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05

REPORT ON CORPORATE GOVERNANCE

Pursuant to Article L. 225-68 of the Commercial Code, we remind you of Somfy SA's corporate governance principles and hereby present information in relation to corporate officers' remuneration and elements liable to have an impact in the event of a public offering. We also inform you of our observations on the Management Board's management report and on the financial statements for the year just ended. The company's Financial and Legal Departments are the major contributors to the preparation of this report under the authority of the Supervisory Board.

This report was forwarded to the Statutory Auditors, submitted to the Audit Committee of 3 March 2020 for review, and to the Supervisory Board on 4 March 2020 for approval.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE

Somfy SA refers to the Middelnext Corporate Governance Code for listed companies revised on 14 September 2016 (hereafter the Middelnext Code), available at www.middelnext.com. At its meeting of 14 November 2019, the Board reviewed the areas requiring attention in compliance with recommendation R19 of the Middelnext Code.

Among the recommendations of the Middelnext Code, the Board noted that the company had rejected the application of the following recommendation:

Rejected recommendation	Explanation
Audit Committee to be chaired by an independent member (R6)	The Chairman of the Audit Committee is a member of the controlling family, whose training and professional experience qualify him to hold this position. Furthermore, the other member of the Audit Committee is an independent member.

COMPOSITION OF CORPORATE GOVERNANCE BODIES

Somfy is a French limited company (*société anonyme*), whose organisation is based on the "Management Board and Supervisory Board" formula, which entrusts company management to the former under supervision of the latter.

COMPOSITION OF THE MANAGEMENT BOARD

Management Board members are appointed by the Supervisory Board in accordance with legal provisions.

Management Board members are appointed for a term of four years which will expire at the end of the General Meeting called to approve the financial statements for the year then ended and held during the year in which their term of office expires.

At 31 December 2019, the Management Board was composed as follows:

Name	Position	Age	Date reappointed	Date term ends
Jean Guillaume Despature	Chairman	42	17 May 2017	2021 AGM
Pierre Ribeiro	Member and Chief Financial Officer	53	17 May 2017	2021 AGM

COMPOSITION OF THE SUPERVISORY BOARD

At the date of preparation of this document, the Somfy SA Supervisory Board consisted of seven members:

Name	Position	Age	Nationality	Date appointed	Date term ends	Audit Committee	Remuneration Committee
Michel Rollier	Chairman Independent member	75	French	Member of the Supervisory Board: 15 May 2012/ Chairman of the Supervisory Board: 16 May 2013	2022 AGM	–	Chairman
Victor Despature	Vice-Chairman	70	French	15 May 2007	2020 AGM	Chairman	Member
Paule Cellard	Independent member	64	French	16 May 2013	2021 AGM	Member	–
Anthony Stahl	Member	46	French	28 June 2002	2023 AGM	–	–
Marie Bavel-Despature	Member	39	French-Swiss	17 May 2017	2020 AGM	–	–
Sophie Desormière	Independent member	53	French	17 May 2017	2021 AGM	–	–
Florence Noblot	Independent member	56	French	17 May 2017	2021 AGM	–	–

Relevant expertise and experience are detailed in the section “Expertise and experience of the members of the Supervisory Board”.

Regarding the composition of the Supervisory Board, shareholders at the next General Meeting will be asked to:

- reappoint Victor Despature as a member of the Supervisory Board for a period of one year which will expire at the end of the General Meeting to be held in 2021 to approve the financial statements for the year then ended;
- reappoint Marie Bavel-Despature as a member of the Supervisory Board for a period of four years which will expire at the end of the General Meeting to be held in 2024 to approve the financial statements for the year then ended;
- appoint Bertrand Parmentier as a member of the Supervisory Board for a period of four years which will expire at the end of the General Meeting to be held in 2024 to approve the financial statements for the year then ended.

There were no changes in the Board’s membership over the period. Anthony Stahl was reappointed to the Supervisory Board at the General Meeting of 22 May 2019 for a term of four years, expiring at the end of the General Meeting to be held in 2023 to approve the financial statements for the year then ended.

Equal representation of men and women on the Board

The Board currently consists of seven members, including four women. As such, the company complies with the legal provisions regarding gender equality namely, given the size of the Board, a maximum difference of two between the number of members of each gender.

Self-assessment of the Supervisory Board

During the financial year 2019, an assessment of the operation and the work of the Board and its Audit and Remuneration Committees

was carried out based on a questionnaire sent to each member of the Supervisory Board. It highlighted overall satisfaction and some areas for improvement, which were discussed between the Chairman and members of the Supervisory Board on 10 September 2019, without Management Board members being present. It was agreed to take these findings into account in the future.

CONDITIONS OF PREPARATION AND ORGANISATION OF THE SUPERVISORY BOARD’S WORK

The Supervisory Board performs its supervisory role in accordance with the conditions prescribed by law.

A Chairman and a Vice-Chairman are elected from among its members, and they may call meetings of the Supervisory Board by any means, including verbally.

INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

A group of family shareholders holds the majority stake in Somfy SA.

As provided by the Middlednext framework, the Board assesses the independence of its members every year and at the time of their appointment.

Based on the independence criteria suggested by the Middlednext framework, independent members:

- are not and have not been an employee or executive corporate officer of Somfy SA or any other Group company during the last five years;
- have not had, during the past two years, and do not have any significant business relationship with the company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- are not a significant shareholder of the company and do not hold a significant percentage of voting rights;
- do not have a close relationship or family connection with a corporate officer or a significant shareholder;
- have not been, over the previous six years, a Statutory Auditor of the company.

The Supervisory Board notes that, to date, four members of the Board: Paule Cellard, Sophie Desormière, Florence Noblot and Michel Rollier, meet these criteria and can therefore be deemed to be independent members, with no material relationship with Somfy SA or its Management, or with a company consolidated by the Group, that may affect his/her freedom of judgement.

Summary table:

Independent members of the Supervisory Board	Michel Rollier	Paule Cellard	Sophie Desormière	Florence Noblot	Explanation in the event of non-compliance
Are not and have not been an employee or an executive corporate officer of the company or any other Group company during the last five years	X	X	X	X	
Have not had, during the past two years, and do not have any significant business relationship* with the company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.);	X	X	X	X	
Are not a significant shareholder of the company and do not hold a significant percentage of voting rights	X	X	X	X	
Do not have a close relationship or family connection with a corporate officer or a significant shareholder	X	X	X	X	
Have not been a Statutory Auditor of the company over the previous six years	X	X	X	X	
Conclusion regarding independence	Independent	Independent	Independent	Independent	

* Where necessary, the materiality of relationships may be discussed and the assessment criteria clarified at a Board meeting. To date, no material business relationship exists.

EXPERTISE AND EXPERIENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

As regards the independent members of the Supervisory Board, Paule Cellard brings to the Group her international experience in the fields of finance, risk management and compliance; Michel Rollier brings to the Group the full breadth of his industrial and international experience gained with the Michelin Group, particularly in the fields of finance, strategy and marketing; Sophie Desormière brings to the Group her industrial and international experience gained first with the Valeo Group and then the Solvay Group in the fields of strategy, sales and marketing, as well as her expertise in investment strategy gained as Chief Executive Officer of AALPS Capital; and Florence Noblot brings to the Group her experience gained with the DHL Group in Europe and Asia (China and Singapore) in the fields of strategy, sales and marketing. The other members of the Supervisory Board, in addition to the respective expertise and professional experience they bring to the Group, are members of the family and therefore have a family code of ethics, which reinforces the shared respect for the shareholders' agreement. Moreover, their own substantial individual investment naturally motivates their long-term commitment and thus their aim to create sustainable value for all the stakeholders of Somfy SA.

OPERATION OF THE SUPERVISORY BOARD

The company bylaws define and specify the terms and conditions governing the composition of the Supervisory Board. The main provisions are the following:

Supervisory Board members, the number of which can never fall below the legal threshold nor exceed the legal limit, are appointed in accordance with the conditions specified by law for a period of

four years. As an exception and solely to enable the implementation or maintenance of staggered terms of office, the Ordinary General Meeting may appoint one or more members of the Supervisory Board for a term of one, two or three years.

All outgoing Supervisory Board members may be reappointed.

The term of office of a Supervisory Board member ceases at the end of the Shareholders' Ordinary General Meeting called to approve the financial statements for the financial year just ended and held in the year that the term of office of the said member of the Supervisory Board expires.

No one may be appointed as a member of the Supervisory Board, if, being over 75 years old, their appointment leads to over a third of the members of the Supervisory Board being over that age.

The Supervisory Board meets at least once a quarter on an agenda drafted by its Chairman. During the 2019 financial year, it met on seven occasions with an attendance rate of 98%.

Supervisory Board meetings either take place at the registered office or at any other location specified in the notice of the meeting.

Pursuant to Article 19 of the bylaws and Article 5 of the internal regulations, Supervisory Board members who participate in Board meetings using videoconferencing or telecommunication means both enabling them to be identified and guaranteeing their effective participation, in accordance with the conditions provided for by the regulations, are deemed to be present for quorum and majority calculation purposes. However, this provision does not apply to the review and audit of parent company and consolidated financial statements.

It is specified that, in accordance with the Middledex Code, the physical presence of members is preferred and, if members are unable to attend, videoconferencing is preferred over telephone conversations.

At each ordinary meeting, the Management Board presents a report on the operations and results of the Group and its main subsidiaries for the quarter just ended. A detailed income statement with commentary is presented by the Management Board for every half-year end and year-end. In addition, the Supervisory Board receives a monthly sales report.

Within three months following the end of each financial year, the parent company and consolidated financial statements approved by the Management Board are sent to the Supervisory Board for review.

