04
/ MANAGEMENT BOARD REPORT
TO THE COMBINED GENERAL MEETING OF 13 MAY 2015

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 2014.
Somfy Group is the global leader in opening and closing automation for both residential and commercial buildings.

Highlights of the year

DEMERGER AND QUOTATION OF SOMFY PARTICIPATIONS

At its meeting of 14 May 2014, the Supervisory Board unanimously decided to study the demerger of the Group into two entities, Somfy Activities and Somfy Participations, as proposed by the Management Board. The Management Board considered that more than six years after its creation, Somfy Participations had acquired the necessary maturity and experience to develop its activities autonomously.
The Supervisory Board meeting of 13 October 2014, having considered the report of the independent expert (Valphi) on the transfer value of the assets and the fairness of the financial conditions of the transaction, unanimously approved the terms of the demerger of the Group's two business divisions, Somfy Activities and Somfy Participations.
As part of this transaction, on 29 October 2014 Somfy SA **transferred the assets of Somfy Participations (Gaviota Simbac, Zurflüh-Feller, Sirem, Pellenc and Sofilab 4), with the exception of CIAT and FAAC securities**, to the public limited company (société anonyme) Edify, governed by Luxembourg law, which was created on 16 September 2014 for the purposes of the transaction.
The value of Edify at the end of the transfer was €253 million. It is divided into 5,060,620 shares and is made up of €192 million and €61 million for the equity portfolio and the balance of other financial assets (receivables, cash and cash equivalents) respectively.
At its meeting of 27 November 2014, the General Meeting adopted all the resolutions submitted for its approval. It has thus ratified the separation of the Group's two business divisions and decided to make an exceptional distribution of reserves with shareholders having the choice of receiving either a cash payment or shares in the company Edify.
At the General Meeting, Somfy's majority shareholder confirmed its decision to opt for payment in Edify shares.
The amount of €50 per Somfy share for payment in cash was established based on the value of Edify, set at €253 million and divided into 5,060,620 shares comprising the share capital of said company.
The firm Valphi, acting as independent expert, believed the financial conditions of the transaction to be fair for Somfy shareholders in a report dated 9 October 2014, annexed to the prospectus for admitting Edify shares to official listing and trading on the organised Euro MTF market of the Luxembourg stock exchange, available via Somfy's website (www.somfy.com).
Edify shares were admitted for trading on the Luxembourg market on the same date as the distribution was paid, namely 19 December 2014.
Prior to the demerger, **Somfy Participations** performed the following legal transactions:
– In June 2014, **acquisition of 5.89% of the share capital of Lacroix**, a French company specialised in the manufacture of wooden, cardboard, plastic and composite packaging;
– In July 2014, **acquisition of 68.4% of the share capital of Usines Métallurgiques de Vallorbe** (UMV) in the canton of Vaud in Switzerland, one of the world leaders in the manufacture of high quality files for use in many industries such as forestry, jewellery and watchmaking;
– In December 2014, **acquisition of the bare ownership of 51.36% of the share capital of Pellenc SA.** At 31 December 2014, Somfy Participations owns the full ownership of 48.4% of shares in Pellenc SA.

The aforementioned Lacroix, Usines Métallurgiques de Vallorbe and Pellenc SA securities were incorporated into the transfer to Edify as detailed above.
The demerger has been accounted for as a distribution of non-cash assets in accordance with the IFRIC 17 interpretation. The Group took the view that, although the demerger was an operation under common control, the recognition principles could be applied. The financial impact of this transaction was a loss of €60.9 million, which was recognised in the income statement under the "Net profit of operations held for sale or distribution" heading, in accordance with IFRS 5. This loss is mainly attributable to the holding company discount applied to the assets transferred to Edify, in accordance with the independent expert's valuation.

CIAT DISPOSAL PROCESS

On 23 July, **Somfy SA** received a firm offer from **United Technologies Corporation** to acquire its equity investment in the share capital of **CIAT Group**, a specialist in the air treatment and heat transfers of buildings.
The bid was subject to several conditions precedent, namely consultation with CIAT Group's works council (favourable opinion issued on 28 October 2014), approval by CIAT Group following this consultation and the authorisation of the supervisory bodies governing this type of transaction (last authorisations received in December 2014).
The definitive transfer took place on 5 January 2015. The transaction is worth approximately €117 million, including €38 million related to the acquisition price of the securities, excluding costs, and €79 million for the redemption of the CIAT bond issue originally subscribed to by Somfy SA.
The CIAT Group interest dates from 2008 for its initial portion and on the day of the transfer represented 46.1% of the share capital of CIAT Group.

APPLICATION OF IFRS 5 – ASSETS HELD FOR SALE OR DISTRIBUTION

The Group presented the demerger transaction and the disposal of CIAT as operations distributed or held for sale, in accordance with IFRS 5 – Non-current assets held for sale or distribution.

The profit/(loss) from these operations is presented on a separate line of the income statement, "Net profit from operations distributed and held for sale", and has been restated in the cash flow statement and the income statement for all periods published.

The assets and liabilities of "operations distributed and held for sale" are shown on separate lines of the Group's balance sheet, without restatement of previous periods.

IMPAIRMENT OF GOODWILL

Somfy Activities impaired the goodwill of **BFT** Group, **Giga** and **Garen Automação** for a total of €24.3 million and its equity investment in **Neocontrol** for €0.5 million at 31 December 2014, given the outlook of these subsidiaries.

TAX AUDITS

Somfy SAS was subject in 2013 to a tax audit in relation to the 2009 and 2010 financial years. The main adjustment related to the transfer price policy implemented between a subsidiary of Somfy SA, Somfy SAS and a number of distribution subsidiaries.

During the second half of 2013, Somfy SAS, with the assistance of its legal advisers, accepted to enter talks with the tax authorities in order to reach an outcome acceptable to all parties.

The Group considered it probable that Somfy SAS would be compelled to accept part of the additional tax assessment thus notified and had therefore recognised a liability of €8.4 million in the financial statements for the year ended 31 December 2013.

During the first half of 2014, Somfy SAS and the tax authorities agreed on the amount of this additional assessment. Somfy SAS thus recorded a liability equal to the provision recognised in the financial statements at 31 December 2013.

Somfy SA has been subject to a tax audit in relation to the 2010 and 2011 financial years. A liability of €3.1 million had been provisioned in the 2013 annual financial statements. During the first half of 2014, Somfy SA and the tax authorities agreed on the amount of this additional assessment, which was identical to the provision recognised in the financial statements at 31 December 2013.

CONTINGENT LIABILITIES

Somfy Mexico SA, the Group's Mexican subsidiary, has been subject to a tax audit by the tax authorities in relation to foreign trade matters. The proposed tax adjustment amounts to €1.7 million, primarily related to customs duties. Somfy Mexico has appealed to the Mexican tax authorities, which confirmed its opinion at the end of September 2013. Following this reply, Somfy Mexico has appealed to the administrative court. The Group considers that the arguments put forward by the tax authorities remain disputable and is confident in the likelihood that this ruling will be overturned. Therefore, the Group qualified the risk as a contingent liability and no provision was recognised at 31 December 2014.

On 6 January 2014, **Somfy SA** was summoned to appear before the Regional Court of Albertville to seek annulment of the transfer of the company **Spirel**, which took place in 2010. Having had their first summons rejected by the Regional Court of Albertville, Spirel's employees served a new summons on 27 June 2014. The hearings should take place in 2015. 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. Therefore, the Group qualified the risk as a contingent liability and no provision was recognised at 31 December 2014.

CHANGES IN GROUP STRUCTURE

The scope was impacted by the demerger of the Group into two entities, Somfy Activities and Somfy Participations as detailed in the section "Demerger and quotation of Somfy Participations".

The Group made no major acquisitions during the 2014 financial year, other than those referred to in the same section.

Presentation of financial statements

PARENT COMPANY DATA

For the year to 31 December 2014, Somfy SA generated sales of €1.8 million. Net financial income amounted to €165.5 million, including €140.9 million in dividends paid by the subsidiaries in respect of their net profit for the year to 31 December 2013. Net extraordinary expense totalled €38.7 million.

Net profit was €104.6 million, after inclusion of an income tax charge of €13.8 million.

CONSOLIDATED DATA

SALES

Group sales were €981.7 million for the financial year just ended, an increase of 6.4% on a restated basis and 4.8% on a like-for-like basis.

The strongest increases were recorded in Central and Eastern Europe, as well as in Southern Europe and Northern Europe, reflecting the recovery in the Iberian Peninsula, Benelux, the UK and Scandinavia.

Significant increases were also recorded in Germany, Asia-Pacific, despite the slowdown in growth and the postponement of projects in China, and in the Americas, in spite of the dip noted during the year due to the deteriorating situation in Brazil and a high level of baseline in the US.

Only France ended the financial year on a negative note, as a result of the sluggish economic environment and a weak property sector.

SALES BY CUSTOMER LOCATION

€ thousands	31/12/14	31/12/13	Change N/N–1	Change N/N–1 like-for-like
France	245,694	250,936	– 2.1%	– 2.1%
Germany	153,162	144,797	5.8%	5.8%
Northern Europe	95,706	87,769	9.0%	8.4%
Central and Eastern Europe	95,009	85,025	11.7%	14.1%
Southern Europe, Middle East and Africa	174,342	161,880	7.7%	9.2%
Asia-Pacific	96,933	94,080	3.0%	5.0%
Americas	120,883	98,331	22.9%	2.2%
SOMFY CONSOLIDATED	**981,731**	**922,818**	**6.4%**	**4.8%**

RESULTS

The Group's current operating result was €149.7 million for the financial year, an increase of 3.7% on a restated basis, and represented 15.3% of sales.

The recorded increase is attributable to sales growth and a sustained industrial margin. It also reflected contained cost increases despite the integration of recently-acquired companies and ongoing strategic investment (innovation, sales force and marketing).

Consolidated net profit totalled €38.1 million, adversely impacted by a non-recurring operational expense of €23.9 million, corresponding to goodwill impairment, and the net loss of €53.8 million from operations held for sale or distribution, primarily attributable to the overall holding company discount applied to assets transferred to Edify, in accordance with the independent expert's valuation.

Net profit of continuing operations remained stable at €91.9 million and cash flow grew by 12.3% compared with the 2013 restated amount to €148.4 million.

FINANCIAL STRUCTURE

Shareholder's equity declined from €929.8 million to €570.4 million during the financial year and the net cash surplus of €94.2 million turned into net financial debt of €199.9 million, €120.5 million after deducting the debenture loan granted to CIAT.

The changes noted are closely related to movements associated with the demerger. They do not compromise the strength of the balance sheet, as testified by the gearing ratio, which equates to 35.0% based on published figures and 21.1% after restatement for the aforementioned debenture loan receivable.

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 21 to the consolidated financial statements.

