group has developed a network of expert installers throughout the areas in which the Group is located. These specialists benefit from professional training to help ensure that the products are installed under optimum safety conditions both for the installer and users. Every product is accompanied by usage and safety instructions.
Somfy publishes online manuals on its websites. They are available on 38 of our sites intended for users of our solutions (also on our sites for professionals) and are translated into between 12 and 18 languages depending on the product listing. In addition, 32 YouTube channels around the world broadcast presentations on products and their operating instructions, usage tips, and even demonstrations on installation and programming.

METHODOLOGY NOTE

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REPORTING PROTOCOL

Somfy Groups' CSR reporting protocol is the reference guide for all those involved in CSR reporting within the Group. It is drawn up in French and English. Its purpose is to define all the Group's CSR indicators along with their method of calculation, and to describe the procedures for their collection and for reporting in order to promote the consistency and comparability of data. This document is distributed to and applied at all levels of data preparation and reporting. The reporting protocol is updated annually to take into account Group developments.
The CSR reporting protocol also serves as a reference framework for the external verification of data, in accordance with Article L. 225-102-1 of the Commercial Code ("Grenelle 2" Law). It is available on request from Head Office.

SELECTION OF INDICATORS

Somfy Group's indicators were defined by the CSR officers for each area in line with the Group's CSR strategy and the resulting social, environmental and societal objectives. They facilitate the monitoring of the CSR policy's progress in each of the improvement areas identified by the Group and the transparent communication of the Group's CSR performance in this report.
The indicators used comply with the Grenelle II decree and are based on the general principles of the GRI (Global Reporting Initiative) guidelines.

COLLECTION, INTERNAL CONTROL AND CONSOLIDATION

The collection of CSR indicators is ensured by the CSR officers within their respective fields of expertise. They rely on their network of local experts who provide the data.
The CSR officers are also responsible for monitoring the consistency and plausibility of the data prior to its consolidation in order to generate the Group indicators included in the CSR section of the management report.

REPORTING PERIOD

The data collected covers the period from 1 January to 31 December 2015. Depending on the indicators, it can relate to:
– An annual consolidation of the data from 01/01/2015 to 31/12/2015,
– The data measured at 31/12/2015.
Where historical information is available, data is reported on the last two financial years.

REPORTING SCOPE

Companies which are controlled by the Group and fully consolidated within the financial reporting scope are included within the reporting scope. The concept of control means the power to govern the financial and operational policies of an affiliated company so as to benefit from its operations. Control is generally deemed to exist where the Group holds more than half of the controlled company’s voting rights.
Newly acquired companies are integrated into the reporting scope following a probationary period necessary for the introduction of reporting.
Companies which were sold during the financial year are not included within the reporting scope.

Specifics of the scope for 2015 reporting:

The social reporting scope taken into account for the 2015 financial year was restricted to the following entities:
– Somfy SAS (France),
– Simu SAS (France),
– SITEM SARL (Tunisia),
– LianDa (China),
– Somfy China Co Ltd (China),
– Somfy GmbH (Germany),
– Somfy Systems Inc. (USA),
– BFT SpA (Italy),
– Somfy Italia SRL (Italy),
– WAY SRL (Italy),
– Somfy BV (Netherlands),
– Somfy Ltd (UK),
– NV Somfy SA (Belgium),
– Somfy Nordic AB (Sweden),
– Somfy Norway AS (Norway),
– Somfy Middle East Co Ltd (Republic of Cyprus),
– Somfy Egypt (Egypt),
– Somfy Maroc SARL (Morocco),
– Somfy Ev Otomasyon Sistemleri Ticaret Ltd Sti (Turkey),
– Somfy South Africa (PTY) Limited (South Africa),
– Somfy Tunisie (Tunisia),
– SOPEM (Poland),
– Somfy K.K. (Japan),
– Somfy PTY Ltd (Australia),
– Somfy Joo (Korea),
– Automatismos Pujol SL (Spain),
– Somfy España SA (Spain).