The Board then presents its observations on the Management Board report as well as on the financial statements to the General Meeting; these observations are included in this report on corporate governance.

For the approval of the half-year financial statements, only the consolidated financial statements are prepared and submitted to the Supervisory Board within three months of the half-year end.

The Supervisory Board asks the Management Board and Management to provide any information or analysis they deem necessary or to submit a presentation on any specific subject.

In accordance with the law, the Supervisory Board provides guidelines to the Management Board so that commitments to deposits, sureties and guarantees are validly provided by the company. The authorisation of the Supervisory Board is required in every case where a commitment does not meet these conditions (except as otherwise provided in the regulations).

It should be noted that the company's bylaws were amended by the General Meeting of 3 December 2019 in order to provide for the option of implementing Article L. 225-79 of the Commercial Code, pursuant to which the members of the Board representing the employees are elected by the company's employees.

It is also specified that pursuant to the French "Loi Pacte" legislation, changes have occurred regarding members representing employees on the Boards of companies fulfilling certain criteria, as a result of which a proposal will be submitted to the General Meeting of 13 May 2020⁽¹⁾ to amend the company's bylaws to reflect these provisions. In this respect, the Management Board has decided to propose that the employee representative on the Supervisory Board, referred to in Article L. 225-79-2 of the Commercial Code, be appointed by the Group's Works Council provided for in Article L. 2331-1 of the Labour Code.

Where applicable, the employee representative on the Supervisory Board would take office no later than six months after the amendment to the bylaws.

The rules of operation of the Supervisory Board are specified in its internal regulations, which are available on the company's website.

The Board's internal regulations also include provisions aimed at preventing and managing conflicts of interest.

In this respect, the internal regulations specify that "should a situation arise where there appears to be a conflict of interest between corporate and direct or indirect personal interests, or the interests of the shareholder or group of shareholders they represent, the Board member concerned must:

- inform the Board of this conflict of interest as soon as he/she becomes aware of it;
- take all appropriate action in relation to exercising his/her term of office.

Depending on the case, he/she shall therefore:

- abstain from participating in discussions and from voting on the relevant deliberation;
- refrain from attending Board meetings during the period he/she is faced with a conflict of interest;
- resign from his/her duties as a member of the Board.

The Board member may be held liable for failing to comply with these abstention and non-attendance rules.

Furthermore, the Chairman of the Board will not be obliged to disclose information or documentation relating to the matter in dispute to any member(s) about whom he has strong grounds for suspecting is (are) in a position of conflict of interest within the meaning of this paragraph, and will inform the Supervisory Board of this act of non-disclosure."

At its meeting during the afternoon of 22 May 2019, the Board conducted an annual review of the known potential conflicts of interests in accordance with recommendation R2 of the Middennext Code.

The main issue discussed during meetings of the Supervisory Board during the financial year were the following:

- quarterly highlights;
- presentation of the Balanced Score Card of the Believe & ACT strategic plan;
- 2030 vision, mission and ambition;
- presentation of the proposed new Group organisation;
- presentation of the new Balanced Score Card introduced as part of the new organisation;
- selection of the new ERP;
- Quality update;
- Supply Chain Strategic Plan;
- digitalisation of the core business;
- discovery report by the Group Head of Human Resources & Organisation;
- VR100 roadmap;
- presentation of the Eastern Europe Business Area by its Managing Director;
- update on proposed acquisitions;
- update on Dooya;
- presentation of corruption risk mapping – Sapin 2 Act;
- update on the Group's market share;
- variable remuneration regarding the respective terms of office of the Chairman and the member of the Management Board and Chief Financial Officer for the financial year just ended; exceptional remuneration awarded to the member of the Management Board and Chief Financial Officer for the financial year just ended; guidelines for determining the variable remuneration of Management Board members for the coming financial year; fixed remuneration regarding the respective terms of office of the members of the Management Board for the coming financial year; PER (*Prime Équivalent Retraite* - Pension Equivalent Premium) bonus related to the respective terms of office of Management Board members for the coming financial year;
- assessment by the Supervisory Board of its operation and the preparation of its work;
- update on the independence of the members of the Supervisory Board;
- review of the company's policy regarding equality in the workplace and equal pay;
- review of Audit Committee reports;
- findings of the Remuneration Committee;
- breakdown of the remuneration of members of the Supervisory Board;
- presentation of the main budget priorities for 2020.

COMMITTEES ESTABLISHED BY THE SUPERVISORY BOARD

Audit Committee

With regard to the Audit Committee, the company applies the recommendations of the AMF's working group chaired by Mr Poupart Lafarge at the Audit Committee meeting of 22 July 2010. The recommendations in respect of the composition and chairing of the Committee, the competence of its members and definitions

(1) See information on this subject in the press release of 7 April 2020 in chapter 10 Recent events since 2 March 2020.

of independence, the operation (disclosure, evaluation and reporting on the work undertaken), as well as the recommendations relating to the performance of its legal responsibilities have been followed.

Follow-up work on the effectiveness of the internal control and risk management systems has also been carried out.

In 2019, as part of its assignment relating to risks, the Audit Committee monitored risks and updated the risk mapping at an extraordinary meeting of the Audit Committee, during which the Internal Control and Risk Management Officer presented the relevant information.

The Audit Committee comprises two members: Victor Despature, Chairman, and Paule Cellard, an independent member in accordance with the criteria mentioned in the above paragraph "Independence of the members of the Supervisory Board".

Victor Despature has accounting expertise. He is a Chartered Accountant and an Auditor (state registered), and performed these roles from 1983 to 2000. Since then, he served on the management of a major family-owned group from 2002 to 2006, acting as Chairman of the Legal Committee from 2002 to 2008 and as Chairman of the Supervisory Board from 2012 to 2017. He was also a member of the Remuneration Committee of this group from 2002 to 2017. Between 2000 and 2017, he also led a medium-sized company operating in the aeronautic sub-contracting sector and has been the Chairman of the latter's Supervisory Board since 1 July 2017. He has also been a member of the Board of Directors of Edify SA since 16 September 2014 and Chairman of its Audit Committee since 19 March 2015. Paule Cellard, a graduate of ESC Paris (Business School) and with a Master's degree from the Paris Assas Law School, has held various operational roles in Corporate and Investment Banking. In particular, between 2006 and 2009 she was CEO of Gestion Privée Indosuez, and was subsequently, until 2012, Global Director of Compliance for Crédit Agricole Corporate & Investment Bank. Since November 2012, she has been a Director of CA INDOSUEZ Wealth Management Europe, where she has been chairing the Audit and Risk Committee since December 2015. Since February 2017, she has been a Director of HSBC France. She is also a member of the Risk and Internal Control Committees of HSBC France. She has expertise in the financial field and extensive experience in risk management.

The Committee's duties are to:

- monitor the process of preparing financial information and, where necessary, formulate recommendations to ensure its integrity;
- monitor the efficiency of internal control and risk management systems, as well as of the internal audit where applicable, regarding the processes related to the preparation and processing of accounting and financial information, without it affecting its independence;
- monitor the completion by the Statutory Auditors of their assignment, taking into account the observations and findings of the Haut Conseil du Commissariat aux Comptes (Statutory Auditors' Supervisory Body) following the audits performed pursuant to Articles L. 821-9 and subsequent;
- ensures the latter's independence;
- participate in their selection by issuing a recommendation on the Statutory Auditors proposed for appointment by the General Meeting;
- approve the provision of services other than the certification of the financial statements, mentioned in Article L. 822-11-2 of the Commercial Code.

The Audit Committee regularly reports on the performance of its assignments to the Supervisory Board, and also reports on the results of the assignment to certify the financial statements, on the way in which this mission has contributed to the integrity of

financial information and on the role it has played in this process. It shall inform the Supervisory Board without delay of any difficulty encountered.

Since its creation, it has met at each half-year and year-end balance sheet date. It meets as often as necessary, and at least twice every financial year, prior to the Supervisory Board's review of the half-year and annual financial statements and/or the proposed appointment of Statutory Auditors.

During the 2019 financial year, the Audit Committee met on four occasions each time with all members in attendance.

During the various Audit Committee meetings, the Chief Financial Officer and the Group Head of Consolidation presented the financial position of the Group, the accounting options adopted, the risk exposure, the significant off-balance sheet commitments and the changes in the consolidation scope; Internal Audit presented the results of audits carried out, the annual audit plan and the results of the risk mapping update, in collaboration with the Internal Control and Risk Officer.

In addition to the recurring topics set out above, the following were specifically presented to the Audit Committee in 2019:

- an annual update on the Group's ethics policy and implementation of the anti-corruption programme to comply with the Sapin 2 Act, presented by the Group Ethics Officer;
- a presentation of the new audit approach, illustrated with examples, by the Statutory Auditors;
- update on IFRS 16 and the progress of the Group project by the Group Head of Consolidation;
- a summary of the main recent and upcoming regulatory developments, and in particular the impact of the Pacte Act, by the Statutory Auditors.

Pursuant to Article L. 823-16 of the Commercial Code, the Statutory Auditors presented to the Supervisory Board their general work programme as well as the various surveys they carried out; the changes that they felt should be made to the financial statements or other accounting documents that required approval, making any relevant comments about the valuation methods used in their preparation; possible irregularities and errors discovered and the findings leading to the above observations and corrections on the results of the period compared with those of the previous period.

In addition, every year the Statutory Auditors submit to the Audit Committee a declaration of independence and an update of the information described in Article L. 820-3 detailing the services provided by the members of the network to which the Statutory Auditors are affiliated, as well as services other than the audit of the financial statements.