SEGMENT REPORTING AT 31 DECEMBER 2014

€ thousands	Somfy Activities	Somfy Participations	Other	Inter-segment	Consolidated
Segment sales	981,731	–	–	–	981,731
Segment current operating result	150,307	–	– 559	–	149,748
Net profit/(loss) of operations sold or held for sale	–	– 53,795	–	–	– 53,795
Share of net profit/(loss) of associates	– 428	–	–	–	– 428
Cash flow	151,974	–	– 3,588	–	148,386
Net investments in intangible assets and PPE	45,463	–	–	–	45,463
Goodwill	188,377	–	–	–	188,377
Net intangible assets and PPE	273,554	–	–	–	273,554
Non-controlling equity investments	222	–	145,522	–	145,744
Investments in associates	1,680	–	–	–	1,680
Net assets held for sale	–	90,392	–	–	90,392

Post-balance sheet events

The composition of the Management Board changed as of 1 January 2015 and is now as follows:
– Jean-Philippe Demaël, Chairman of the Management Board,
– Pierre Ribeiro, Group Chief Financial Officer,
– Jean Guillaume Despature, member of the Management Board.

On 5 January 2015, Somfy SA finalised the sale of its equity interest in CIAT Group. Pursuant to IFRS 5, the capital gain realised by this sale will be recognised in the 2015 financial year.

On 19 January 2015, through its subsidiary Somfy Brazil, Somfy Activities exercised its purchase option to buy an additional 10% of the share capital of Neocontrol for €0.3 million taking its equity investment to 61%. A mutual put/call option remains for the acquisition of the residual 39%, exercisable by 2017. This company is consolidated by the equity method due to the existence of a shareholders' agreement placing the shareholders in a position of joint control.

Outlook

The slowdown noted at the end of the previous financial year, notably in France, is set to continue over the first six months of the current year, mainly due to the impact of the unfavourable base effect. It should only be partly offset by the recovery noted in Northern and Southern Europe and renewed competitiveness related to the decline of the Euro.
Against this backdrop, efficiency improvement plans will be maintained, with the investment effort primarily directed at innovation. The entry of Somfy to the Board of Directors of Thread, a connected home platform initiated by Nest, represents an additional step towards connectivity of the Group's devices.
At the end of February, the tri-annual industry trade show was held in Stuttgart, Germany (R&T 2015). The numerous innovations presented by Somfy, the result of the investment effort made over the last few years, were very favourably received by industry players. They will enable the Group to consolidate its positions and conquer new markets over the coming years.

Information on the distribution of share capital and holdings

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

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

Shareholding structure at 31/12/2014	Number of shares	% share capital	Theoretical voting rights	Voting rights at AGMs	% voting rights at AGMs
J.P.J.S. SCA	3,858,802	49.24%	7,717,604	7,717,604	57.23%
J.P.J.2 SA	643,005	8.20%	1,267,463	1,267,463	9.40%
Manacor	391,900	5.00%	749,086	749,086	5.56%
Despature family and other	679,942	8.68%	1,209,418	1,209,418	8.97%
Total action in concert*	**5,573,649**	**71.12%**	**10,943,571**	**10,943,571**	**81.16%**
FAAC Holding SAS**	571,400	7.29%	1,142,800	1,142,800	8.48%
Treasury shares	401,457	5.12%	401,457	–	0.00%
Other shareholders	1,290,294	16.46%	1,397,740	1,397,740	10.37%
TOTAL	**7,836,800**	**100.00%**	**13,885,568**	**13,484,111**	**100.00%**

** 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".*
*** FAAC Holding SAS is controlled by FAAC SpA, itself controlled by the Archdiocese of Bologna (Italy).*

In November 2010, Silchester International Investors, acting on behalf of funds under its management, declared that on 1 November 2010 it had a holding of 595,775 shares representing 7.60% of the share capital of Somfy SA. Due to the lack of disclosure of whether upward or downward threshold crossings, this company is still presumed to hold between 5% and 10% of Somfy SA's share capital.
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 2014 financial year are described below in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".

RECIPROCAL HOLDINGS (Articles L. 233-29 and R. 233-19 of the Commercial Code)

There are no reciprocal holdings as defined by current regulations.

ACTION IN CONCERT AND RETENTION AGREEMENTS

ACTION IN CONCERT

On 3 June 2013, the limited partnership with share capital J.P.J.S., the limited companies J.P.J.2 and Manacor, the simplified joint stock company Somplus 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

The company is aware of a collective retention agreement relating to 60.83% of the share capital of Somfy SA and 70.08% of the voting rights of shares issued, signed on 30 December 2009 by several shareholders, including Management Board members Paul Georges Despature, Wilfrid Le Naour and Jean-Philippe Demaël, as well as Supervisory Board members Jean Despature, Victor Despature, Xavier Leurent and Anthony Stahl, in accordance with Article 885 I bis of the General Tax Code, for a period of two years from 30 December 2009, automatically extended indefinitely after this two-year period.
In addition, the company is aware of seven collective retention agreements relating to between 49.24% and 54.23% of the Somfy SA company share capital, signed on 9 and 22 April 2010 by several shareholders, including Management Board members Paul Georges Despature, Jean-Philippe Demaël and Wilfrid Le Naour in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration and automatically extended indefinitely after this period, unless one of the signatories gives notice of termination to other signatories.
The company is aware of a collective retention agreement relating to 50.15% of the Somfy SA company share capital, signed on 6 March 2013 by several shareholders, including Management Board member Paul Georges Despature, in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration and automatically extended indefinitely after this period, unless one of the signatories gives notice of termination to other signatories.
Lastly, the company is aware of:
– A collective retention agreement relating to a total of 49.32% of the Somfy SA company share capital, signed on 10 October 2013 by several shareholders, including Management Board members Paul Georges Despature, Jean-Philippe Demaël and Wilfrid Le Naour, and Supervisory Board Chairman Michel Rollier, in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration;
– A collective retention agreement relating to a total of 49.24% of the Somfy SA company share capital, signed on 31 October 2014 by several shareholders, including Management Board members Paul Georges Despature and Jean-Philippe Demaël in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration.

BYLAWS PROVISIONS RELATING TO MULTIPLE VOTING RIGHTS (Excerpt of Article 29 of the bylaws)

"The voting right attached to shares is proportional to the capital that they represent. All shares have the same par value and entitle their owner to one vote.
A voting right that is double that conferred on other shares is allocated to all fully paid shares that have been duly registered for at least four years in the name of the same shareholder at the end of the calendar year preceding that of each General Meeting.
In the case of a capital increase by the capitalisation of reserves, profits or issue premiums, registered shares granted free of charge to a shareholder in exchange for existing shares, which already benefit from this right, will be entitled to the same double voting right.
All shares converted into bearer shares or whose ownership has been transferred shall lose their entitlement to a double voting right, except in instances provided for by law."

DISCLOSURE OF SHAREHOLDING THRESHOLD CROSSINGS DURING THE 2014 FINANCIAL YEAR, PURSUANT TO ARTICLE L. 233-7 OF THE COMMERCIAL CODE

By letter received by the AMF on 9 January 2015, supplemented by a letter received on 15 January 2015, the limited company Manacor[1] (11 avenue Emile Reuter, L-2420 Luxemburg) declared for regularisation purposes that it had, on 31 December 2014, following an allocation of double voting rights, individually crossed over the threshold of 5% of voting rights in Somfy and held individually, at that date and to date, 391,900 Somfy shares representing 749,086 voting rights, equating to 5.0008% of the share capital and 5.39% of the voting rights in this company[2].
On this occasion, the shareholders' agreement between Paul Georges Despature, his children and the companies J.P.J.S.[3] and J.P.J.2[4] under their control, the company Manacor, the company Somplus[5] and certain members of the Despature family[6], stated that it had not crossed any threshold and that at 14 January 2015 it held 5,573,649 Somfy shares representing 10,943,571 voting rights, equating to 71.12% of the share capital and 78.81% of the voting rights in this company, broken down as follows:

	Number of shares	% share capital	Number of voting rights	% voting rights
J.P.J.S.[3]	3,858,802	49.24	7,717,604	55.58
J.P.J.2.[4]	643,005	8.20	1,267,463	9.13
Despature family[6]	639,493	8.16	1,139,603	8.21
Manacor[1]	391,900	5.00	749,086	5.39
Somplus[5]	37,266	0.48	66,692	0.48
Paul Georges Despature and his children	3,183	0.04	3,123	0.02
TOTAL CONCERT	**5,573,649**	**71.12**	**10,943,571**	**78.81**

1. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Thierry Despature.
2. Based on a share capital comprising 7,836,800 shares representing 13,885,568 voting rights, in application of paragraph 2 of Article 223-11 of the General Regulations.
3. Company (registered office: 25 avenue Fosse-aux-Chênes, 59100 Roubaix) controlled by Paul Georges Despature.
4. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Paul Georges Despature and his children.
5. J.P.J.S. holds 69% of the share capital of Somplus, with the balance being owned by seven senior executives of Somfy.
6. Namely: Monique Delcourt (and her children), Jean Despature (and his children), Marie-Christiane Devienne (and her children), Anthony Stahl and the limited liability company PBA SARL which he controls, Françoise Leurent (and her children), Victor Despature (and his children), Chantal Ibled (and her children), Jean Despature and the limited company Yainville which he controls and Patrick Despature and the limited company Compagnie Financière Industrielle which he controls.

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)

The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2014; it was authorised by the Combined General Meeting of 14 May 2014, and had the following objectives:

– To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the "Autorité des Marchés Financiers";
– To retain the shares purchased and subsequently exchange them or use them within the framework of potential acquisitions, recognising that shares acquired to that end may not exceed 5% of the company's share capital;
– To ensure the coverage of 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.

These transactions could notably be carried out at times of a takeover bid, in compliance with the applicable legislative provisions.

The maximum purchase price was set at €330 per share, with the maximum amount of the share buyback programme set at €258,614,400.

During the financial year just ended, on the basis of the authorisations given by the General Meetings of 2013 and 2014, the company bought back 26,638 shares at an average price of €234.34, sold 26,934 shares at an average price of €233.19 and transferred 10,857 shares at an average price of €172.01 in relation to the exercise of share purchase options and 120 shares in relation to the final allocation of free shares.

All of the 26,638 shares acquired were allocated to the liquidity objective. No shares were re-allocated for objectives other than those initially specified.

The company held 401,457 of its own shares at 31 December 2014, representing 5.12% of the capital; the value of the purchase price of the share amounted to €179.38 for a nominal value of €1 each, representing a total nominal value of €401,457 (€566 for the liquidity contract, €112,254 to be retained for future acquisition transactions and €288,637 for option plans to purchase shares and/or free share allocation plans).

The Management Board will submit a new treasury share purchase 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 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 would reserve the right to use options or derivative instruments, in accordance with applicable regulations.