Certain companies are excluded from the social scope due to the existence of very low workforces in certain organisations (distribution subsidiaries spread out over vast geographic areas such as Russia or South America), or the lack of Human Resources information systems designed for collecting data easily. To overcome this last difficulty, an international information system is currently being deployed within the Group’s main companies, its aim in the long run being to cover all Somfy regions and companies.

The environmental reporting scope taken into account for the 2015 financial year was restricted to the following entities:
– Somfy SAS (France),
– Simu SAS (France),
– SITEM SARL (Tunisia),
– LianDa (China),
– BFT SpA (Italia),
– WAY SRL (Italia),
– SOPEM (Poland).
The distribution subsidiaries are excluded from the environmental scope due to their low environmental impact in comparison with the industrial sites.

For reasons of organisation and access to information, certain Group companies have not yet been included. For future years, the Group wishes to use perimeters that are more relevant depending on the topics covered and is setting itself the short-term objective of incorporating all the companies that it fully owns.

It may be recalled that the 2014 reporting scope included the following companies:
– Somfy SAS (France),
– Simu SAS (France),
– SITEM SARL (Tunisia),
– LianDa (China),
– Somfy China Co Ltd (China),
– Somfy GmbH (Germany),
– Somfy Systems Inc. (USA),
– BFT SpA (Italia),
– Somfy Italia SRL (Italia),
– WAY SRL (Italia).

METHODOLOGY LIMITATIONS

The methodologies used for the reporting of certain CSR indicators may present limitations due to:
– Particularities of local legislation in the various countries in which the Group is located,
– Lack of availability of information on certain scopes,
– Use of estimates in the absence of assessment tools,
– Practicalities of collecting and processing data.

CROSS-REFERENCE TABLE

CSR cross-reference table based on Decree 2012-557 of 24 April 2012

Social information	Pages
Employment	
Total workforce (employee distribution by gender, age and geographic region)	27, 28 and 30
Recruitment and redundancies	30
Remuneration and its evolution	28
Work organisation	
Organisation of working hours	28 and 29
Absenteeism	31
Employee relations	
Organisation of social dialogue	29
Collective bargaining agreements	29
Health and safety	
Health and safety at work	29
Review of agreements signed with trade unions or employee representatives in terms of health and safety at work	30
Frequency and severity rates of work accidents, and occupational diseases	29 and 30
Training	
Training policies	31 and 32
Total number of training hours	31
Equal treatment	
Measures taken to promote gender equality	30
Measures taken to promote the employment and integration of disabled employees	30
Anti-discrimination policy	30
Promotion of and compliance with ILO fundamental conventions	38

Environmental information	Pages
General environmental policy	
Company organisation to take into account environmental issues and environmental assessment and certification processes	33 and 34
Training and employee information actions conducted in relation to environmental protection	34
Resources allocated to avoiding environmental risks and pollution	33
Amount of provisions and guarantees for environmental risks	33
Pollution and waste management	
Measures to prevent, reduce or remediate air, water and land emissions that seriously damage the environment	33
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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 authorisations:

	Date of AGM	Date authorisation expires	Authorised amount	Used during the financial year ended 31 December 2015	Residual amount at 31 December 2015
Authorisation to issue stock options	Extraordinary General Meeting 13 May 2015	12 July 2018	1.5% of share capital on date of AGM Charged to the allocation of free shares	Nil	1.5% of share capital on date of AGM
Authorisation to grant existing free shares	Extraordinary General Meeting 13 May 2015	12 July 2018	1.5% of share capital on date of AGM Charged to the allocation of subscription options	Nil	1.5% of share capital on date of AGM
Authorisation to cancel the shares bought back by the company	Extraordinary General Meeting 14 May 2014	13 May 2016	10% of share capital	Up to 436,800 shares on 27 May 2015, i.e. 5.57% of share capital	303,200 shares, i.e. 4.43% of share capital on the date of decision to cancel

It is also specified that the Management Board is authorised to buy back shares, details of which are provided in the paragraph on the buyback of own shares.
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.
The Annual General Meeting of 24 May 2016 will be asked to reappoint/appoint the principal and alternate Statutory Auditors, as specified below.