In accordance with the obligation arising from the reform of the audit, the rules for the approval by the Audit Committee of the services provided by the auditors have been formally set out in a procedure. The total cost of these services is reported in note 14 to the consolidated financial statements. Furthermore, the Statutory Auditors and the Audit Committee had a number of discussions about the supplementary report prepared for the Audit Committee by the Statutory Auditors.

With regard to working methods: a minimum time period for the examination of the financial statements was complied with to enable the Audit Committee to avail of the option of using external experts, as well as interviewing the Chief Financial Officer, Statutory Auditors and the Internal Audit Officer.

The Chairman of the Audit Committee reports to the Supervisory Board on the work carried out by the Audit Committee and its findings during the Supervisory Board meetings called to approve the half-year and annual financial statements.

Minutes of each Audit Committee meeting are provided to the Supervisory Board for its information.

Remuneration Committee

The Remuneration Committee 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 of and calculation methods for corporate officers' remuneration, including findings on the variable remuneration for the financial year just ended and proposals to be issued for the coming financial year, and to issue an opinion concerning the amount of the remuneration of Supervisory Board members.

External persons who are not members may attend meetings at the Committee's request.

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 Remuneration Committee is called upon to consider the succession of management resulting from recommendation R14 of the Middledex Code; such consideration took place at its meeting of 5 February 2019. This item will be discussed again in 2020.

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

CONDITIONS OF SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

The bylaws include the following provisions:

- all shareholders have a right to attend General Meetings and participate in their deliberations, in person or by proxy;
- they may vote remotely. If the Management Board or Supervisory Board provides for this when convening the meeting, all shareholders may also participate in General Meetings by videoconference or by any communication means enabling their identification according to the terms and conditions set out by the law and regulations and that are specified in the notice of the meeting: the shareholder will, in this case, be deemed to be present for the calculation of quorum and majority;
- the right to participate in General Meetings is contingent upon the shareholder providing proof of their identity and on the registration of the securities in their name (or in the name of the intermediary recorded on their behalf if they reside 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;
- the attendance in person of the shareholder supersedes all proxy or remote voting.

INFORMATION ON TERMS OF OFFICE AND DUTIES

TERMS OF OFFICE AND DUTIES OF MEMBERS OF THE MANAGEMENT BOARD

– Jean Guillaume DESPATURE

Chairman of the Management Board

- Chairman of the Supervisory Board of Damartex SA (non-Group company listed on Euronext Growth),
- Chairman of the Remuneration Committee and member of the Audit Committee of Damartex SA (non-Group company listed on Euronext Growth),

- Director of Financière Développement Suisse SA (non-Group company),
- Chairman of the Somfy Corporate Foundation (as Permanent Representative of the Founder – Somfy Activités SA),
- Chairman of the Les Petites Pierres Endowment Fund (as Permanent Representative of the Somfy Corporate Foundation, itself represented by Somfy Activités SA),
- Director of Acacia SA (non-Group company),
- Managing Director of DSG Coordination Center SA,
- Manager of FIDEP (non-Group company) and CMC,
- Chairman of the Board of Directors of BFT SpA,
- Chairman and Chairman of the Supervisory Board of Somfy Protect by Myfox.

– Pierre RIBEIRO

Member of the Management Board and Chief Financial Officer

- Director of Asian Capital International Limited, Sino Global International Holdings Limited, Sino Link Trading Limited, New Unity Limited, Hong Kong CTLT Trade Co., Limited, Somfy Asia-Pacific Co Ltd, Chusik Hoesa Somfy, FIGEST BV and PROMOFI BV,
- Chairman, Director and Representative Director of Somfy Kabushiki Kaisha,
- Chairman of the Board and Director of Somfy Systems Inc,
- Director and Vice-Chairman of Somfy Activités SA,
- Permanent Representative of Somfy Activités SA, Manager of Somfybat,
- Member of the Board of Directors of BFT SpA,
- Director of DSG Coordination Center SA.

The above terms of office are exercised within unlisted Group companies, unless otherwise indicated.

TERMS OF OFFICE AND DUTIES OF MEMBERS OF THE SUPERVISORY BOARD

– Paule CELLARD

Independent member of the Supervisory Board

- Member of the Audit Committee of Somfy SA,
- Member of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
- Chair of the Audit Committee of Damartex SA (company listed on Euronext Growth),
- Member of the Remuneration Committee of Damartex SA (company listed on Euronext Growth),
- Member of the Board of Directors of INDOSUEZ Wealth Management Europe,
- Chair of the Audit Committee and of the Risk Management and Internal Control Committee of INDOSUEZ Wealth Management Europe,
- Member of the Board of Directors of HSBC France,
- Chair of the Risk and Internal Control Committees of HSBC France.

– Victor DESPATURE

Vice-Chairman of the Supervisory Board

- Chairman of the Audit Committee of Somfy SA,
- Member of the Remuneration Committee of Somfy SA,
- Chairman of the Supervisory Board of MCSA SA,
- Manager of SARL MCSA-Tunis, SC Vicma and SC Devin-VD,
- Director of La Société Meison,
- Director and Chairman of the Audit Committee of Edify SA (company listed on the Euro-MTF market of the Luxembourg stock exchange).

– Michel ROLLIER

Chairman of the Supervisory Board – Independent member of the Board

- Chairman of the Remuneration Committee of Somfy SA,
- Chairman of the Supervisory Board of Michelin (company listed on Euronext),
- Member of the Remuneration and Appointments Committee of Michelin (company listed on Euronext),
- Chairman of the Board of Directors of Siparex Associés,
- Chairman of the Association Nationale des Sociétés par Actions (ANSA).

– Anthony STAHL

Member of the Supervisory Board

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

– Marie BAVAREL-DESPATURE

Member of the Supervisory Board

- Member of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
- Manager of FIDEP,
- Member of the Board of Directors of the On Seniors' Side Foundation (Damartex).

– Sophie DESORMIÈRE

Independent member of the Supervisory Board

- Member of the Board of Directors of Gentherm,
- Chief Executive Officer of AALPS Capital.

– Florence NOBLOT

Independent member of the Supervisory Board

- Member of the Supervisory Board of Elis SA,
- Chair of the Appointments and Remuneration Committee of Elis SA.

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

FINANCIAL AUTHORISATIONS

The Management Board benefits from the following authorisations:

	Date of AGM	Date authorisation expires	Authorised amount	Used during the financial year ended 31 December 2019	Residual amount at 31 December 2019
Authorisation to issue stock options	Extraordinary General Meeting 16 May 2018	15 July 2021	1.5% of share capital on date of AGM Charged to the allocation of free shares	Nil	1.5% of share capital on date of AGM
Authorisation to grant existing free shares	Extraordinary General Meeting 22 May 2019	21 July 2022	1.5% of share capital on date of AGM Charged to the allocation of SOs*	**	1.4808% of share capital on date of AGM

* Stock options.

** Free allocation of 7,095 shares, representing 0.0192% of the share capital, agreed by the Management Board on 15 November 2019.

It is further specified that the Management Board has a share buyback authorisation, granted by the General Meeting of 22 May 2019 in its 11th ordinary resolution, details of which are set out in the section on the buyback of own shares in the Management Board's management report, and an authorisation to cancel shares purchased by the company, granted by the General Meeting of 16 May 2018 in its 12th extraordinary resolution. This latter authorisation covers a maximum of 10% of the share capital and is valid until 15 May 2020. It was not used during the 2019 financial year.

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.

REGULATED AGREEMENTS

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Please note that no regulated agreement concluded and authorised during previous financial years and with continuing effect during the financial year just ended is to be reported, and 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 2019 financial year.

AGREEMENTS CONCLUDED BETWEEN A CORPORATE OFFICER OR SHAREHOLDER HOLDING MORE THAN 10% OF VOTING RIGHTS AND A CONTROLLED ENTITY (EXCLUDING CURRENT AGREEMENTS)

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None.

EVALUATION PROCEDURES FOR CURRENT AGREEMENTS CONCLUDED UNDER STANDARD CONDITIONS - ASSESSMENT OF THE ABSENCE OF CURRENT AGREEMENTS CONCLUDED UNDER STANDARD CONDITIONS AS REFERRED TO IN ARTICLE L. 225-86 OF THE COMMERCIAL CODE

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An evaluation procedure for current agreements concluded under standard conditions was adopted at the Supervisory Board meeting of 4 March 2020. This procedure provides that each year the company's Finance and Legal Departments list the agreements covered by Article L. 225-86 of the Commercial Code and assess whether the criteria for qualifying as a current agreement concluded under standard conditions are met. The Finance and Legal Departments will report once a year on their work to the Audit Committee and to the Board.

At the Board meeting of 4 March, it was noted that there are no current agreements concluded under standard conditions as referred to in Article L. 225-86 of the Commercial Code.

INFORMATION ON REMUNERATION

CORPORATE OFFICERS' REMUNERATION POLICY (RESOLUTIONS 9 AND 10 OF THE GENERAL MEETING OF 13 MAY 2020⁽¹⁾)

Upon proposal of the Remuneration Committee and taking into account the recommendations of the Mollenex Code, the Supervisory Board has established a remuneration policy for each of the company's corporate officers that is in line with its corporate interest, contributes to its sustainability and conforms to its business strategy as described in the Management Board's management report in the chapter "Non-financial performance statement". To this end, the Supervisory Board has set the remuneration policy for executive corporate officers in light of these factors, in particular by setting criteria for their variable remuneration and the definitive allocation of free shares that are aligned with the company's strategy and environment, in order to promote its competitiveness over the medium and long term and achieve profitable and sustainable growth.

The Supervisory Board determines, reviews and implements the remuneration policy for each of the corporate officers on the recommendation of the Remuneration Committee. It is specified that the members of the Management Board do not attend the deliberations of the Supervisory Board on these matters.