We propose to set the maximum purchase price at €330 per share. The maximum value of the transaction, taking account of the 401,457 treasury shares held at 31 December 2014, is therefore set at €126,133,590.

INFORMATION ON INVESTMENTS AND CONTROLLED COMPANIES

Investments in French companies during the financial year ending 31 December 2014 (Article L. 233-6 of the Commercial Code):

Company name	Direct control		Indirect control	
	Number of shares	% share capital	Number of shares	% share capital
Pellenc SA	–	–	1,368,834 shares held by Provence Nouveau Monde SAS*	52.53**
Sipalax 2***	32,432 shares	5.89	–	–

** Provence Nouveau Monde SAS was wholly-owned by Somfy SA.*
*** Bare ownership of 51.36% of share capital acquired. 48.4% of the share capital already held in full ownership.*
**** Holding company of Lacroix Emballages.*

Securities in these companies formed part of the transfer to Edify as described in the paragraph "Highlights of the year".

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

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

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

– The capital structure and all direct or indirect holdings known of Somfy SA and all relevant information that is described under "Information on the distribution of 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 Actions 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 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 the 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 timeframe so that the number of Directors does not fall below the minimum required by the bylaws. Otherwise, any interested party may ask the President of the Commercial Court, acting in chambers, to make this temporary appointment. The person thus appointed may, at any time, be replaced by the Supervisory Board.
Management Board members or the Chief Executive Officer may only be dismissed by the Annual General Meeting or by the Supervisory Board. If dismissal is decided without just cause, it may give rise to damages. In the case where an individual holds an employment contract with the company, the revocation of his/her functions purely as a Management Board member or Chief Executive Officer will not terminate this contract."

BYLAW PROVISIONS RELATING TO BYLAW AMENDMENTS (EXCERPT OF ARTICLE 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 of 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 2014, the Management Board was composed as follows:

Name	Position	Date appointed	Date term ends
Paul Georges Despature	Chairman	27 November 2013	26 November 2017
Jean-Philippe Demaël	Member	27 November 2013	26 November 2017
Wilfrid Le Naour	Member	27 November 2013	26 November 2017

There was no change to the Management Board during the 2014 financial year.
A change in the composition of the Management Board took place on 1 January 2015, 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

PAUL GEORGES DESPATURE
Chairman of the Management Board

– Chairman of the Supervisory Board of Damartex SA,
– Chairman of the Remuneration Committee of Damartex SA,
– Chairman of the Board of Directors of Edify SA,
– Member of the Audit Committee of Damartex SA,
– Member of the Supervisory Board of CIAT Group SA,
– Director of FAAC SpA and Compagnie Industrielle d'Applications Thermiques SA,
– Manager of CMC SARL.

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

For confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria set by the Supervisory Board is not disclosed.

Details of remuneration paid during the financial year just ended are included in the summary table (page 21).

Since the termination of his employment contract on 30 June 2010, the Chairman of the Management Board only receives remuneration in respect of his term of office.

WILFRID LE NAOUR
Chief Executive Officer of Somfy SA, Somfy Participations branch

– Chairman of the Supervisory Board of Financière Nouveau Monde SA and Direction Marty Holding – DMH SA,
– Observer of NMP SAS,
– Chairman of Provence Nouveau Monde SAS,
– Chairman of the Board of Directors of FDS Financière Développement Suisse SA,
– Member of the Supervisory Board of CIAT Group SA,
– Director of Gaviota Simbac SL, Gaviota Simbac Middle East SAL, FAAC SpA, Compagnie Industrielle d'Applications Thermiques SA, Pellenc SA and Edify SA,
– Manager of Somfy GmbH.

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

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

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

For confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria set by the Supervisory Board is not disclosed.

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

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

Details of remuneration paid during the financial year just ended are included in the summary table (page 21).

JEAN-PHILIPPE DEMAËL
Chief Executive Officer of Somfy SA, Somfy Activities branch

– Chairman of Somfy SAS,
– Chairman of the Advisory Office of Fondation d'Entreprise Somfy pour mieux habiter la planète,
– Director of Hong Kong CTLT Trade Co. Limited, New Unity Limited, Somfy Middle East Co. Limited, and endowment fund "Les Petites Pierres",
– Member of the Advisory Committee of Somfy Brasil Ltda,
– Manager of Somfy GmbH.

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

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

For confidentiality reasons, the level of achievement of these variable remuneration quantitative criteria set by the Supervisory Board is not disclosed.

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

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

Details of remuneration paid during the financial year just ended are included in the summary table (page 21).

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

The plan grants a contingent right to supplementary pension, pursuant to the so-called "Article 39", which is dependent on the 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 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' regime.

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.
It should be noted that the Chairman of the Management Board has always been excluded from stock option and performance-based share allocations and is therefore not concerned by this decision.

APPOINTMENTS HELD BY SUPERVISORY BOARD MEMBERS AND REMUNERATION 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,
– Chairman of the Audit Committee of Damartex SA,
– Member of the Remuneration Committee of Damartex SA,
– Director and Member 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,
– Chairman of the Board of Directors of Yainville SA,
– Director of Autoplanet and Carbeo.

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.

XAVIER LEURENT
Member of the Supervisory Board

– Vice-Chairman and member of the Supervisory Board of Damartex SA,
– Manager of FIDEP.

VALÉRIE PILCER
Member of the Supervisory Board

– Member of the Audit Committee of Somfy SA.

MICHEL ROLLIER
Chairman of the Supervisory Board

– Chairman of the Remuneration Committee of Somfy SA,
– Chairman of the Supervisory Board of Michelin,
– Chairman and Chief Executive Officer of Siparex Associés,
– Director of Lafarge,
– Chairman of the Audit Committee of Lafarge.

ANTHONY STAHL
Member of the Supervisory Board

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

No change to the composition of the Supervisory Board took place during the 2014 financial year.

Regarding the composition of the Supervisory Board, shareholders at the next General Meeting will be asked to:
– Renew Anthony Stahl's term of office as a member of the Supervisory Board 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 year just ended;
– Appoint, as a replacement for Xavier Leurent, Bernard Hours as a member of the Supervisory Board 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 year just ended.

Bernard Hours graduated from the Hautes Études Commerciales (HEC Paris) business school in 1978. He began his career at Unilever in 1979 as Product and Brand Manager. In 1985, he joined Danone Group in the marketing division at Kronenbourg. Between 1989 and 2001, he successively became Sales Director at Évian and Director of Marketing for Danone France before taking up the role of Chairman of Danone Hungary in 1994 and Danone Germany in 1996, and finally Chairman of LU (biscuit manufacturing) in France in 1998. In November 2001, Bernard Hours was appointed Vice-Chairman of the Fresh Dairy Products Division, becoming Chairman in March 2002.
From 1 January 2008, Bernard Hours held the position of Deputy Chief Executive Officer of Danone, responsible for the Group's four operating divisions: Fresh Dairy Products, Waters, Early Life Nutrition and Medical Nutrition, as well as R&D (Research and Development). As of 1 October 2014, when there was a change in governance, Bernard Hours stood down from his role as Deputy Chief Executive Officer of Danone. Bernard Hours has been sitting on the Boards of Directors of Essilor as an independent director since 2009 and Verlinvest as a non-executive director since 2015.
Furthermore, the Board considers that he fulfils all the independence criteria of the Middlenext Code and can therefore be described as independent.

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

SUMMARY TABLE OF REMUNERATION

€	Attendance fees 2014	Fixed remuneration 2014	Variable remuneration 2014 (*)	Benefits in kind 2014
Members of the Management Board				
Paul Georges Despature Chairman of the Management Board	–	220,000	246,000	–
Jean-Philippe Demaël	–	430,000	298,294	4,668
Wilfrid Le Naour	–	390,000	180,000	4,044
Members of the Supervisory Board				
Michel Rollier	3,900	50,000 (**)	–	–
Paule Cellard	13,000	–	–	–
Jean Despature	6,600	–	–	–
Victor Despature	17,400	–	–	–
Xavier Leurent	6,600	–	–	–
Valérie Pilcer	14,600	–	–	–
Anthony Stahl	– (***)	–	–	–

(*) Variable remuneration paid in 2014.
(**) Remuneration as Chairman of the Supervisory Board.
(***) No longer wishes to receive attendance fees in respect of this term of office.

OPTIONS ALLOCATED AND EXERCISED DURING THE FINANCIAL YEAR

The Chairman of the Management Board is not a beneficiary of option plans or performance-based shares.
During the financial year, no member of the Management Board received options 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 Management detailed above is proposed by the Remuneration Committee. It is revised each year on the basis of expert advice and is in line with the market.
The Remuneration Committee, having considered the 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 13 May 2015, it will be proposed to the shareholders to increase attendance fees to be apportioned between the members of the Supervisory Board from €100,000 to €150,000 for the 2015 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 remuneration in relation to his duties as Chairman.

Information on transactions performed by directors during the financial year (Article 223-26 of AMF general regulations)

The company is aware that various 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
PBA, related to Anthony Stahl, Member of the Supervisory Board	7,721,405
J.P.J.2, related to Paul Georges Despature, Chairman of the Management Board	13,898,542
Acquisition	21,619,947
TOTAL PURCHASES	**21,619,947**

SALES (€)

Registrant and nature of transaction	Amount
Persepolis, related to Paul Georges Despature, Chairman of the Management Board	37,062,819
Disposal	37,062,819
TOTAL SALES	**37,062,819**

Corporate governance

AUDIT COMMITTEE

The Audit Committee currently comprises three members: Victor Despature, Committee Chairman, Valérie Pilcer and Paule Cellard.

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 2014 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 Chairman of the Management Board, and by delegation to the Group's Chief Financial Officer.

The Department, comprising the Internal Audit Officer and the equivalent of 3.5 full-time auditors, carries out audits that evaluate the correct application of accounting principles, the organisation and the systems put in place within the entity subject to audit.

An annual audit 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. A follow-up of the implementation of recommendations is made twice a year. A report is presented to the Management Board and to the Audit Committee each year.

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 of corporate officers' remuneration and to provide advice concerning the amount of attendance fees.

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 100%.

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, and Michel Rollier qualified as independent members.

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

In 2014, the "Research and Development" teams were involved in developing several major innovations, to be unveiled in early 2015 at the R+T international trade show taking place in Stuttgart.

In the rolling shutters segment, Somfy has developed a new motor, the RS 100 which is intended to gradually replace the traditional LT 50 range, and therefore to make up almost a third of the Group's sales. This major venture will result in a motor that offers innovations and benefits at all stages of the chain: for the user, the installer and the industrial manufacturer.

Development efforts in the field of interior blinds focused on silence, with the introduction of the Ultra Silence motor. The ambition is to anticipate the future needs of consumers initially in North America and then around the world.