COMBINED GENERAL MEETING OF 24 MAY 2016

RENEWAL OF THE TERMS OF OFFICE OF/APPOINTMENT OF THE PRINCIPAL AND ALTERNATE STATUTORY AUDITORS (resolutions 5 to 8)

—

You will be asked to reappoint the firm ERNST & YOUNG et Autres to the role of Principal Statutory Auditor, as well as to reappoint the firm AUDITEX, to the role of Alternate Statutory Auditor, each for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ended 31 December 2021.

Moreover, you will also be asked to appoint KPMG SA as a replacement for the firm LEDOUBLE SA, to the role of Principal Statutory Auditor, as well as to appoint SALUSTRO REYDEL as a replacement for the firm CFCA, to the role of Alternate Statutory Auditor, each for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ended 31 December 2021.

We inform you that the candidates have not, over the past two financial years, verified any contribution or merger transaction involving the company or companies it controls within the meaning of Article L. 233-16 of the Commercial Code.

You will also be asked to renew the authorisations (i) for the purpose of cancelling the shares bought back by the company under the provisions of Article L. 225-209 of the Commercial Code, which ends on 13 May 2016, and (ii) in relation to the allocation of existing free shares to employees and/or certain corporate officers, to enable the company to benefit from the new system under the Macron law, in accordance with the terms and conditions specified below.

CANCELLATION OF SHARES BOUGHT BACK BY THE COMPANY PURSUANT TO ARTICLE L. 225-209 OF THE COMMERCIAL CODE (resolution 11)

—

You will be asked to vote on the authorisation for a period of 24 months allowing the company to cancel the acquired shares allocated to the cancellation purpose as part of the share buyback programme within the limit of 10% of the share capital per 24-month period.
It is specified that over the course of the last 24 months, the company cancelled 436,800 shares representing 5.57% of the share capital on 27 May 2015.

FREE ALLOCATION OF EXISTING SHARES TO MEMBERS OF STAFF AND/OR CORPORATE OFFICERS (resolution 12)

—

You will be asked to renew the authorisation in relation to the allocation of existing free shares, delivered by the Annual General Meeting of 13 May 2015, to enable the company to benefit from the new system under the Macron law. This authorisation would cancel the authorisation granted by the Combined General Meeting of 13 May 2015 under its tenth extraordinary resolution.
You will be asked to grant the Management Board an authorisation to allocate, in one or more instalments, in accordance with Articles L. 225-197-1 and L. 225-197-2 of the Commercial Code, existing ordinary shares in the company, for the benefit of:

- Employees of the company or companies directly or indirectly related to it within the meaning of Article L. 225-197-2 of the Commercial Code,
- And/or corporate officers meeting the conditions set forth by Article L. 225-197-1 of the Commercial Code.

The total number of free shares thus allocated may not exceed 1.5% of the share capital at the date of the Meeting, it being specified that from this limit would be deducted the total number of shares to which the options that may be awarded by the Management Board under the authorisation granted by the Annual General Meeting of Shareholders of 13 May 2015 in its ninth extraordinary resolution may give rise.
The allocation of shares to beneficiaries would be definitive at the end of a vesting period whose duration, which may not be less than one year, would be set by the Management Board.
Beneficiaries should, where applicable, retain these shares for a minimum period, set by the Management Board, at least equal to that required to ensure that the cumulative duration of the vesting, and where necessary the retention, periods may not be less than two years.
The Management Board shall have the necessary powers to set the other conditions and procedures pursuant to which the shares are allocated and, where applicable, do anything, within the context of applicable legislation that the implementation of this authorisation requires.
We propose setting the duration of this authorisation at 38 months from the date of this Meeting.
This new authorisation would terminate in advance the existing authorisation with the same purpose.

Lastly, you will be asked to vote on dividing the par value of the shares in the company and delegate the execution thereof to the Management Board, and on amending Article 2 of the company bylaws.