No remuneration component, of any kind whatsoever, may be determined, allocated or paid by the company, nor any commitment made by the company, if it does not comply with the approved remuneration policy or, if no policy is in place, with the existing remuneration or practices within the company.

However, under exceptional circumstances the Supervisory Board may depart from the remuneration policy, if such departure is temporary, is in the company's interest and is necessary to ensure the company's continued existence or viability, only for the following remuneration components: annual variable remuneration, exceptional remuneration and allocation of free shares. The Supervisory Board will rule on the recommendations of the Remuneration Committee and will verify whether this departure is in line with the company's interests and necessary to ensure the company's continued existence or viability. This information will be brought to the attention of shareholders in the next report on corporate governance.

As part of the decision-making process used to determine and review the remuneration policy, the terms and conditions of remuneration and employment of the company's employees were taken into account by the Remuneration Committee and the Supervisory Board, in particular the information referred to in paragraph 6, section I of Article L. 225-37-3 (fairness ratios).

In the event of a change in governance, the remuneration policy will be applied to the company's new corporate officers, with the necessary adjustments where applicable.

The Supervisory Board, acting on a proposal from the Remuneration Committee, has taken the following principles into account, in accordance with recommendation R13 of the Mollenex Code on Corporate Governance of September 2016:

- **completeness:** determination of remuneration received by executive corporate officers must be complete: fixed portion, variable portion (bonus), stock options, free shares, attendance fees, pension terms and special benefits must all be taken into account in the overall assessment of remuneration;

- **balance between remuneration components:** each remuneration component must be substantiated and correspond to the company's general interest;
- **benchmark:** the remuneration must be assessed, insofar as possible, within the context of a business sector and the benchmark market, and be proportionate to the company's situation, while paying due attention to its inflationary effects;
- **consistency:** executive corporate officers' remuneration must be determined in a manner consistent with that of other officers and employees in the company;
- **clarity of the rules:** the rules must be simple and transparent; the performance criteria used to determine the variable part of remuneration or, where applicable, the allocation of options or free shares, must be linked to the company's performance and correspond to its goals, must be demanding, accountable and to the greatest extent possible, sustainable. They should be detailed without however jeopardising the confidentiality that may be justified for certain elements;
- **reasonableness:** the method determining the remuneration and allocation of options or free shares must be balanced and take into account at the same time the company's general interest, market practices and officer performance;
- **transparency:** information on the total remuneration and benefits received by officers is provided to shareholders annually in accordance with applicable regulations.

REMUNERATION POLICY REGARDING THE CHAIRMAN AND MEMBER(S) OF THE MANAGEMENT BOARD

The remuneration policy regarding the Chairman and member(s) of the Management Board, set by the Supervisory Board based on the recommendations of the Remuneration Committee, is as follows:

Fixed remuneration

It is determined in accordance with market practice, and regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It is set upon appointment and changes only little every year during the term of office. It is reviewed and benchmarked again each time the term of office is renewed. Since 2017, it has included the payment of a Pension Equivalent Premium introduced for members of the Management Board in order to offset the lack of pension contributions on the upper portions of their remuneration.

Annual variable remuneration

Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. It is based on the achievement of objectives that take account of quantitative financial and qualitative, non-financial criteria.

Annual variable remuneration is capped at a maximum of the annual basic fixed remuneration.

For the Chairman of the Management Board, this cap is a maximum of 99% of the basic fixed amount, *i.e.* 84% of the quantitative variable on financial criteria, and 15% of the qualitative variable on non-financial criteria.

(1) See information on this subject in the press release of 7 April 2020 in chapter 10 Recent events since 2 March 2020.

The cap is calculated as follows:

- the quantitative component, ranging from 0% to 120% and based on financial criteria, applies to the target bonus of 70% of the basic fixed remuneration (BFR);
- the qualitative component, ranging from 0% to 15% and based on non-financial criteria, applies to the BFR. This component is weighted by a coefficient of 0 to 1 representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned.

Annual variable remuneration is therefore capped at a maximum of 99% of the BFR:

$$\text{maximum annual variable remuneration} = (\text{BFR} \times 70\% \times 120\%) + (\text{BFR} \times 15\% \times 1)$$

For the other members of the Management Board, this cap is a maximum of 75% of the basic fixed amount, *i.e.* 60% of the quantitative variable based on financial criteria, and 15% of the qualitative variable based on non-financial criteria.

The cap is calculated as follows:

- the quantitative component, ranging from 0% to 120% and based on financial criteria, applies to the target bonus of 50% of the basic fixed remuneration (BFR);
- the qualitative component, ranging from 0% to 15% and based on non-financial criteria, applies to the BFR. This component is weighted by a coefficient of 0 to 1 representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned.

Annual variable remuneration is therefore capped at a maximum of 75% of the BFR:

$$\text{maximum annual variable remuneration} = (\text{BFR} \times 50\% \times 120\%) + (\text{BFR} \times 15\% \times 1)$$

For 2020, the financial and non-financial criteria will apply to current members of the Management Board as follows:

	Financial criteria	Non-financial criteria
Jean Guillaume DESPATURE, Chairman of the Management Board	<ul style="list-style-type: none"> – change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of nine benchmark companies 	<ul style="list-style-type: none"> – growth in eco-design of products (CSR) – roll-out of the “So! One” project – definition of the multi-brand strategy
Pierre RIBEIRO, Member of the Management Board and Chief Financial Officer	<ul style="list-style-type: none"> – change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of nine benchmark companies 	<ul style="list-style-type: none"> – growth in eco-design of products (CSR) – roll-out of the “So! One” project – definition of the “Somfy-BFT convergence”

These variable remuneration criteria contribute to meeting the objectives of the remuneration policy since they are in line with the company's corporate interest, contribute to its sustainability and are aligned with its business strategy.

To determine the extent to which the financial performance criteria provided for the calculation of variable compensation have been met, the Supervisory Board notably relies on the consolidated financial statements audited by the Statutory Auditors.

Exceptional remuneration

The Supervisory Board may decide, further to a proposal of the Remuneration Committee and under very special circumstances, to grant exceptional remuneration to Management Board members or the Chairman. Such a payment may notably be made in the event of completion of a major transaction for the company or of exceptional

The criteria for determining annual variable remuneration and the methods for assessing these criteria are as follows:

- the quantitative criteria based on financial items for 2020 (“financial” criteria) are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth in relation to a range of benchmarks consisting of nine companies deemed to be comparable.

The expected level of achievement for the quantitative criteria has been predefined by the Supervisory Board further to a proposal by the Remuneration Committee but is not disclosed for reasons of confidentiality;

- the qualitative, non-financial criteria are predefined by the Supervisory Board further to a proposal by the Remuneration Committee. For 2020, they include a CSR criterion aimed at stepping up the eco-design of products, a criterion linked to the roll-out of the “So! One” ERP project, a criterion related to the definition of the “Convergence Somfy-BFT”, and lastly, a criterion related to the Group's multi-brand strategy. These non-financial criteria are weighted by the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. The expected level of achievement of such qualitative criteria has not been publicly disclosed for reasons of confidentiality.

over-achievement that is not taken into account in the criteria determining the variable remuneration for the financial year.

The Supervisory Board can also decide, upon the proposal of the Remuneration Committee, to grant exceptional remuneration to the members or Chairman of the Management Board in the case of economic, political or social events that require the company's governance to take exceptional action to preserve the interests of the business.

In all cases, the amount of exceptional remuneration thus decided may not exceed a maximum of 100% of the fixed annual remuneration.

The Supervisory Board may also decide, on the recommendation of the Remuneration Committee, to grant exceptional remuneration in the form of an introductory bonus for new corporate officers in the event of a change in governance.

The amount of exceptional remuneration agreed in such a case may not exceed a maximum of 300% of the annual fixed remuneration.

This introductory bonus will be conditional on a period of employment with the company of at least 18 months following the date of arrival and must be returned in the event of departure before 18 months, irrespective of whether this departure is instigated by the corporate officer or the company.

The payment of variable, and possibly exceptional, remuneration elements allocated in relation to financial year N to each member of the Management Board is subject to approval in year N+1 by the Ordinary General Meeting of the remuneration elements paid in year N or allocated in relation to financial year N.

Allocation of free shares

The members of the Management Board, as well as the Chairman, may be the beneficiaries of allocations of free shares, subject to one or more performance conditions, under the same conditions and subject to the same performance criteria as for allocations granted to the Group's executives and senior executives.

The criteria used are usually based on the level of Current Operating Result and the development of Sales Growth.

Other criteria may be taken into account, based in particular on the company's corporate social responsibility.

Performance-related conditions are assessed over a period identical to that used for the plan's vesting period.

Except under specific circumstances, these allocations are granted on an annual basis and are limited on initial allocation to an allocated amount that corresponds to the book value calculated at fair value and which may not exceed 150% of the annual fixed remuneration.

In the event of a change in the composition of the Management Board, the Supervisory Board may authorise a specific allocation in the form of an introductory bonus in favour of a new member of the Management Board. In such a case, the amount granted, corresponding to the book value calculated at fair value, may not exceed 300% of the annual fixed remuneration. The vesting period of the plan must be a minimum of two years.

In order to determine the extent to which the performance criteria provided set out for the allocation of performance shares free of charge have been met, the Supervisory Board has established the following assessment methods. Financial performance criteria are based on indicators that are reviewed by the Statutory Auditors as part of their annual audit of the financial statements.

In addition, the Group's Internal Audit Department is entrusted by the Management Board with an audit assignment to validate the data taken into account for the calculation of performance conditions.