By being more attentive to customers' feedback, Somfy has designed for these blind and rolling shutter markets, a new range of control solutions, in particular through the Nina range of controls, completely redesigned in terms of design and interface.

Innovation has also focused on the Access Division with ongoing research on interoperability between its products (Access and other Somfy equipment) and also thanks to the first solutions that can be connected to the Internet.

In 2014, the Group continued to develop the "connected" sector, firstly by increasing the amount of equipment operated by the TaHoma interface such as heating or lighting, and secondly by proposing a more affordable offer that can be connected with the first device, Connexoon. It should be noted that the TaHoma application is used by 95% of customers on a daily basis and a third of its usage is outside the home, demonstrating that developing these new technologies is responding to a genuine and significant trend in living spaces.

In addition and in this area, Somfy, in collaboration with regional authorities, set up a research project on improving energy efficiency, the human/building interface, the COMETE project (ClOud pour la Maison intelligente et l'EfficaciTé Énergétique – Cloud for the smart home and energy efficiency). The aim in particular is to create smarter calculation algorithms.

The Group has created a first design centre for curtain markets in China. China makes up 60% of this market's global sales, and it is the first time that Somfy has set up a development centre outside France.

These numerous innovations were protected by 40 new patents in 2014, taking the overall patent portfolio to 1,783.

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

At 31 December 2014, the FCPE Somfy (Somfy Investment Fund Scheme) held 43,550 Somfy SA shares amounting to 0.56% of the company's share capital.

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

A POLICY OF SUSTAINABLE DEVELOPMENT INTEGRATED INTO THE SOMFY GROUP STRATEGY

In 2014, the Somfy Group continued to share with its employees a culture of responsibility that underpins its Sustainable Development policy.

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

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

In the field of housing, Somfy Group sought to help improve living environments, by meeting peoples' growing expectations in terms of comfort, security, saving energy and maintaining their independence, by acting responsibly and ensuring that natural resources are preserved.

Several principles help ensure the implementation of these strategic policies:

- A continuous improvement plan measured by indicators,
- The establishment of a structured dialogue with the stakeholders: customer satisfaction survey, measuring employee commitment, investor and shareholder relations policy, active participation both internationally and locally with working groups and organisations on industry issues,
- Regular and transparent communication.

Somfy Group's Sustainable Development policy addresses the high expectations of its customers and all its stakeholders, be they the development of environmentally friendly solutions, or social or societal commitments.

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 Operations 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.

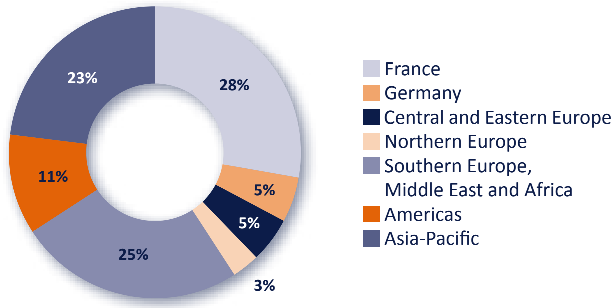
The Communications Department has the task of guiding the implementation of Somfy's commitments relating to societal matters. In this regard, the Group Communications Director is a member of the Somfy Foundation Governing Board, the main driving force of the Group's citizenship policy, and whose main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

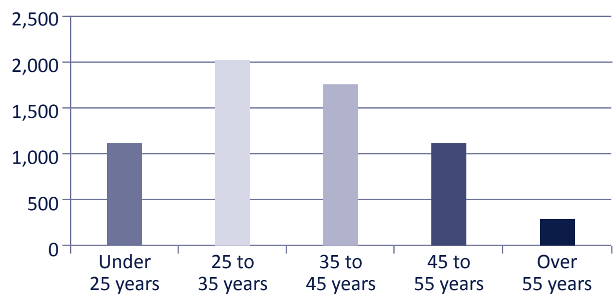
The Strategic Committee for Sustainable Development brings together the Sustainable Development Director, the Group Human Resources Director and the Group Communications Director. Its mission is to ensure the coherent implementation of the three lines of Somfy's Sustainable Development strategy: Planet, Employees and Society.

SOCIAL INFORMATION

CONTEXTUAL DATA

At 31 December 2014, total Group workforce was 6,250 people and was analysed as follows:





CLARIFICATION REGARDING SCOPE

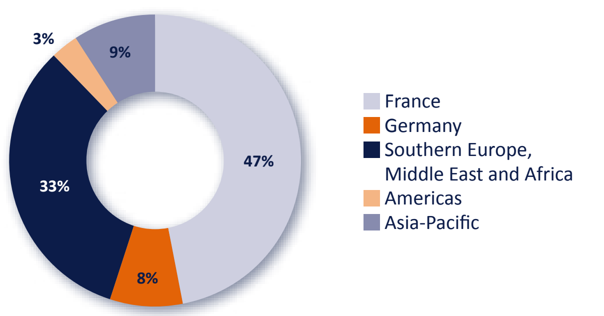
Restated for the exit of the companies Sirem and Zurflüh-Feller as part of the demerger of the Group's two divisions, Somfy Activities and Somfy Participations, which was completed in December 2014, the 2013 scope included 3,257 people, representing 53% of the Group's workforce.

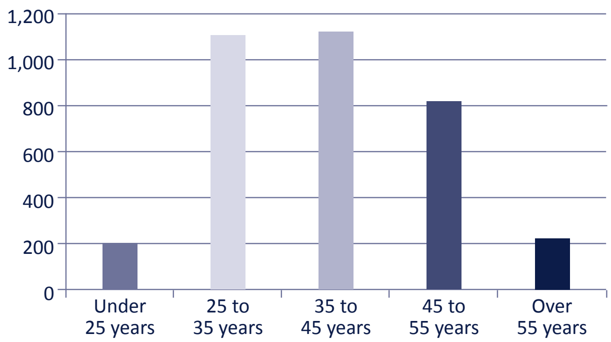
Three new companies were added to the 2014 report - two in Italy and one in China, which increases the number of companies covered by the 2014 report to ten and includes 3,468 employees (up 6.48% vs. 2013), representing 55.5% of the Group's total workforce.

The 2014 scope covers 73% of the Group's industrial staff.

Across the Group, employee expenses amounted to €286.9 million at 31 December 2014, compared with €270.4 million at 31 December 2013 at constant scope.

These companies are located on four continents (Europe, Africa, Asia and America) and in six countries (France, Germany, Italy, Tunisia, China and USA).





Note: It should be noted that the expanded analysis scope of the social data would temporarily render any comparison with data from the previous report difficult.
Some companies were excluded from the scope of this report. This situation is related 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 entities, its aim in the long run being to cover all Somfy regions and companies.

WORKFORCE UNDER NEW SCOPE DURING 2014*

	2013	2014	Change
Number of men	1,727	1,735	0.5%
Number of women	1,735	1,733	– 0.1%
TOTAL	**3,462**	**3,468**	**0.2%**
< 25 years old	168	198	17.9%
≥ 25 and < 35 years old	1,183	1,108	– 6.3%
≥ 35 and < 45 years old	1,110	1,120	0.9%
≥ 45 and < 55 years old	780	812	4.1%
≥ 55 years old	221	230	4.1%
TOTAL	**3,462**	**3,468**	**0.2%**

** WAY, Somfy Italia and Somfy China employees were added to 2013 data to enable the two financial years to be compared.*

The workforce within the 2014 CSR scope remained stable in comparison with 2013.
The male to female staff ratio within the scope remained stable with a 50/50 balance.
Implementation of the recruitment policy continued leading to growth of almost 18% in the number of young workers under the age of 25. With the exception of the ≥ 25 and < 35 year old range, the other ages ranges grew thanks to the rising age of workers.

A RESPONSIBLE SOCIAL POLICY

The Group's Social Responsibility policy is to primarily support Somfy Group's transformation in its continued international expansion, in creating new markets and increasing its innovation activity.
In 2014, the Group continued to deploy its Human Resources roadmap along three main lines:
– Commitment,
– Skills and employability,
– Performance.

All the initiatives deployed are aimed at developing the Group's "Employer" brand to simultaneously make it a lever to create both commitment and external attractiveness.

AREA: COMMITMENT

Preamble

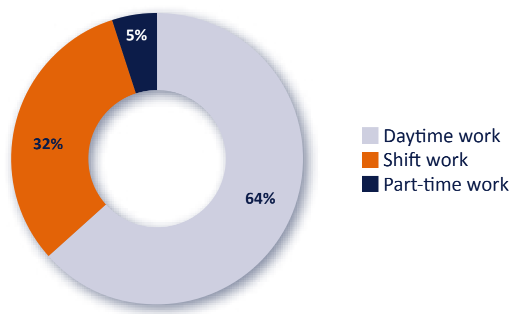
The measures deployed help to provide both direction to the collective project and consistency to maintain and strengthen commitment within the teams.

Work organisation

In all the companies within the scope, the average working week complies with the applicable local legislation and varies between 35 and 40 hours of work per week.
The options for individual arrangements vary according to country and site activity. Such arrangements are better developed in Europe and in non industrial activities.

Workforce analysis by shift

Type of shift	31/12/14	%
Daytime work	2,215	64%
Shift work	1,094	32%
Part-time work	159	5%
TOTAL	**3,468**	**100%**



Organisation by shift schedule is predominant at our production sites. Depending on the sites it varies between 25 and 90% of the workforce. Overall, shift-based organisation concerns 32% of the scope's workforce, a slight decline compared with 2013 data.
It should be noted that at the six industrial sites covered by this report, night work is a temporary working arrangement in case of production peaks.
Collective working hours can vary depending on production plans and business opportunities. This flexibility is essential in adapting to market needs.

Social relations

Social dialogue is an important element in regulating the collective organisation of work. The company wishes to enhance its quality and role.
All the companies comply with the local laws and agreements connected with their activities.
Although not all have union representatives, social dialogue is guaranteed or implemented through meetings and/or communication with staff representative bodies or with employees directly.
New ways of facilitating dialogue were introduced, in particular in France with an opportunity for more direct contact with production staff (consultation process at Intervalle Court – AIC –).

Certain companies concluded new agreements in 2014 or amendments to agreements concluded in previous years.
The main agreements and amendments signed related to:
– Salary increases and other salary-related benefits (France and Italy),
– The extra supplementary pension schemes Art.83 and PERCO (France),
– The allocation and management arrangements for bonus incentives and profit-sharing (France),
– The allocation of exceptional bonuses (France and Tunisia),
– Gender equality and solidarity (France),
– Employee training (France, Italy),
– Generational contract and Forward Planning of Employment and Skills (France),
– Social dialogue framework (France),
– Safety, environment and corporate regulation (China).
Social dialogue is a way of making Somfy Group's social frame of reference progress and informing employees about the Group's position and its development and transformation areas.

Health and safety

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.