PAR VALUE SPLIT (resolution 13)

—

You will be asked to set the par value of the shares in the company at €0.20 and, consequently, to split each share with a par value of €1, by exchanging these shares at a transfer rate of five €0.20 shares against one €1 share, it being specified that this division would take effect on a date set by the Management Board.
We inform you that the double voting right as provided for by the provisions of Article 29 of the company's bylaws, would then be allocated upon the issue of registered shares of €0.20 resulting from the division of registered shares of €1 bearing this right, the stipulated period of four years not being interrupted by the exchange.
The €0.20 shares would merely replace the €1 shares which would be cancelled, and this exchange will not result in a change in the relationship between the company and its shareholders.
You will be asked to approve this delegation and authorise the Management Board to carry out this exchange on a date following the dividend payment date, determine the number of existing shares, amend the bylaws accordingly and more generally, do all that is necessary to implement these decisions no later than the end of the General Meeting held in 2017 to approve the financial statements for the previous financial year.

AMENDMENT OF ARTICLE 2 OF THE COMPANY BYLAWS (resolution 14)

—

It will be proposed to amend Article 2 "Corporate purpose" of the bylaws as follows:
"The purpose of the company is, either directly or indirectly, in any country, on its own behalf or on behalf of third parties, **to design, manufacture and market any solutions and any products which help to improve living environments, notably in the fields of the automation of buildings, and to that end it may**:

- Acquire, manage or dispose of any equity or investment securities,
- Acquire shareholdings or interests in any commercial, industrial, financial, personal or real property companies or businesses,
- Manage the available funds that may be at its disposal,
- Acquire, **file** or use any brands, patents or patent licences, sell or transfer them, and grant any relevant operating licence,
- Participate in the management of the policy of its subsidiaries with, where applicable, the provision of specific services to such subsidiaries, according to their requirements,

and more generally, carry out any commercial, financial, industrial, or real or personal property transactions that may relate, directly or indirectly, to the corporate purpose."

INFORMATION ON PAYMENT TERMS
(ARTICLE L. 441-6-1 OF THE COMMERCIAL CODE)

At 31 December 2015 as at 31 December 2014, there were no liabilities due but unpaid to Somfy SA suppliers.
Trade receivables specific to Somfy SA's activity represent payment terms generally less than 45 days from the end of the month.

INFORMATION ON RISKS (ARTICLE L. 225-100 OF THE COMMERCIAL CODE)

FINANCIAL RISKS

—

The main financial risks to which the Somfy Group is exposed are foreign exchange rate, interest rate, liquidity and investment risks.
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). The amounts covered exclusively relate to current or future transactions within the framework of Somfy Group's normal business activities.
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.

FOREIGN EXCHANGE RISK

Somfy Group's exposure to foreign exchange risk is primarily related to its operational activities (intragroup sales of manufactured products distributed by commercial subsidiaries outside the Euro zone and purchases denominated in local currencies).
At comparable terms and conditions, the Group gives priority to natural hedges (foreign currency purchases related to sales in the same currency). The derivative financial instruments put into place are forward foreign exchange contracts for the main currencies and NDF (Non-Deliverable Forward) contracts.
The management of foreign exchange risk is covered in Note 8.3 to the consolidated financial statements.

INTEREST RATE RISK

Somfy Group is exposed to risks associated with the effect of fluctuations in interest rates. Management of the interest rate relative to Group debt is based on consolidated position and market conditions. The primary objective of the rate risk management policy is to control Group financing costs.
The management of the interest rate risk is covered in Note 8.3 to the consolidated financial statements.

LIQUIDITY RISK

Somfy Group must have permanent access to the necessary financial resources to allow it to finance its day-to-day activities and its investments. The Group's liquidity risk primarily arises from the obligation to repay its existing debt, the funding of its future requirements and observance of its financial ratios.
The granting of credit facilities is subject to Somfy SA's commitments to its banking partners to comply with two types of financial covenants based on:

- The Group's financial structure (net financial debt/shareholder's equity) and,
- Its ability to repay (net financial debt/cash flow and net financial debt/EBITDA).