The vesting and, where applicable, retention periods applicable after vesting are defined by the Management Board at the time of allocation and comply with the authorisation of the General Meeting, i.e.:

- the allocation of shares will be definitive at the end of a vesting period whose duration may not be less than one year;
- where applicable, the shares shall be retained for a minimum period at least equal to that required to ensure that the cumulative duration of the vesting periods, and where necessary, the retention periods, may not be less than two years.

Moreover, 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 registered 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.

These free share allocation criteria contribute to the objectives of the remuneration policy since they are in line with the company's corporate interest, they contribute to its sustainability and they are aligned with its business strategy.

Commitments

It should be noted that members of the Management Board benefit from an employment contract concluded with Somfy SA's subsidiaries prior to their appointment to the Board. It has become necessary to the company that, in order to attract and retain talent, members of the Management Board must be able to continue to enjoy the protection guaranteed by an employment contract. As a result, the employment contracts of the members of the Management Board that pre-dated their respective terms of office have been maintained.

Severance pay

The Chairman and members of the Management Board do not benefit from any undertaking of this kind in respect of their terms of office.

In the event of termination of the employment contract, the legal and/or contractual provisions will apply.

In the event of a change in the composition of the Management Board, the Supervisory Board may decide to grant a new member of the Management Board severance pay not exceeding two years' fixed and variable compensation, subject to a minimum of two years in office and to the same financial and non-financial criteria as those used to determine the annual variable remuneration. This severance pay will be paid in full if the variable rate for the financial year preceding the departure represents at least 60% of the target bonus. Below a rate of 60%, the severance pay will be reduced proportionally.

Pension

Members of the Management Board are beneficiaries of the mandatory collective pension schemes applicable to executives and senior executives of Group companies.

For the Chairman of the Management Board who is not territorially eligible for French pension plans, the applicable scheme is the mandatory group scheme applicable to senior executives for companies based in the Swiss Confederation.

There is no pension scheme with defined benefits covered by Article L. 137-11 of the Social Security Code (supplementary pension plan), for the benefit of Management Board members or the Chairman.

Like Group executives, the members and the Chairman of the Management Board benefit, when they retire, from a retirement bonus (*Indemnité de Fin de Carrière*, or *IFC*) as provided for by the National Collective Bargaining Agreement for Executives and Engineers in the Metalwork Industry (IDCC 650). Currently, given the age of the beneficiaries, such compensation is not likely to be paid before 2028 and the Supervisory Board has not deemed it necessary to set a performance condition at this stage.

Provident fund

The members of the Management Board and the Chairman are beneficiaries of the group provident fund scheme (death & disability insurance) which applies to the Group's senior executives.

Unless they justify personal insurance coverage elsewhere, they are also affiliated to the "Mutual Health Insurance" scheme which is mandatory for Group employees.

Non-compete clause

There is no such commitment concerning current Management Board members or the Chairman.

In the event of a change in the composition of the Management Board, the Supervisory Board may decide to grant a non-competition indemnity to a new member for a period of one year, which may be renewable once and applicable to companies involved in a competing business. The Supervisory Board will decide, after the member of the Management Board has ceased to hold office, whether or not to apply this non-compete clause, from which the outgoing member may be exempted. Its payment will, in any case, be waived in the event of retirement.

Benefits of any kind

Management Board members and the Chairman each have their own company car which they may use privately.

REMUNERATION POLICY FOR THE CHAIRMAN AND THE MEMBERS OF THE SUPERVISORY BOARD

The remuneration policy for the Chairman and members of the Supervisory Board, set by the Supervisory Board based on the recommendations of the Remuneration Committee, is as follows:

- the General Meeting allocates to the members of the Supervisory Board a fixed annual sum as remuneration for their activity;
- the Supervisory Board sets the amount allocated to each member according to their actual attendance at meetings of the Supervisory Board and the Audit and Remuneration Committees, with the option of providing for a different rule, if necessary, for members with an employment contract. The remuneration allocated includes one part that remunerates responsibility and one part that remunerates attendance;
- in addition to his remuneration for his duties as member of the Supervisory Board, the Chairman of the Supervisory Board receives specific remuneration for his duties as Chairman. This remuneration is fixed and changes upon each extension to his/her appointment, or when the Supervisory Board observes that there has been a permanent change to the Chairman's workload;
- the Supervisory Board reserves the right to allocate specific remuneration to one of its members in order to reward specific services other than participation in the Supervisory Board's routine work;
- finally, in the event of the appointment of one or more members representing employees on the Supervisory Board, the employees will continue to receive remuneration under their employment contract. It is specified that the member(s) representing employees on the Supervisory Board shall not receive any remuneration for his(their) office as member(s) of the Supervisory Board.

INFORMATION ON THE TERMS OF OFFICE AND EMPLOYMENT AND/OR SERVICE CONTRACTS OF CORPORATE OFFICERS WITH THE COMPANY

The terms of office of the members of the Management Board and the members of the Supervisory Board are set out on pages 50 and 52 of the report on corporate governance in chapter 5 of the 2019 Annual Financial Report.

As of the date of preparation of this report, no member of the Management Board or Supervisory Board is bound to the company

by a contract of employment or a contract for the provision of services.

It should be noted that members of the Management Board benefit from an employment contract concluded with Somfy SA's subsidiaries prior to their appointment to the Board.

Finally, in the course of 2020, the Supervisory Board should see the addition of a member representing employees who will be bound to one of the Group's companies by an employment contract.

INFORMATION REFERRED TO IN PARAGRAPH I OF ARTICLE L. 225-37-3 OF THE COMMERCIAL CODE FOR EACH CORPORATE OFFICER OF THE COMPANY (RESOLUTION 11 OF THE GENERAL MEETING OF 13 MAY 2020⁽¹⁾)

It is specified that the total remuneration of each executive corporate officer complies with the remuneration policy approved by the General Meeting of 22 May 2019 in its 9th and 10th resolutions.

JEAN GUILLAUME DESPATURE CHAIRMAN OF THE MANAGEMENT BOARD

In accordance with the principles and criteria approved by the General Meeting of 22 May 2019, remuneration comprises a fixed portion, a variable portion, long-term remuneration and other benefits detailed below. The fixed portion consists of the basic fixed remuneration and also includes the payment of a PER (*Prime Équivalent Retraite* - Pension Equivalent Premium) bonus in favour of Management Board members, introduced following the removal of the previous "Article 39" supplementary pension scheme.

Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. It is based on the achievement of objectives that take account of quantitative financial and qualitative criteria.

For the part based on quantitative criteria (referred to as "financial" criteria), the criteria used for 2019 are profit growth, measured by the average growth in Current Operating Result over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by Sales Growth and by its differential with the Sales Growth of a range of benchmarks consisting of nine companies deemed to be comparable.

For the part based on qualitative criteria, the criteria selected for 2019 (so-called "non-financial" criteria) relate to the company's strategy and include the launch of the 10-year vision, the definition of the new organisational model and the launch of the Zigbee and Smartwindow product ranges. These non-financial criteria are weighted by a coefficient representing the Supervisory Board's assessment, upon proposal by the Remuneration Committee, of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons the expected levels of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board, are not publicly disclosed.

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

As regards long-term remuneration, 1,756 performance shares allocated free of charge by Somfy SA to Jean Guillaume Despature were vested on 30 June 2019 under the Performance Share Allocation Plan n°3 agreed by the Management Board on 16 June 2017, and the allocation of 3,576 performance shares was agreed by the Management Board on 20 May 2019. Details are provided in tables 3 and 4 below.

(1) See information on this subject in the press release of 7 April 2020 in chapter 10 Recent events since 2 March 2020.

In respect of his employment contract, which pre-dates his appointment to the Management Board, Jean Guillaume Despature is also a beneficiary of the defined contribution pension plan of the company DSG Coordination Center SA, which applies equally to senior executives and employee directors. This is the second mandatory pillar for companies based in the Swiss Confederation. The company's commitment is limited to the amount of contributions paid during the financial year.

Details of total remuneration allocated in respect of and paid during the financial year just ended are included in the summary table (page 62).

PIERRE RIBEIRO
MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER

In accordance with the principles and criteria approved by the General Meeting of 22 May 2019, remuneration comprises a fixed portion, a variable portion, long-term remuneration and other benefits detailed below. The fixed portion consists of the basic fixed remuneration and also includes the payment of a PER (*Prime Équivalent Retraite* - Pension Equivalent Premium) bonus in favour of Management Board members, introduced following the removal of the previous "Article 39" supplementary pension scheme.

Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. It is based on the achievement of objectives that take account of quantitative financial and qualitative criteria.

For the part based on quantitative criteria (referred to as "financial" criteria), the criteria used for 2019 are profit growth, measured by the average growth in Current Operating Result over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and

lastly, business development, measured by Sales Growth and by its differential with the Sales Growth of a range of benchmarks consisting of nine companies deemed to be comparable.

For the part based on qualitative criteria, the criteria selected for 2019 (so-called "non-financial" criteria) relate to the company's strategy and include the launch of the 10-year vision, the definition of the new organisational model and the Dooya's finance operational organisation. These non-financial criteria are weighted by a coefficient representing the Supervisory Board's assessment, upon proposal by the Remuneration Committee, of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which have been predetermined by the Supervisory Board, is not publicly disclosed.

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

As regards long-term remuneration, 1,756 performance shares allocated free of charge by Somfy to Pierre Ribeiro were vested on 30 June 2019 under the Performance Share Allocation Plan n°3, and the allocation of 3,576 performance shares was agreed by the Management Board on 20 May 2019. Details are provided in tables 3 and 4 below.

Under his employment contract, which pre-dates his appointment to the Management Board, Pierre Ribeiro is eligible for incentive bonus, profit-sharing and employer's contributions from the company CMC.