Significant efforts have been made in many countries to reduce the exposure to risks of employees and temporary workers and to improve their working conditions. In France, a safety manager was appointed to coordinate and strengthen our preventive measures. In addition, an IT tool for the management and control of the comprehensive risk assessment document has been selected and will be rolled out in 2015.
The 2014 bonus incentive agreement for Somfy SAS included a target related to the reduction of the severity rate of accidents.

Frequency and severity rate indicators
In 2014, it should be noted that despite all the initiatives that were undertaken or strengthened, the frequency of accidents at work slightly increased overall for the main companies within the scope. Conversely, for the most part the severity rate improved. To confirm this analysis, it can be noted that the number of accidents at work increased by 11% in 2014 but the number of days' absence fell by 20%.
Preventive actions had an effect on the severity but they must be continued in 2015 in order to reverse the frequency trend. The European industrial structure has set itself reduction targets for its frequency rate effective from 2015.
It should be noted that the safety criterion was listed as the highest satisfaction criterion during the last social barometer of commitment within the Group. This strength must however be maintained since results in this field are never permanently achieved.

	Somfy GmbH		SITEM*		Somfy SAS*		Simu SAS*		Consolidated**	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Frequency rate	5.83	7.56	18.24	17.13	6.59	7.37	7.59	12.99	10.41	10.97
Severity rate	0.1	0.07	0.18	0.12	0.33	0.25	0.13	0.18	0.24	0.18

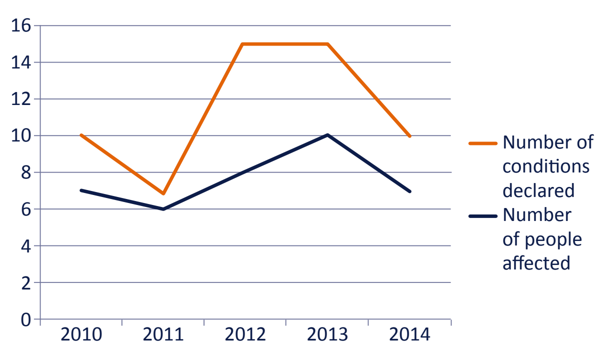
** Variances with data published in 2013 are due to corrections.*
*** 2013 data has been restated compared with previously published data to take changes in scope into account.*

Regarding Somfy SAS, initiatives dedicated to safety training represented a quarter of the 2014 training investment (6,854 hours out of a total 27,564 hours).
The average rate of absenteeism was 3.1% for the entire reporting scope, a significant decline compared with 2013.
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).
Subjects connected to the issues of psycho-social risks (PSR), Musculo-Skeletal Disorders (MSD) and more generally life in the workplace were covered by several initiatives in France in 2014 (creation of a PSR steering committee, implementation of a monitoring network, training of employees and managers in the management of stress and of emergencies, training in movements and posture and workstation ergonomics, rest and relaxation initiatives, job rotation in production, cutting road risks, company restaurant, sustainable development initiatives, etc.).
They will continue in 2015 with the aim of signing an agreement within the field of the Disability policy and the quality of work life.
Moreover, in connection with legal obligations, the company has, in France, begun an initial appraisal assessing how demanding the work is in order to implement preventive measures as part of the comprehensive risk assessment document.
With regard to occupational diseases, the main issues recognised are linked to Musculo-Skeletal Disorders (MSD) in a context of handling and repetitive movements.

The number of people affected by a recognised occupational disease has decreased compared with 2012 and 2013. The frequency of recognition of these occupational diseases justifies the specific preventive measures currently being rolled out in France.

Monitoring of Somfy SAS trends in occupational diseases

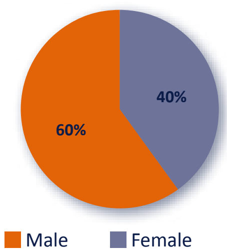
	2010	2011	2012	2013	2014
Number of conditions declared	10	7	15	15	10
Number of people affected	7	6	8	10	7



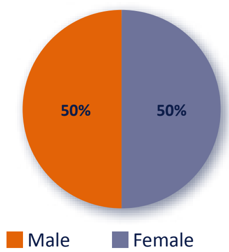
Equal treatment

In terms of professional equality, taking into account developments in legislation, the French companies have signed agreements or action plans committing them to action in the field of professional equality. An initial review of these agreements highlighted positive developments in terms of increasing diversity and the rate of managerial staff.
Progress remains slow and must be pursued. An amendment to the Somfy SAS agreement implemented a solidarity support scheme for situations involving seriously ill children.
In addition, partners connected with the payment of the apprenticeship tax were asked to sign gender equality charters to encourage them to move forward with us on the issue.
The male to female staff ratio within the scope remained stable with a 50/50 balance. It should be noted that across the Group scope, this workforce ratio is 60% men and 40% women. This variation can be explained by the presence in the 2014 CSR scope of three major production sites with overwhelmingly female staff (Cluses, SITEM and LianDa).

Analysis of Group workforce



Analysis of workforce within 2014 CSR scope



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 specialist agencies, 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 restructuring or reclassification can be seen.
Regarding recruitment, the publication of employment offers on specialist sites, participation in disability forums, partnerships with specialist agencies, etc., all create greater potential for recruiting disabled people.
In Somfy SAS, an audit of practices was launched at the end of 2014. Its findings will allow the foundations of a Disability agreement to be built in 2015, to go further than the Disability friendly initiatives undertaken for several years now.
More broadly, Somfy Group and its employees are keen to respect the men and women affected by its activities.
This is reflected in a commitment to:
– Respect differences, improve diversity and reject discrimination;
– 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.
An Ethics Charter will be rolled out in 2015, and will cover these commitments in full.
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.

In addition, academies for leadership and management training that are currently being rolled out within the Group are equally concerned by the performance requirement in relation to employees and looking after them.

Commitment survey

In late 2014, the Group conducted a new survey on commitment covering its entire worldwide scope. This commitment extends beyond just team satisfaction and constitutes a key factor for the company's success. The Group return rate for this survey was 79%.
The overall results were provided to all management and employees.
At Group level, the commitment rate grew by 3% in comparison with the previous score, rising from 48% in 2012 to 51% in 2014.
In one part of the Group's entities, a very significant improvement was seen in the commitment rate.
The satisfaction rate for the levers identified in 2012 as priorities for commitment increased. They related to performance and remuneration management.
Action plans implemented after Somfyscope 2012 led to an increase in satisfaction for priority levers. Two of them, career opportunities and remuneration, remain key levers for improving the rate of commitment.
Amongst the other priorities identified in 2014 were policies and procedures, employee benefits, and the image of the company and the Group.
The results of the survey offered positive feedback regarding the transformation processes taking place within Somfy.
Somfy's strengths are safety, relationships with colleagues, how interesting the work is, and the work/life balance.
Managers will be responsible for implementing and monitoring an action plan with their teams (>10 people) and thereby helping to strengthen the commitment of Somfy Group employees.

AREA: EMPLOYABILITY AND SKILLS

Preamble

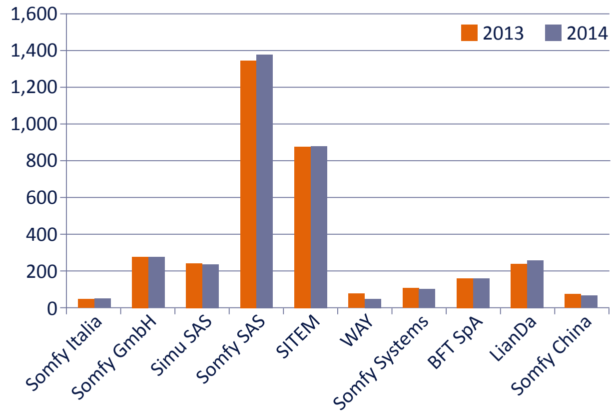
All the initiatives are undertaken to ensure that the skills of Group employees are matched with the organisation's needs and to ensure the employability of staff.

Employment

During the 2014 financial year, staff numbers within the scope of analysis remained relatively stable. Recruitment numbers of 302 were offset by a similar number of exits from the scope, with 289 departures, 22 of which were redundancies or dismissals (8%). It should be noted that the company wanted to focus on internal mobility. As such, in France, more than 50% of positions were filled via internal mobility.

Change in workforce

	2013	2014	Change
Somfy Italia	49	51	2
Somfy GmbH	279	277	– 2
Simu SAS	243	238	– 5
Somfy SAS	1,347	1,380	33
SITEM	879	881	2
WAY	79	50	– 29
Somfy Systems	108	103	– 5
BFT SpA	162	161	– 1
LianDa	241	259	18
Somfy China	75	68	– 7
	3,462	**3,468**	**6**



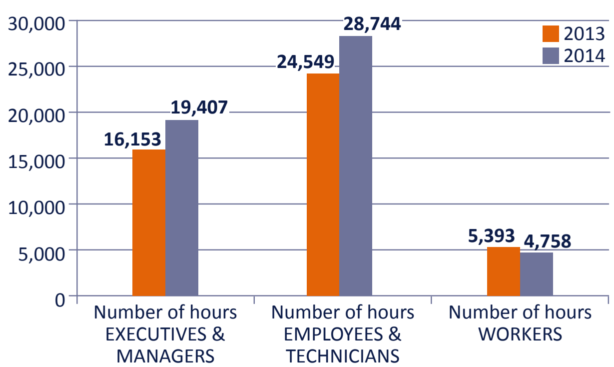
Training

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.

Total CSR scope

Number of training hours CSR scope	2013*	2014
Number of hours EXECUTIVES & MANAGERS	16,153	19,407
Number of hours EMPLOYEES & TECHNICIANS	24,549	28,744
Number of hours WORKERS	5,393	4,758
TOTAL	**46,094**	**52,908**

** 2013 data has been restated compared with previously published data to take changes in scope into account.*



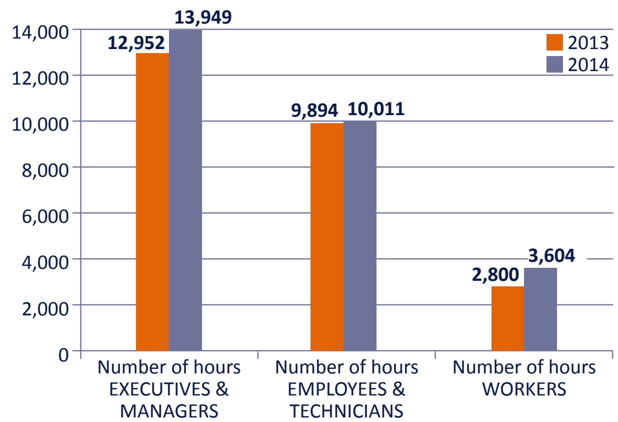
The overall number of training hours rose by 15% in comparison with the previous year, in favour of Managers and Executives and Employees and Technicians. The number of training hours received by Workers fell by approximately 12%.