The management of liquidity risk is covered in Note 8.3 to the consolidated financial statements.
Credit facilities and compliance with covenants are detailed in Note 8.2.2.6 to the consolidated financial statements.

INVESTMENT RISK

The Group's exposure to investment risk is related to its cash surplus deposited with banks.
The management of investment risk is covered in Note 8.3 to the consolidated financial statements.

RAW MATERIAL RISKS

—

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

SHARE RISKS

—

The Group is exposed to equity risk on treasury shares. Given the share price, it was not necessary to record a provision for writedown at 31 December 2015.

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 in 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, other than those mentioned in the highlights of the financial year.

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";
- "Corporate officers' civil liability";
- "Transported goods";
- In addition, credit insurance contracts, both in France and internationally, mitigate the consequences of customer default. Approximately 60% of sales are covered by such contracts.

COUNTRY RISK

—

The majority of operations occur in safe areas such as Europe and the United States.
The geographic regions most exposed to current economic and monetary uncertainties are Asia (China and Korea), Latin America (Brazil) and the Middle East (Levant). In total, they represent between 10 and 15% of Group sales.

CLIMATE RISK

—

Due to the nature of the products marketed (notably motors for blinds), Somfy Group's activity is partly connected to weather conditions, in particular during the first half of the year, during which sales of motors for blinds are concentrated.

CUSTOMER CREDIT RISK

—

Customer credit risk is linked to the receivables portfolio and the sometimes challenging economic environment in certain parts of the world. Nevertheless, customer profile, the Group's international geographic presence and the credit insurance cover help to mitigate this risk.
The management of credit risk is covered in Note 5.4 to the consolidated financial statements.

INFORMATION ON NON-DEDUCTIBLE CHARGES
(ARTICLES 39-4 AND 223 IV OF THE GENERAL TAX CODE)

The financial statements for the financial year ended 31 December 2015 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 €279,483,937.12 for the financial year ended 31 December 2015, increased by retained earnings of €5,057,826.80 and the legal reserve surplus of €50,681.01 to a total of €284,592,444.93, as follows:

– Allocation to shareholders of a gross dividend of €5.70 per share, being €5.70 x 7,400,000 shares	€42,180,000.00
– Transfer to optional reserve	€242,412,444.93
	€284,592,444.93

A gross dividend of €5.70 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.
The dividend will be payable on 3 June 2016; the shares must be held on 1 June 2016 (ex-dividend 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 year	Revenues eligible for tax rebate		Revenue not eligible for tax rebate
	Cash dividends	Other distributed earnings	
2012	€35,571,628.80* being €4.80 per share	–	–
2013	€38,666,435.60* being €5.20 per share	–	–
2014	€35,693,533.20* being €5.20 per share	€391,840.00, each share conferring the right to either one Edify SA share or a cash sum of €50.00**	–

** Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.*
*** The General Meeting of shareholders of 27 November 2014 decided on the exceptional distribution of €391,840,000.00, which was taken from the "General Reserve", it being specified that each Somfy share conferred entitlement to either one Edify SA share or a cash payment of €50.00, according to the shareholder's preference.*

REGULATED AGREEMENTS

We inform you that the Supervisory Board of 9 March 2016 reviewed the regulated agreements, which were in effect during the financial year and justified their usefulness to the company. On this occasion, the tax consolidation agreement between the company and its wholly-owned subsidiaries, either directly or indirectly, was reclassified.
Please note that no new agreements of the same nature as those referred to in Articles L. 225-86 and subsequent of the Commercial Code were concluded during the 2015 financial year.

STOCK MARKET PERFORMANCE

During the 2015 financial year, the Somfy SA share price increased by 67.79%. At 31 December 2014, the last trading day before the close of the previous financial year, the share price was €208, compared with €349 at 31 December 2015.
Based on this last share price and taking account of a gross dividend per share of €5.70, the Somfy SA share yielded 1.6%.
The market for the share recorded a monthly trading volume high of 13,379 and low of 4,540 per month, with a monthly average of 8,401 shares, compared with 21,184 shares the previous year.

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

The Management Board