He is also a beneficiary of CMC's defined contribution pension plan (Article 83), which applies to both senior executives and employee directors. The company's commitment is limited to the amount of contributions paid during the financial year.

Details of total remuneration allocated in respect of and paid during the financial year just ended are included in the summary table (page 63).

SUMMARY TABLE OF TOTAL REMUNERATION PAID IN 2019 OR ALLOCATED IN RESPECT OF 2019 TO MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD (including remuneration paid by the company and companies under its control)

Table 1: Summary of remuneration and allocated options and shares

Jean Guillaume DESPATURE, Chairman of the Management Board	Gross, €	Allocated for the 2019 financial year	Allocated for the 2018 financial year	Allocated for the 2017 financial year
Remuneration allocated for the financial year (as detailed in table 2)	Term of office	996,816	892,880	676,148
	Employment contract	336,094	301,312	229,989
Value of options granted during the financial year	Term of office	nil	nil	nil
	Employment contract	nil	nil	nil
Value of performance based shares granted during the financial year (as detailed in table 3)	Term of office	225,348	nil	307,856
	Employment contract	nil	nil	nil
Value of other long-term remuneration plans	Term of office	nil	nil	nil
	Employment contract	nil	nil	nil
TOTAL		1,558,258	1,194,192	1,213,993

Pierre RIBEIRO, Member of the Management Board and Chief Financial Officer		Gross, €	Allocated for the 2019 financial year	Allocated for the 2018 financial year	Allocated for the 2017 financial year
Remuneration allocated for the financial year (as detailed in table 2)	Term of office		147,775	140,789	114,850
	Employment contract		634,678	596,478	527,020
Value of options granted during the financial year	Term of office		nil	nil	nil
	Employment contract		nil	nil	nil
Value of performance based shares granted during the financial year (as detailed in table 3)	Term of office		225,348	nil	307,856
	Employment contract		nil	nil	nil
Value of other long-term remuneration plans	Term of office		nil	nil	nil
	Employment contract		nil	nil	nil
TOTAL			1,007,801	737,267	949,726

Table 2: Overview of the remuneration of each executive corporate officer

Jean Guillaume DESPATURE, Chairman of the Management Board		2019		2018		2017	
		Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year
	Gross, €						
Basic fixed remuneration (BFR)	Term of office	459,000	459,000	450,000	450,000	367,000	367,000
	Employment contract	153,000	153,000	150,000	150,000	123,000	123,000
Fixed remuneration - Pension Equivalent Premium	Term of office	83,316	83,316	79,880	79,880	61,648	61,648
	Employment contract	27,770	27,770	26,627	26,627	20,661	20,661
Annual variable remuneration* **	Term of office	454,500	363,000	363,000	247,500	247,500	243,333
	Employment contract	151,500	121,000	121,000	82,500	82,500	76,667
Exceptional remuneration	Term of office	–	–	–	–	–	–
	Employment contract	–	–	–	–	–	–
Incentive bonus, profit-sharing, employer's contribution	Term of office	–	–	–	–	–	–
	Employment contract	–	–	–	–	–	–
Benefits in kind	Term of office	–	–	–	–	–	–
	Employment contract	3,824	3,824	3,685	3,685	3,828	3,828
TOTAL		1,332,910	1,210,910	1,194,192	1,040,192	906,137	896,137

* Relative proportion of variable remuneration to fixed remuneration:

Term of office	99.0%	–	80.7%	–	67.4%	–
Employment contract	99.0%	–	80.7%	–	67.1%	–

** For Jean Guillaume Despature, the performance criteria were applied as follows:

Annual variable remuneration is capped at a maximum of the annual fixed remuneration.

This cap represents a maximum of 99% of the basic fixed remuneration, i.e. 84% for the quantitative variable remuneration based on financial criteria, and 15% for the qualitative variable remuneration based on non-financial criteria, as described in the paragraph "Remuneration policy regarding the Chairman and member(s) of the Management Board - Annual variable remuneration" on page 57.

The target bonus is 70% of the basic fixed remuneration.

For the 2018 financial year, the COR and ROCE quantitative criteria were 73.7%, the growth multiplier was 1.36, resulting in a quantitative bonus rate of 100.4% of the target bonus. The quantitative variable portion based on financial criteria was therefore 70.3% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 10.3% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. €600,000 x (70% x 100.4%) + €600,000 x 10.3% = €483,480 rounded to €484,000, i.e. 80.7% of the annual basic fixed remuneration.

For the 2019 financial year, the COR and ROCE quantitative criteria were 115.87%, the growth multiplier was 1.29, resulting in a quantitative bonus rate of 149.6%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 120% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 15% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. (€612,000 x 70% x 120%) + (€612,000 x 15%) = €605,880 rounded to €606,000, i.e. 99% of the annual basic fixed remuneration, which is the authorised maximum and which reflects the 2019 financial year's healthy performance.

Pierre RIBEIRO, Member of the Management Board and Chief Financial Officer	Gross, €	2019		2018		2017	
		Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year
Basic fixed remuneration (BFR)	Term of office	76,560	76,560	75,000	75,000	70,000	70,000
	Employment contract	290,640	290,640	285,000	285,000	270,000	270,000
Fixed remuneration - Pension Equivalent Premium	Term of office	15,915	15,915	15,289	15,289	13,850	13,850
	Employment contract	60,410	60,410	58,098	58,098	53,420	53,420
Annual variable remuneration* **	Term of office	55,300	45,500	45,500	31,000	31,000	45,294
	Employment contract	220,700	172,500	172,500	142,000	142,000	174,705
Exceptional remuneration	Term of office	–	5,000	5,000	–	–	–
	Employment contract	–	20,000	20,000	–	–	–
Incentive bonus, profit-sharing, employer's contribution	Term of office	–	–	–	–	–	–
	Employment contract	55,229	54,151	54,150	53,463	54,870	52,711
Benefits in kind	Term of office	–	–	–	–	–	–
	Employment contract	7,699	7,699	6,730	6,730	6,730	6,730
TOTAL		782,453	748,375	737,267	666,580	641,870	686,710

* Relative proportion of variable remuneration to fixed remuneration:

Term of office	72.2%	–	60.7%	–	44.3%	–
Employment contract	75.9%	–	60.5%	–	52.6%	–

** For Pierre Ribeiro, the performance criteria were applied as follows:

Annual variable remuneration is capped at a maximum of the annual basic fixed remuneration.

This cap represents a maximum of 75% of the basic fixed remuneration, i.e. 60% for the quantitative variable remuneration based on financial criteria, and 15% for the qualitative variable remuneration based on non-financial criteria, as described in the paragraph "Remuneration policy regarding the Chairman and member(s) of the Management Board - Annual variable remuneration" on page 58.

The target bonus is 50% of the basic fixed remuneration.

For the 2018 financial year, the ROC and ROCE quantitative criteria were 73.7%, the growth multiplier was 1.36, resulting in a quantitative bonus rate of 100.4% of the target bonus. The quantitative variable portion based on financial criteria was therefore 50.2% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 10.3% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. €360,000 x (50% x 100.4%) + €360,000 x 10.3% = €217,800 rounded to €218,000, i.e. 60.6% of the annual basic fixed remuneration.

For the 2019 financial year, the COR and ROCE quantitative criteria were 115.87%, the growth multiplier was 1.29, resulting in a quantitative bonus rate of 149.6%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 120% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 15% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. (€367,200 x 50% x 120%) + (€367,200 x 15%) = €275,400 rounded to €276,000, i.e. 75% of the annual basic fixed remuneration, which is the authorised maximum and which reflects the 2019 financial year's healthy performance.

These remuneration components contribute to the objectives of the remuneration policy since they are in line with the company's corporate interest, they contribute to its sustainability and they are aligned with its business strategy.

Performance shares allocated or vested during the financial year

Table 3: Performance shares allocated free of charge to each member of the Management Board

Performance shares allocated by the Shareholders' General Meeting during the financial year to each corporate officer via the issuer and by any Group entity	Plan n° and date	Number of shares allocated during the financial year	Value of shares as per the method used in the consolidated financial statements (IFRS 2)	Allocation date	Vesting date	Performance conditions
Jean Guillaume Despature	2021 Free Performance Share Plan of 20 May 2019	3,576	€225,348	30/06/21	01/07/21	<ul style="list-style-type: none"> – sales growth for the year ended 31 December 2020 – change in current operating result for the year ended 31 December 2020 – % of Home & Building products sold under the Somfy brand and certified "Act for Green" in the year ended 31 December 2020
Pierre Ribeiro	2021 Free Performance Share Plan of 20 May 2019	3,576	€225,348	30/06/21	01/07/21	<ul style="list-style-type: none"> – sales growth for the year ended 31 December 2020 – change in current operating result for the year ended 31 December 2020 – % of Home & Building products sold under the Somfy brand and certified "Act for Green" in the year ended 31 December 2020

Table 4: Performance shares vested during the financial year to each executive corporate officer

Performance shares vested during the financial year to each executive corporate officer	Plan n° and date	Number of shares vested* during the financial year
Jean Guillaume Despature	Free Performance Share Plan n°3 of 16 June 2017	1,756
Pierre Ribeiro	Free Performance Share Plan n°3 of 16 June 2017	1,756

* Subject to the retention obligation mentioned in the remuneration policy for corporate officers (page 59).