2014 CSR scope major policies

The major areas of focus concerned management, communication, stress management, project management, the Lean project, quality, safety and the environment, and the development of professional expertise.

Total Somfy SAS

Number of training hours Somfy SAS	2013	2014
Number of hours EXECUTIVES & MANAGERS	12,952	13,949
Number of hours EMPLOYEES & TECHNICIANS	9,894	10,011
Number of hours WORKERS	2,800	3,604
TOTAL	**25,646**	**27,564**



The overall number of training hours rose by 7.5% in comparison with the previous year, in favour of Workers and Managers and Executives.

2014 Somfy SAS major policies

The major areas of focus concerned working practices, job skills, languages and intercultural skills, employee health and safety, quality, and project management.

Jobs and Skills Planning and Generations

Over the course of 2014, the company focused on Marketing skills and those related to the digital world.
At the end of 2014, the Group implemented a new round of strategic discussions in order to draw up its road map for 2015-2020. Once these key areas have been outlined, the operational managers and HR managers will be able to extrapolate the consequences within the capabilities observatories at both qualitative and quantitative level.
124 people benefited from the HORIZON mechanism introduced in France to support employees in relation to analysing and securing their career path.

Academy – Leadership and management

Somfy Group has continued to deploy its management academy focused on strengthening leadership and team management. This training programme began in 2013 globally with two pilot groups, one for France and one International. In 2014, two new groups of managers were formed. To date, approximately 60 managers out of the 170 targeted have received training or are currently being trained in the new management model that the company is seeking to develop.
This course, aimed at Managers' Managers, strives to strengthen our ability to adapt to internal and external change, and to encourage transformation by sharing a common managerial language and practices. The Management Committees of the various entities have adopted the processes and tools identified during this course, and have deployed them at an operational level within their teams.
This dual approach encourages the adoption of managerial practices best suited to our organisation's challenges.

AREA: PERFORMANCE

Preamble

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

Project to overhaul the Performance Review

A new mechanism to monitor performance was established during 2014 and rolled out to a pilot group over late 2014/early 2015, integrating cross entity targets to promote cooperation and a closer link between performance and bonus. It will be rolled out in full in 2016 after all managers have been trained.

The impact of the new performance development system will ensure quality and uniformity in the rollout of an appraisal system and process which:

– Expressly informs employees of the requirements and priorities related to their position (permanent tasks);
– Defines Group performance targets by entity, individual and management team;
– Explains the level of expectation in terms of skills and behaviours via a clear and common 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);
– Training managers in a SMART definition of targets and in how to conduct the various interviews;
– Offering support to managers in the assessment of employees in the event of a particular concern (poor performance, behavioural problem, etc.).

Talent Review

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.

Remuneration: project to categorise management positions (Grading)

In 2014, Somfy established a first reporting level for management positions within the Group's structure through the intermediary of a Mercer assessment methodology (International Position Evaluation).

The implementation of Grading will enable to help:

– Ensure the fairness on an internal basis and competitiveness on an external basis of remuneration;
– Promote remuneration of talents that is consistent, competitive, attractive and loyalty building;
– Structure variable remuneration programmes.

The implementation of Grading will enable 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).

In 2015, the ongoing project will involve:

– Pursuing the assessments for the N-3 members of the Executive Committee;
– Analysing the internal equity of remunerations within Somfy's gradings;
– Comparing Somfy's remuneration levels with market practices;
– Constructing a grading based salary structure;
– Defining the rules of governance;
– Communicating with managers.

International Human Resources Information System: IHRIS

The Group has set up an International Human Resources Information System 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, etc.

This Human Resources Information System (HRIS) 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.

The creation of this HRIS involved a foundation of personal and professional data, the operational implementation of which took place throughout the 2014 financial year.

Its gradual rollout across all Group companies will continue for between two and five years depending on the scope.

A working application on performance reviews and the management of targets was prepared during the second half of 2014 and will be gradually rolled out from January 2015.

Additional applications will be under consideration in the second half of 2015 and will form the basis of a progressive international deployment plan over the next few years so that the information system increasingly adds value for Group management and employees.

The Human Resources roadmap remained ambitious. The desire to make Somfy a great experience for its employees be leveraging the values of boldness, respect, openness and lastly proximity will be highlighted when it meets the future economic and social project currently under development.

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 produce gas emissions, liquid releases or substances discharges, with the exception of packing waste and possible manufacturing scrap which are subject to selective sorting and recovery.

There are no machine operations generating waste material.

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

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

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

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

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". It oversees a network of 35 eco-ambassadors who support, in each sector, the introduction of measures resulting from the Sustainable Development policy.

In 2014, Somfy continued to pursue the environmental policy objectives that were redefined in 2013.

The Carbon Test© completed in 2012 identified as a priority work on electricity consumption and the use of raw materials; this priority remained unchanged in 2014.

In 2014, the growing number of requirements of our markets and regulations reinforced the need to better understand the substances used in our products.

The eco-design of products was therefore identified as a **priority area**.

In 2014, the new requirements for eco-design defined in 2013 were integrated into the specifications of new products. These requirements cover three topics:

– Controlled greenhouse gas emissions,

– Materials selected for their low impact on health and the environment,

– An available statement of the environmental impacts in line with the PEP ecopassport® programme to which Somfy has signed up. This programme, developed by the electricity industry, defines a standardised method for making environmental declarations in accordance with international regulations (ISO 14025 & ISO 14040s).

As such, in 2014, an initial range of Somfy products were granted a PEP ecopassport®. They were part of the "motor controller" product range for controlling motors in commercial buildings. 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.

In 2013, Somfy implemented actions in favour of collection and processing networks for end-of-life products in the professional sector, representing the majority of the volumes 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 was a stakeholder;
– In Germany, through registration with the "ElektroAltgeraete Register".

In 2014, Somfy continued in its efforts in this area through working within the various professional bodies to improve the industry.

In 2014, Somfy Group continued to introduce eco-gestures and eco-practices:

– A 100% electric vehicle was used for distributing mail between the various sites in the Haute-Savoie region in France, in an area subject to an Air Quality Protection Plan;
– Initial measures were introduced under the partnership with Corabio and the target of serving 5% local and organic products in Somfy's company restaurant in Cluses was achieved in June 2014;
– A Somfy Paper Charter was developed and published in order to promote and make systematic the use of recycled paper for various purposes (office printing, brochures, sales documentation, product manuals, etc.);
– The continued reuse of laptop computers across Somfy SAS: 580 products handled in 2014 including 383 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 2014, 89% of the equipment was reusable, with the remaining 11 sent for recycling;
– Continued use of the car pooling site in Haute-Savoie. More than 120 Somfy employees use this private community to easily find a co-driver amongst their colleagues;
– Somfy Germany has introduced working instructions and related training for its production staff in relation to sorting waste;
– The SITEM factory located in Tunisia has led several initiatives regarding reducing and processing waste and to promote energy efficiency:
  • Replacement of cardboard packaging with reusable containers;
  • Approximately 50 people were involved in working groups or training on processing production waste and energy efficiency;
  • An energy performance assessment was made with measures taken in relation to the performance of compressors and turning off air conditioning overnight;
– In Italy, procedures have been established for the WAY factory regarding waste collection and storage and measures were introduced to reduce heat and lighting consumption;
– In the US, Somfy Systems has installed light sensors to change lighting consumption;
– In Italy, BFT has a structure involving "expert" operators who relay instructions about sorting and reducing waste in manufacturing areas. This happens through monthly meetings and general communication with staff. 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 2014 in support of corporate initiatives. 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), specific events or information meetings at the sites.

Topics discussed included, amongst others:

– The presentation of our eco-design policy: its incorporation into projects, its technical criteria, its formats and aims,
– Receipt of the first PEP ecopassport®,
– The sorting of waste in production areas in Somfy's various factories.

POLLUTION AND WASTE MANAGEMENT

	31/12/2013 Published	31/12/2013 Restated scope*	2014/2013 Change on restated scope	2014 Additions to the scope	31/12/2014 Total scope
TOTAL (TONNES)	**2,368**	**1,910**	**129**	**82**	**2,121**
Non-hazardous waste (Tonnes)	2,186	1,889	120	76	2,085
Hazardous waste (Tonnes)	182	21	9	6	37
Recovered waste (Tonnes)	1,844	1,523	275	78	1,876
% of waste recovered	77%				88%

** Exit of Zurflüh-Feller and Sirem from the scope.*

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.

SUSTAINABLE USE OF RESOURCES

Water

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

	31/12/2013 Published	31/12/2013 Restated scope*	2014/2013 Change on restated scope	2014 Additions to the scope	31/12/2014 Total scope
Water consumption (m^3)	52,605	47,678	6,468	1,205	55,351

** Exit of Zurflüh-Feller and Sirem from the scope.*

99% of waste water is discharged into public treatment networks.
There was an 8,000 m^3 overconsumption of water across Somfy SAS, which corresponded to exceptional fire safety works at a logistics site.

Energy

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

	31/12/2013 Published	31/12/2013 Restated scope*	2014/2013 Change on restated scope	2014 Additions to the scope	31/12/2014 Total scope
Gas consumption (KWh)	19,221,291	13,901,288	– 2,755,662	513,506	11,659,131
Electricity consumption (KWh)	23,405,445	12,931,029	– 392,668	583,289	13,121,650
Heating oil (KWh)	69,751	69,751	6,166	61,568	137,484
TOTAL (KWh)	**42,696,487**	**26,902,068**	**– 3,142,165**	**1,158,362**	**24,918,266**

** Exit of Zurflüh-Feller and Sirem from the scope.*

SITEM conducted an energy audit of its buildings and in this way implemented initiatives to improve the performance of its compressors and reduce overnight air conditioning consumption.
Simu SAS carried out insulation works in its industrial buildings and modernisation of the heating systems in its workshops.
High efficiency boilers were installed at the Somfy SAS site in Cluses, France.

LAND USE

There are no mining operations on any Somfy's sites.
Our plants have HOSHIN or 5S workshops in order to optimise the footprint of the sites. A team of specialists, integrated into the Group's Industrial Management, 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 operations totalled 5,838 tonnes in 2014. They included electricity, gas and mineral fuel emissions.

PROTECTION OF BIODIVERSITY

No site is located within or bordering a protected area that requires specific measures.
Nevertheless, Somfy SAS owns several sites in the heart of the French Alps, near Mont Blanc. Somfy Group 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

TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF COMPANY ACTIVITIES

Employment and regional development

Leader in its fields of activity, Somfy Group contributes to local employment in all the areas where it is located. The new industrial site SOPEM in Poland opened in 2013 created 138 new jobs. 98% of positions, including most supervisory roles, have been filled by Polish employees.
In Tunisia, the production company SITEM continued its recruitment policy and currently employs a workforce of 881.
In 2014, Somfy Group continued to create jobs in France and particularly in the Rhône-Alpes region, where its business has traditionally been located. Somfy Group is a provider of direct employment in its research and development centres, its production facilities and the service entities located throughout France. Somfy Group also contributes indirectly to job creation via its subcontractors and suppliers.

On neighbouring and local populations

In order to promote regional development, Somfy Group has committed to support the daily life of schools and higher education establishments in the Rhône-Alpes region. In this way, Somfy Group is a founding member of the Partner Companies Club of the Universities of Savoie ("Club des Entreprises Partenaires des Universités de Savoie").
In 2014, Somfy Group welcomed students from this university on work placement or work-study contracts.
Since 2012, Somfy Group has chaired the Board of the Ecole Polytech Annecy Chambéry; the University of Savoie's engineering school. In 2014, Somfy was involved in the renewal application for the authority to issue engineering degrees before the *Commission des Titres d'Ingénieur* (Commission for Engineering Qualifications), as well as in defining the school's strategic policy directions.

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 Group is an active participant in Mont-Blanc Industries, the Competitiveness Centre; Thésame, the technological network for mechatronics businesses, the Public Interest Group MIND, an innovative Franco-Swiss platform specialised in the field of mechatronics.

In 2014, 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 eight partners, businesses and research laboratories from the Rhône-Alpes region. COMETE is financially supported by the State, 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.

A sponsor of the French Biathlon Teams since 2005, Somfy Group sought to exercise its responsibilities towards athletes by helping them to prepare for their post sporting careers. 2014 saw the launch of the Somfy Ski Talents programme, whose aim is to support young skiers selected in combination with the French Skiing Federation, in order to help them prepare for their future professional life. With the help of companies and the General Council of the Haute-Savoie region, Somfy Group created the organisation Rebondir, to support the region's athletes in their career transition.

RELATIONSHIPS WITH PEOPLE OR ORGANISATIONS INTERESTED IN THE COMPANY'S ACTIVITIES

The Group detailed its strategy towards its stakeholders based on the analysis of the concerns and expectations of each. In 2014, Somfy Group maintained a regular and constructive dialogue with priority stakeholders and in particular its employees, shareholders, investors, customers, suppliers and regional authorities.

As part of the Group's Human Resources policy, several tools to promote dialogue are implemented with employees at a collective and individual level: satisfaction and commitment surveys, and individual interviews and employee appraisals. The 2014 edition of the Group employee satisfaction survey 2014 achieved a response rate of 79%. The employee commitment indicator rose three percentage points in comparison with the in-house survey conducted in 2012. In 2014, unions and management held wide-ranging negotiations in order to define the basis for a framework agreement on facilitating social dialogue.

In relation to shareholders, compliance with governance rules ensures a structured dialogue on the Group's performance targets and its strategy. For investors, Somfy Group rolled out throughout the year an action plan to provide them with reliable and high quality information.

The Suppliers Quality System includes an information and exchange mechanism covering topics including social and environmental responsibility.

Being responsive to professional customers and end users 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 activities – studies, surveys, training, services – tailored to the expectations of these stakeholders.

Involved in the development of the areas in which the Group is located, Somfy Group has promoted dialogue in France with the various levels of public decision-making to contribute to structured policies in the areas of education, the use of research and sustainable development or to support cultural and sporting projects for local people.

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

Somfy Group seeks 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). As such, the Group's Ethics Charter, finalised in 2014, specifically 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.

In 2015, this Ethics Charter will be published in 14 languages, to facilitate the adoption of the Group's Ethics Charter by all its employees.

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 Group's products are accredited by independent bodies in its different territories (VDE, NF, SASO, UL, etc.).

Somfy Group ensures that its products comply with the standards and requirements in place within its markets through a Quality Management system. To control the performance and safety of its product installations, 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. In 2014, the Somfy France Training Centre trained 2,500 professionals (installers, manufacturers, distributors and integrators).

Every product is accompanied by installation and usage instructions.

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 2014, the Foundation's budget of €400,000 was used to finance three major programmes:

– Confirmation of support for the Emmaüs France charity, with the renewal for the fourth consecutive year of an annual agreement providing for a financial contribution to Emmaüs communities' building rehabilitation projects, in order to improve the living and working conditions of the people employed by this charity. In 2014, three communities were supported in Cernay, Saint Herblain and Paris;
– The development of the online crowd funding platform created in 2013 (www.lespetitespierres.org) enabling anyone to donate to community projects in the area of access to decent housing. A year after its launch, the "Petites Pierres" platform has enabled 25 projects to be funded, for a total sum of €250,000. The association Admical, which brings together those involved in sponsorship in France, granted the Social Innovation Award to the Petites Pierres initiative;
– 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 2014, employees had the chance to be involved in 38 solidarity days, with 81 people taking part.

In December 2014, the Somfy Foundation launched an international programme to support the fight against poor housing. Called "A House is a Home", it corresponds to Somfy's drive to assume its civic responsibility in all the countries in which the Group operates. With an agreement signed with the NGO Habitat for Humanity, a first initiative was launched in Brazil for families with inadequate housing.

METHODOLOGY NOTE

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 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 2014.

Depending on the indicators, it can relate to:

– An annual consolidation of the data from 01/01/2014 to 31/12/2014,
– The data measured at 31/12/2014.

Where historical information is available, data is reported on the last two closed financial years.

REPORTING SCOPE

Companies which are controlled by the Group and fully consolidated within the financial reporting scope are included within the financial 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 2014 reporting:

The reporting scope taken into account for the 2014 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. (US),
– BFT SpA (Italy),
– Somfy Italia SRL (Italy),
– WAY SRL (Italy).

The Somfy Participations division was the subject of a demerger in December 2014. Since Zurflüh-Feller and Sirem form part of the scope that was sold, they are therefore not included in 2014 reporting.

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 2013 reporting scope included the following companies:

– Somfy SAS (France),
– Simu SAS (France),
– Sirem (France),
– Zurflüh-Feller (France),
– SITEM SARL (Tunisia),
– LianDa (China),
– Somfy GmbH (Germany),
– Somfy Systems Inc. (US),
– BFT SpA (Italy).

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 perimeters,
– Use of estimates in the absence of assessment tools,
– Practicalities of collecting and processing data.

CROSS-REFERENCE TABLE

Cross-reference table with Decree 2012-557 of 24 April 2012

Social information	Pages
Workforce	
Total workforce and employee distribution by gender, age and geographic region	23, 24 and 26
Recruitment and redundancies	24 and 26
Remuneration and its evolution	23
Work organisation	
Organisation of working hours	24
Absenteeism	25
Social relations	
Organisation of social dialogue	24
Collective bargaining agreements	25
Health and safety	
Health and safety at work	25
Review of agreements signed with trade unions or employee representatives in terms of health and safety at work	25
Frequency and severity of work accidents, and occupational diseases	25
Training	
Training policies	27
Total number of training hours	27
Equal opportunity	
Measures taken to promote gender equality	26
Measures taken to promote the employment and integration of disabled employees	26
Anti-discrimination policy	26
Promotion of and compliance with ILO fundamental conventions	31
Environmental information	**Pages**
General environmental policy	
Company organisation to take into account environmental issues and environmental assessment and certification processes	29
Training and employee information actions conducted in relation to environmental protection	29
Resources allocated to avoiding environmental risks and pollution	28
Amount of provisions and guarantees for environmental risks	28
Pollution and waste management	
Measures to prevent, reduce or remediate air, water and land emissions that seriously damage the environment	29
Measures to reduce, recycle and dispose of waste	29
Taking into account noise pollution and, where relevant, all types of pollution specific to a particular activity	28
Sustainable use of resources	
Use and supply of water in line with local constraints	30
Use of raw materials and measures taken to make more efficient use of them	29
Energy consumption and measures taken to improve energy efficiency and the use of renewable energy sources	30
Use of land	30
Climate change	
Emissions of greenhouse gasses	30
Adaptation to the consequences of climate change	30
Protection of biodiversity	
Measures taken to safeguard or increase biodiversity	30

Cross-reference table with Decree 2012-557 of 24 April 2012

Societal information	Pages
Territorial, economic and social impact of the company's activities	
On employment and regional development	30
On neighbouring or local populations	30 and 31
Relationships with stakeholders	
Conditions of dialogue with stakeholders	31
Acts of partnership or sponsorship	31 and 32
Sub-contracting and suppliers	
Taking into account social and environmental issues in purchasing policies	31
Significance of sub-contracting and inclusion of social and environmental responsibilities in relationships with suppliers and sub-contractors	31
Fair practices	
Measures taken to avoid corruption	31
Measures taken to safeguard the health and safety of consumers	31
Other measures taken to safeguard human rights	26

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 2014	Residual amount at 31 December 2014
Authorisation to issue stock options	Extraordinary General Meeting 15 May 2012	14 July 2015	1.5% of share capital on date of first allocation	Nil	1.5% of share capital on date of first allocation
Authorisation to grant existing free shares	Extraordinary General Meeting 15 May 2012	14 July 2015	1.5% of share capital on date of decision to allocate	Nil	1.5% of share capital on date of decision to allocate
Authorisation to buy back shares	Ordinary General Meeting 14 May 2014	13 November 2015	10% of share capital	0.3% of share capital	4.88% of share capital*
Authorisation to cancel the shares bought back by the company	Extraordinary General Meeting 14 May 2014	13 May 2016	10% of share capital on date of decision to cancel	Nil	10% of share capital on date of decision to cancel

** Note that the number of treasury shares may not exceed 10% of the share capital. Since the number of treasury shares held at 31 December 2014 represented 5.12% of the share capital, the company could not (at this date) buy back more than 4.88% of its share capital.*

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

The General Meeting of 13 May 2015 will be asked to renew the authorisations regarding the allocation of purchase options and existing free shares which expire on 14 July 2015, according to the terms and conditions set out below:

AUTHORISATION TO BE GRANTED TO THE MANAGEMENT BOARD TO ALLOCATE STOCK OPTIONS TO EMPLOYEES AND/OR CERTAIN CORPORATE OFFICERS (ninth resolution)

You are therefore asked to renew the authorisation granted to the Management Board, for a period of 38 months, to grant stock options to employees, to certain categories of employees, and/or corporate officers as defined by law, of the company or related companies or affiliated economic interest groups under the conditions of Article L. 225-180 of the Commercial Code.

The total number of options that may be granted by the Management Board under this authorisation may not entitle beneficiaries to purchase more than 1.5% of the share capital outstanding on the date of this General Meeting, it being specified that this limit would count towards the total number of shares that may be granted free of charge by the Management Board under the following authorisation.

The purchase price of the shares by the beneficiaries would be set on the date options would be granted by the Management Board, pursuant to Article L. 225-177 paragraph 4 and Article L. 225-179 paragraph 2 of the Commercial Code, and might not be lower than the average closing price of the last 20 trading days of the share on Euronext Paris preceding the date options would be allocated

The term of the options set by the Management Board may not exceed a period of six years from their date of allocation.