Benefits of executive corporate officers

Table 5: Summary table of executive corporate officers' benefits

	Employment contract		Supplementary pension scheme		Compensation or benefits due or liable to be due as a result of termination or change of role		Compensation relating to a non-compete clause	
	yes	no	yes	no	yes	no	yes	no
Executive corporate officers Name: Jean Guillaume DESPATURE Position: Chairman of the Management Board Start of term of office: 17/05/17 End of term of office: 2021 AGM	✓			✗		✗		✗
	with an entity included in the Group's consolidation scope							
Name: Pierre RIBEIRO Position: Member of the Management Board and Chief Financial Officer Start of term of office: 17/05/17 End of term of office: 2021 AGM	✓			✗		✗		✗
	with an entity included in the Group's consolidation scope							

Compensation or benefits due or liable to be due as a result of the termination or change of terms of office

The Chairman and members of the Management Board do not benefit from any allocation of this type in respect of their terms of office.

In the event of termination of the employment contract, the legal and/or contractual provisions shall apply.

Pension

Members of the Management Board are beneficiaries of the mandatory group pension schemes applicable to executives and senior executives of Group companies.

For the Chairman of the Management Board who is not territorially eligible for French pension plans, the applicable scheme is the mandatory group scheme applicable to senior executives for companies based in the Swiss Confederation.

There is no pension scheme with defined benefits covered by Article L. 137-11 of the Social Security Code (supplementary pension plan), for the benefit of Management Board members or the Chairman.

Like Group executives, the members and the Chairman of the Management Board benefit, when they retire, from a retirement bonus (*Indemnité de Fin de Carrière*, or *IFC*) as provided for by the National Collective Bargaining Agreement for Executives and Engineers in the Metalwork Industry (IDCC 650). Given the age of the beneficiaries, such compensation is not likely to be paid before 2028 and the Supervisory Board has not deemed it necessary to set a performance condition at this stage.

Non-compete clause

There is no such commitment concerning Management Board members or the Chairman.

Table 6: Remuneration received by non-executive corporate officers

Members of the Supervisory Board	2019 financial year		2018 financial year		2017 financial year	
	Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year
Gross, €						
Michel ROLLIER						
Remuneration for term of office as member of the Supervisory Board	3,600	3,600	5,400	5,400	3,600	3,600
Remuneration for term of office as Chairman of the Supervisory Board	100,000	100,000	90,625	90,625	75,000	75,000
Paule CELLARD						
Remuneration for term of office as member of the Supervisory Board	16,000	16,000	14,400	14,400	12,800	12,800
Victor DESPATURE						
Remuneration for term of office as member of the Supervisory Board	19,600	19,600	17,800	17,800	16,200	16,200
Anthony STAHL*						
Remuneration for term of office as member of the Supervisory Board	–	–	–	–	–	–
Florence NOBLOT						
Remuneration for term of office as member of the Supervisory Board	8,000	8,000	4,800	4,800	3,200	3,200
Sophie DESORMIÈRE						
Remuneration for term of office as member of the Supervisory Board	8,000	8,000	8,000	8,000	4,800	4,800
Marie BAVAREL-DESPATURE						
Remuneration for term of office as member of the Supervisory Board	8,000	8,000	8,000	8,000	4,800	4,800
Bernard HOURS						
Remuneration for term of office as member of the Supervisory Board	–	–	–	–	22,500	22,500
Jean DESPATURE						
Remuneration for term of office as member of the Supervisory Board	–	–	–	–	1,600	1,600
Valérie PILCER						
Remuneration for term of office as member of the Supervisory Board	–	–	–	–	5,600	5,600
TOTAL	163,200	163,200	149,025	149,025	150,100	150,100

* No longer wishes to receive remuneration in respect of this term of office.

Table 7: Fairness ratios

Under the provisions of sub-paragraph 6° of paragraph I of Article L. 225-37-3 of the Commercial Code which limits the comparison to the scope of “employees of the company” only, ratios are calculated by comparing the remuneration of corporate officers with that of employees of Somfy SA, whose restricted workforce notably includes Executive Committee members.

For corporate officers, as for Somfy SA employees, the total remuneration paid during the financial year was used. It comprises:

- the fixed portion;
- the variable portion paid during financial year N in respect of N-1;
- the exceptional remuneration paid during financial year N;
- performance shares granted in respect of financial year N and valued at the IFRS value;
- employee savings;
- benefits in kind (salary portion).

2019 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive corporate officer	–	1,436,258	973,722	103,600
Ratio to average employee salary	–	3.41	2.31	0.25
Ratio to median employee salary	–	2.87	1.95	0.21
Annual change in executive corporate officer’s remuneration	–	38.1%	46.1%	7.9%
Annual change in average salary of employees excluding corporate officers	–	4.1%	4.1%	4.1%
Average salary of employees excluding corporate officers	421,268	–	–	–
Median salary of employees excluding corporate officers	499,731	–	–	–
Annual change in company performance: consolidated net profit	16.3%	–	–	–
Annual change in company performance: consolidated current operating result	15.2%	–	–	–

2018 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive corporate officer	–	1,040,192	666,580	96,025
Ratio to average employee salary	–	2.57	1.65	0.24
Ratio to median employee salary	–	2.42	1.55	0.22
Annual change in executive corporate officer’s remuneration	–	-13.6%	-33.0%	22.2%
Annual change in average salary of employees excluding corporate officers	–	6.2%	6.2%	6.2%
Average salary of employees excluding corporate officers	404,577	–	–	–
Median salary of employees excluding corporate officers	429,716	–	–	–
Annual change in company performance: consolidated net profit	-11.0%	–	–	–
Annual change in company performance: consolidated current operating result	1.8%	–	–	–

2017 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive corporate officer	–	1,203,993	994,566	78,600
Ratio to average employee salary	–	3.16	2.61	0.21
Ratio to median employee salary	–	3.16	2.61	0.21
Annual change in executive corporate officer's remuneration	–	44.6%	63.9%	0.0%
Annual change in average salary of employees excluding corporate officers	–	18.4%	18.4%	18.4%
Average salary of employees excluding corporate officers	380,906	–	–	–
Median salary of employees excluding corporate officers	380,906	–	–	–
Annual change in company performance: consolidated net profit	10.1%	–	–	–
Annual change in company performance: consolidated current operating result	-5.2%	–	–	–

2016 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive corporate officer	–	832,574	606,643	78,600
Ratio to average employee salary	–	2.59	1.89	0.24
Ratio to median employee salary	–	2.24	1.63	0.21
Annual change in executive corporate officer's remuneration	–	2.4%	28.6%	1.3%
Annual change in average salary of employees excluding corporate officers	–	2.4%	2.4%	2.4%
Average salary of employees excluding corporate officers	321,703	–	–	–
Median salary of employees excluding corporate officers	371,594	–	–	–
Annual change in company performance: consolidated net profit	-13.0%	–	–	–
Annual change in company performance: consolidated current operating result	7.3%	–	–	–

2015 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive corporate officer	–	812,802	471,597	77,600
Ratio to average employee salary	–	2.59	1.50	0.25
Ratio to median employee salary	–	2.26	1.31	0.22
Annual change in executive corporate officer's remuneration	–	74.4%	-27.8%	44.0%
Annual change in average salary of employees excluding corporate officers	–	7.3%	7.3%	7.3%
Average salary of employees excluding corporate officers	314,259	–	–	–
Median salary of employees excluding corporate officers	359,933	–	–	–
Annual change in company performance: consolidated net profit	332.9%	–	–	–
Annual change in company performance: consolidated current operating result	10.6%	–	–	–

FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID OR ALLOCATED DURING THE FINANCIAL YEAR JUST ENDED TO THE CHAIRMAN OF THE MANAGEMENT BOARD, MEMBERS OF THE MANAGEMENT BOARD AND THE CHAIRMAN OF THE SUPERVISORY BOARD (RESOLUTIONS 12 TO 14 OF THE GENERAL MEETING OF 13 MAY 2020⁽¹⁾)

The items of remuneration paid or allocated during the 2019 financial year and presented hereafter are submitted for your approval pursuant to Article 225-100 paragraph 2 of the Commercial Code.

**RESOLUTION 12: JEAN GUILLAUME DESPATURE,
CHAIRMAN OF THE MANAGEMENT BOARD – AMOUNTS PAID
DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR
JUST ENDED**

The total remuneration paid during or allocated in respect of the financial year just ended consists of:

- **the fixed remuneration allocated in respect of 2019 and paid in 2019**, comprising gross basic remuneration of €612,000 (including €459,000 gross for the term of office and €153,000 gross for the employment contract) and the Pension Equivalent Premium amounting to €111,086 gross (including €83,316 gross for the term of office and €27,770 gross for the employment contract), in accordance with the remuneration policy adopted at the General Meeting of 22 May 2019;
- **the variable remuneration allocated in respect of 2018 and paid in 2019**, as adopted at the General Meeting of 22 May 2019, amounting to €484,000 gross (including €363,000 gross for the term of office and €121,000 gross for the employment contract);
- **the variable remuneration allocated in respect of the 2019 financial year**, totalling €606,000 gross (including €454,500 gross for the term of office and €151,500 gross for the employment contract), **and to be paid in 2020** following the General Meeting and subject to its approval. The quantitative and qualitative criteria used to determine this variable remuneration are described in the paragraph “Information referred to in paragraph I of Article L. 225-37-3 of the Commercial Code for each corporate officer of the company” on page 60;
- **a benefit in kind** granted in 2019 and represented by the use of a company car with a book value of €3,824, in accordance with the 2019 remuneration policy adopted at the General Meeting of 22 May 2019;
- **the allocation free of charge of 3,576 performance shares** agreed by the Management Board on 20 May 2019, in accordance with the remuneration policy adopted at the General Meeting of 16 May 2018, with a book value under IFRS 2 of €225,348.