As such, the Management Board would have, within the limits set above, all necessary powers to determine the other conditions and arrangements for the allocation of the options and their exercise and notably to set the conditions under which the options will be granted and to approve the list or categories of beneficiaries as provided for above, to set the period(s) during which the options thereby granted may be exercised and generally do anything that may be required in this regard.

This new authorisation would terminate in advance the existing authorisation with the same purpose.

AUTHORISATION TO BE GRANTED TO THE MANAGEMENT BOARD TO ALLOCATE EXISTING SHARES FREE OF CHARGE TO EMPLOYEES AND/OR TO CERTAIN CORPORATE OFFICERS (tenth resolution)

You are also asked to authorise the Management Board, for a period of 38 months, to effect, under Article L. 225-197-1 of the Commercial Code, the free allocation of existing shares.

The beneficiaries of these allocations may be:

– 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,
– Corporate officers meeting the conditions of Article L. 225-197-1 of the Commercial Code.

The number of shares that may be granted free of charge by the Management Board by virtue of this authorisation may not exceed 1.5% of the share capital outstanding on the date of this General Meeting, it being specified that this limit would count towards the total number of shares that may be issued following the exercise of options to be granted by Management Board under the above authorisation.

The allocation of shares to the beneficiaries would be final at the end of a vesting period, the duration of which will be set by the Management Board. This period may not be less than the minimum period provided for by the law. The beneficiaries would subsequently have to retain these shares for a period set by the Management Board, which may not be less than the minimum period provided for by the law. The total of the vesting and retention periods may not be less than the minimum period provided for by the law.

As an exception, the final allocation would take place before the end of the vesting period in the event of the beneficiary's infirmity corresponding to the second or third category referred to in Article L. 341-4 of the Social Security Code.

The Management Board would thereby have, within the limits set above, all necessary powers to set the conditions and, where necessary, the criteria for the allocation of the shares; to determine the identity of the beneficiaries of the free shares from the people who fulfil the conditions set above as well as the number of shares to be granted to each of them; to acquire the shares required as part of the share buyback programme and to allot them to the allocation plan; to determine, where necessary, the impact on the rights of beneficiaries of transactions modifying the share capital or likely to impact the value of the shares to be allocated and realised during the vesting period; to take all appropriate measures to ensure compliance with the retention obligation, if necessary, required of beneficiaries; and generally, do anything within the framework of current regulations that may be required by the implementation of this regulation.

This new authorisation would terminate in advance the existing authorisation with the same purpose.

Moreover, you are asked to approve a PEE (Company Savings Plan) authorisation as part of the triennial obligation, with no authorisation having been submitted to shareholders since the General Meeting of 15 May 2012, in accordance with the terms and conditions detailed hereafter:

DELEGATION OF AUTHORITY TO INCREASE THE SHARE CAPITAL FOR THE BENEFIT OF MEMBERS OF A COMPANY SAVINGS PLAN (eleventh resolution)

Also submitted to you will be an authorisation to increase the share capital for the benefit of members of a Company Savings Plan, in order to comply with the provisions of the second paragraph of Article L. 225-129-6 of the Commercial Code, under which terms the Extraordinary General Meeting must vote, at least every three years, on a resolution to increase the share capital under the conditions provided for by Articles L. 3332-18 and subsequent of the Labour Code.

As part of this authorisation, you are asked to allow the Management Board to increase the share capital on one or more occasions through the issue of ordinary shares or marketable securities giving access to the share capital of the company to benefit members of one or more company or Group savings plans set up by the company and/or affiliated French or foreign companies under the conditions of Article L. 225-180 of the Commercial Code and Article L. 3344-1 of the Labour Code.

In application of the provisions of Article L. 3332-21 of the Labour Code, the Management Board may provide for the allocation, to the beneficiaries, of free shares to be issued or already issued, or other shares granting access to the share capital of the company to be issued or already issued, in respect of (i) the employer's contribution that may be paid pursuant to the regulations relating to company or group savings plans, and/or (ii), where applicable, the discount.

In accordance with the law, the General Meeting would cancel the pre-emption rights of shareholders.

The maximum nominal amount of capital increases that may be carried out through the use of this authorisation would be €500,000, this amount being independent of any other limit set by other delegations to increase capital. An additional number of ordinary shares to be issued in order to maintain, in accordance with the law and any potential applicable contractual provisions that provide for other cases of adjustment, the rights of the holders of the marketable securities granting access to the company's equity securities would be added to this amount where necessary.

This authorisation would last for a period of 26 months.

It is specified that, in accordance with the provisions of Article L. 3332-19 of the Labour Code, the price of the shares to be issued may not be more than 20% (or 30% when the lock-up period provided for by the plan under Articles L. 3332-25 and L. 3332-26 of the Labour Code is

greater than or equal to ten years) less than the average of the share's opening prices quoted during the 20 stock exchange sessions preceding the Management Board's decision relating to the share capital increase and the issue of the corresponding shares, nor higher than this average. The Management Board would have, within the limits set above, the necessary powers notably to set the conditions of the issue(s), record the completion of the resulting capital increases, amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increases against the related premiums and deduct from such amount the sums necessary to take the statutory reserve to one tenth of the new share capital after each increase, and more generally, do whatever is necessary in such matters.
Nevertheless, inasmuch as this authorisation appears neither relevant nor timely, the Management Board suggests that you reject it.

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

At 31 December 2014 as at 31 December 2013, 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 forty-five 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, 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 implemented are forward exchange and NDF (non deliverable forward) contracts.
The management of foreign exchange risk is covered in note 23 to the consolidated financial statements.

INTEREST RATE RISK

Somfy Group is exposed to risks associated with the effect of fluctuations in interest rates. Interest rate risk is managed at the Group level, based on consolidated debt and taking into consideration market conditions. The main objective of the interest rate risk management policy is to control the Group's financing cost.
At 31 December 2013, the hedging instruments were mainly implemented in the companies within the Somfy Participations group to hedge liabilities entered into within the framework of the LBO.
Due to the demerger of Somfy Activities and Somfy Participations in December 2014, at the reporting date, the Group no longer had interest rate hedging instruments.
The management of the interest rate risk is covered in note 23 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 resource requirements and observance of its financial ratios.
Funds made available by the credit institutions are subject to Somfy's SA commitment 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).
For CIAT, the LBO liability is subject to compliance with covenants contracted at the time the finance packages were negotiated.
The management of liquidity risk is covered in note 23 to the consolidated financial statements.
Credit facilities and compliance with covenants are detailed in note 20.6 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 23 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 2014.

LEGAL RISKS

Somfy Group's operations are not subject to specific regulations. Its business does not require a specific legal or regulatory authorisation with the exception of the compulsory listing on the Register of Companies and stock exchange regulations.
Somfy Group is involved in a number of disputes in respect of its business. These should not have any significant negative impact on the Group's financial position.
To the Group's knowledge, there were no exceptional events or litigation likely to have a significant negative impact on the Group's or its subsidiaries' operations, assets or results, other than those mentioned in the highlights of the 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”;
– “Directors’ civil liability”;
– “Transported goods”;
– In addition, credit insurance contracts, both in France and internationally, mitigate the consequences of customer default. Approximately 50% of total sales are covered by such contracts.

COUNTRY RISK

The majority of operations occur in safe areas such as Europe, the United States and Asia.
The Group does not operate in any significant hyperinflationary country.

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 analysis of credit risk is covered in note 16 to the consolidated financial statements.

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

The financial statements for the financial year ended 31 December 2014 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 €104,595,986.28 for the year ended 31 December 2014, increased by retained earnings of €22,147,574.40, to a total of €126,743,560.68, as follows:

– Allocation to shareholders of a gross dividend of €5.20 per share, being €5.20 × 7,836,800 shares	€40,751,360.00
– Transfer to optional reserve	€85,992,200.68
	€126,743,560.68

A gross dividend of €5.20 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 4 June 2015; the shares must be held on 2 June 2015 (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 years ended	**31/12/2011**	**31/12/2012**	**31/12/2013**
Number of shares eligible*	7,403,866	7,410,756	7,435,853
Par value	€1	€1	€1
Total dividends paid	€38,500,103.20	€35,571,628.80	€38,666,435.60
Dividends per share	€5.20	€4.80	€5.20

** Number of shares comprising the share capital, excluding treasury shares held by Somfy SA with no right to dividend.*
Dividends are fully eligible for the tax rebate and no other revenue was paid for the 2011, 2012 and 2013 financial years.

Moreover, it is noted that the General Meeting of Shareholders held on 27 November 2014 decided the exceptional distribution of €391,840,000 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, according to the shareholder’s preference. When it concerned individual shareholders resident in France for tax purposes, this exceptional distribution was eligible for the 40% rebate provided for by Article 158-2-3 of the General Tax Code.

Regulated agreements

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 2014 financial year.

Stock market performance

During the 2014 financial year, the Somfy SA share price increased by 12.43%. At 31 December 2013, the last trading day before the close of the previous financial year, the share price was €185, compared with €208 at 31 December 2014.
Based on this last share price and taking account of a gross dividend per share of €5.20, the Somfy SA share yielded 2.5%.
The market for the share recorded a monthly trading volume high of 35,589 and low of 11,268 per month, with a monthly average of 21,184 shares, compared with 11,107 shares the previous year.

Amendments to the bylaws

The Annual General Meeting of 13 May 2015 will be asked to make the following amendments to the bylaws, under the terms of two specific resolutions:
Amendment in the bylaws of Article 22 “Regulated agreements and commitments”
It will be proposed to shareholders to align the second paragraph of Article 22 of the bylaws “*Regulated Agreements and Commitments*” with Article L. 225-87 of the Commercial Code as amended by Order n°2014-863 of 31 July 2014 and to amend it as follows, the rest of the article remaining unchanged:
“*These provisions do not apply in the cases provided for by the law.*”
Amendment in the bylaws of Article 27 “Access to Meetings”
It will be proposed to shareholders to align the third paragraph of Article 27 of the bylaws “Access to General Meetings” with Article R. 225-85 of the Commercial Code as amended by Decree n°2014-1466

of 8 December 2014 and to amend it as follows, the rest of the article remaining unchanged:
"*The right to participate in General Meetings is contingent upon the shareholder providing proof of his/her identity and the registration of the securities in his/her name (or in the name of the intermediary recorded on their behalf if he/she resides abroad) at midnight Paris time on the second working day preceding the Meeting, either in a nominative account or in the records of bearer shares held by an authorised intermediary.*"

Your Management Board asks you to approve the resolutions submitted to your vote, with the exception of the eleventh resolution (authorisation to increase the share capital for the benefit of members of a company savings plan).

The Management Board