It should also be noted that:

- the vesting of 1,756 performance shares allocated free of charge to Jean Guillaume Despature took place on 30 June 2019 under the Free Performance Share Allocation Plan n°3 agreed by the Management Board on 16 June 2017 (no amount subject to *ex-post* vote);
- Jean Guillaume Despature benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

**RESOLUTION 13: PIERRE RIBEIRO,
MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL
OFFICER – AMOUNTS PAID DURING OR ALLOCATED IN RESPECT
OF THE FINANCIAL YEAR JUST ENDED**

The total remuneration paid during or allocated in respect of the financial year just ended consists of:

- **the fixed remuneration allocated in respect of 2019 and paid in 2019**, comprising gross basic remuneration of €367,200 (including €76,560 gross for the term of office and €290,640 gross for the employment contract) and the Pension Equivalent Premium amounting to €76,325 gross (including €15,915 gross for the term of office and €60,410 gross for the employment contract), in accordance with the remuneration policy adopted at the General Meeting of 22 May 2019;
- **the variable remuneration allocated in respect of 2018 and paid in 2019**, as adopted at the General Meeting of 22 May 2019, amounting to €218,000 gross (including €45,500 gross for the term of office and €172,500 gross for the employment contract);
- **the variable remuneration allocated in respect of the 2019 financial year**, totalling €276,000 gross (including €55,300 gross for the term of office and €220,700 gross for the employment contract), **and to be paid in 2020** following the General Meeting and subject to its approval. The quantitative and qualitative criteria used to determine this variable remuneration are described in the paragraph “Information referred to in paragraph I of Article L. 225-37-3 of the Commercial Code for each corporate officer of the company” on page 61;
- **the exceptional remuneration allocated in respect of 2018 and paid in 2019**, as adopted at the General Meeting of 22 May 2019, amounting to €25,000 gross (including €5,000 for the term of office and €20,000 for the employment contract). It should be noted that this exceptional remuneration was awarded because of the particularly important work carried out during the 2018 financial year on the structuring of subsidiaries and shareholdings;
- **a benefit in kind** granted in 2019 and represented by the use of a company car with a book value of €7,699, in accordance with the 2019 remuneration policy adopted at the General Meeting of 22 May 2019;
- **an employee savings plan related to the employment contract** (profit-sharing, incentive bonus, employer's contribution) amounting to €55,229 due in respect of the 2019 financial year and to be paid in 2020;
- **the allocation free of charge of 3,576 performance shares** agreed by the Management Board on 20 May 2019, in accordance with the remuneration policy adopted at the General Meeting of 16 May 2018, and with a book value under IFRS 2 of €225,348.

It should also be noted that:

- the vesting of 1,756 performance shares allocated free of charge to Pierre Ribeiro took place on 30 June 2019 under the Free Performance Share Allocation Plan n°3 agreed by the Management Board on 16 June 2017 (no amount subject to *ex-post* vote);

(1) See information on this subject in the press release of 7 April 2020 in chapter 10 Recent events since 2 March 2020.

- Pierre Ribeiro benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

**RESOLUTION 14: MICHEL ROLLIER,
CHAIRMAN OF THE SUPERVISORY BOARD – AMOUNTS PAID
DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR
JUST ENDED**

Remuneration for the 2019 financial year consists of remuneration of €100,000 gross paid in respect of his role as Chairman of the Supervisory Board and remuneration of €3,600 gross for his participation in Specialised Committees.

**INFORMATION ON THE TERMS AND CONDITIONS
FOR THE RETENTION OF SHARES ALLOCATED FREE
OF CHARGE TO EXECUTIVE CORPORATE OFFICERS**

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 registered 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 ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT
OF A PUBLIC OFFERING**

In accordance with existing regulations and to the best of company's knowledge, the following may have an impact in the event of a public offering:

- the capital structure and all known direct or indirect holdings in Somfy SA and all relevant information is described under "Information on the distribution of capital and holdings" in the Management Board's management report;
- there are no statutory restrictions regarding the exercise of voting rights or agreements providing for preferential conditions for the transfer or acquisition of shares, excepting those described in the section "Action in concert and retention agreements" of the Management Board's management report;
- 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 in the Management Board's management report);
- 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 the exercise of voting rights have been referred to in the "Action in concert and retention agreements" section of the Management Board's management report;
- 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;
- concerning powers, the Management Board has no delegations except those described under the section "Financial authorisations" of this report;
- agreements concluded by the company that are amended 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 former 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 compensation to be paid upon termination of the term of office of Management Board members or employees, if they resign or are dismissed without fair or serious cause or if their employment is terminated as a result of a public offering.

OBSERVATIONS OF THE SUPERVISORY BOARD ON THE MANAGEMENT BOARD'S MANAGEMENT REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR JUST ENDED

Ladies and Gentlemen,

The Management Board has convened this Combined General Meeting specifically to submit the financial statements for the year just ended for your approval.

Pursuant to Article L. 225-68 of the Commercial Code, the Management Board has kept us periodically informed on company transactions through the presentation of quarterly reports.

For verification and auditing purposes, the Management Board has also submitted to us the parent company and consolidated financial statements at 31 December 2019, which you are requested to approve today.

The Management Board has also provided us with its report, which has just been presented to you.

We hereby submit to you our observations on these financial statements and on this report pursuant to the provisions of the above-mentioned Article L. 225-68.

This report fairly reflects the information that was regularly provided to us during the financial year just ended.

Group sales were €1,200.2 million over the year just ended, an increase of 6.1% on a like-for-like basis, including 4.7% in the first half-year and 7.5% in the second, and 6.5% in real terms.

This expansion follows several years of steady growth and reflects progress within all geographical regions, with the exception of Africa & the Middle East, for contextual reasons. It attests to the growing interest of all types of consumers in motorised and connected solutions for the home, due to the need for comfort and safety and the growing awareness of energy and environmental issues.

The most noteworthy growth was recorded in Central & Eastern Europe, as a result of excellent performances in Poland, Hungary and the Czech Republic, as well as Northern Europe.

Significant increases were also posted in China, France and Germany, as well as in Central & South America and North America, thanks to a sharp upturn over the last quarter, particularly in Brazil and the United States. Growth was however more modest in Asia-Pacific (excluding China) and Southern Europe.

In contrast, the trend remained negative in Africa & the Middle East, although it improved significantly over the second half-year.

Sales of the now equity-accounted Chinese subsidiary Dooya totalled €187.5 million over the financial year, an increase of 9.3% in real terms and 8.2% on a like-for-like basis.

Current operating result stood at €204.8 million over the financial year, up 15.2% in real terms, and represented 17.1% of sales, compared with 15.8% in the previous year. It benefited from a positive impact of €3.1 million from changes in exchange rates and €0.4 million from the application of the new lease recognition rule (IFRS 16).

This improvement was due to both high sales, particularly during the second half-year, and a modest increase in structure costs, as a result of the normalisation of "strategic" expenditure, following a period of substantial investment.

Consolidated net profit grew 16.3% to €163.2 million. It includes a net non-current operating expense of €3.2 million, a positive contribution from associates of €3.8 million and an income tax charge of €37.2 million.

Reflecting these solid results, return on capital employed (ROCE) was 22.2% (23.7% restated for the impact of IFRS 16) compared with 20.4% in the previous year.

Group equity rose from €894.4 million to €1,012.8 million over the financial year, while the net financial surplus rose from €222.4 million to €310.5 million, despite the recognition of financial liabilities of €48.3 million following the application of IFRS 16 to leases.

The hike in net financial surplus was due to the increase in cash flow and the decline in working capital requirements.

The Management Board will propose the payment of a dividend of €1.55⁽¹⁾ per share at the next Annual General Meeting, an increase of 10.7% compared with the dividend paid last year.

The Management Board's report also provides all information required by existing regulations.

Furthermore, you will be asked to authorise the Management Board to:

- implement a new treasury share buy-back programme;
- cancel company shares bought back by the company, not exceeding 10% of the share capital.

You will also, in particular, be asked to vote on:

- the renewal of the terms of office of two members of the Supervisory Board;
- the appointment of a new member of the Supervisory Board;
- the review of the fixed annual sum to be allocated to members of the Supervisory Board;
- the approval of the remuneration policy for the Chairman of the Management Board and the member(s) of the Management Board;
- the approval of the remuneration policy for members of the Supervisory Board;
- the approval of the information referred to in section I of Article L.225-37-3 of the Commercial Code;
- the approval of the fixed, variable and exceptional items making up the total remuneration and all benefits in kind paid during or allocated in respect of the financial year just ended to Jean Guillaume DESPATURE, Chairman of the Management Board;
- the approval of the fixed, variable and exceptional items making up the total remuneration and all benefits in kind paid during or allocated in respect of the financial year just ended to Pierre RIBEIRO, member of the Management Board and Chief Financial Officer;
- the approval of the fixed, variable and exceptional items making up the total remuneration and all benefits in kind paid during or allocated in respect of the financial year just ended to Michel ROLLIER, Chairman of the Supervisory Board;
- the amendment to the bylaws setting out the terms and conditions of appointment of the members of the Board representing the employees, on the basis of Article L. 225-79-2 of the Commercial Code.

(1) See information on this subject in the press release of 7 April 2020 in chapter 10 Recent events since 2 March 2020.

Draft resolutions, in line with the agenda, will be submitted for your approval.

We have no specific comments to make regarding the various documents that have been submitted to you (in particular the Management Board's management report), or in relation to the parent company and consolidated financial statements for the 2019 financial year. Therefore, we ask you to adopt the proposed resolutions.

In addition, the Board would like to point out that 2019 was another year of business development with sustained growth in current operating profitability. 2019 was also marked by the completion of a new organisation to support the Group's ambitious 2030 strategy.

The Supervisory Board