

CHAIRMAN'S REPORT ON INTERNAL CONTROL AND CORPORATE GOVERNANCE

In application of Article L. 225-68 of the French Commercial Code, we remind you of Somfy SA corporate governance principles and inform you of current projects in terms of internal control.

The Financial and Legal departments of the Company and Internal Audit are the major contributors to the preparation of this report under the authority of the Chairman of the Supervisory Board.

I – Corporate Governance

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 the latter's control.

1. Composition of the Management Board

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

At 31 December 2009, the Management Board was chaired by Paul Georges DESPATURE, Wilfrid LE NAOUR, Chief Executive Officer of Somfy Participations and Jean-Philippe DEMAEL, Chief Executive Officer of Somfy Activités, are members of the Management Board.

2. Composition of the Supervisory Board

The Supervisory Board of Somfy SA is made up of five members:

Name	Position	Date appointed	Date term expires
* Jean-Bernard GUILLEBERT	Chairman	15 May 2007	2013
Jean DESPATURE	Vice-Chairman	15 May 2007	2013
Victor DESPATURE	Member	15 May 2007	2013
Xavier LEURENT	Member	15 May 2007	2013
Anthony STAHL	Member	15 May 2007	2013

* Independent member according to the definition of independence adopted by the Company.

The list of other appointments held outside SOMFY SA is included in the Management Board report in respect of information required by Article L. 225-102-1 of the French Commercial Code.

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

The Supervisory Board performs its control mission in accordance with conditions provided by law.

A Chairman and Vice-Chairman are elected among its members, who may call meetings of the Supervisory Board by any means, even orally.

1. Independence of the members of the Supervisory Board

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

As provided by the AFEP/MEDEF framework, the Board has assessed the independence of its members.

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

- he/she is not an employee or has not held a general management position within the Group over the past five years,
- is not, directly or indirectly, a significant customer, supplier, investment or finance banker of Somfy SA or its Group, or for which Somfy SA or its Group represent a significant share of his/her business activity,
- is not closely related to a shareholder or Director,
- has not been a statutory auditor of a Group company over the past five years,
- is not a shareholder, or controls a shareholder who holds, individually or in concert, more than 10% of the share capital or voting rights at Somfy SA's general meetings.

In light of these criteria, the Supervisory Board considered that only Jean-Bernard GUILLEBERT qualified as an independent member.

The latter provides Somfy Group with all his experience in the fields of finance, management and risk monitoring.

The other members of the Supervisory Board are part of the family; they own substantial investments in the Group and have a long-term commitment to the Group, their aim being the creation of value for all the stakeholders of Somfy SA.

2. Operation of the Supervisory Board

Company bylaws, updated to take account of the recent legal or regulatory changes by the Extraordinary General Meeting of 13 May 2009, define and specify the terms and conditions governing the composition of the Supervisory Board. The main provisions are the following:

Supervisory Board members, the numbers of which can never fall below the legal threshold or exceed the legal ceiling, are appointed in accordance with the conditions specified by law for a term of office of six years.

All outgoing Supervisory Board members can be re-appointed. 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 previous financial year and held in the year the term of office of the said member of the Supervisory Board expires.

No one can be appointed member of the Supervisory Board, if, being over seventy five years old, his appointment leads to over a third of the number of members of the Supervisory Board over that age.

The Supervisory Board meets at least once quarterly on an agenda drafted by the Chairman. It met four times over 2009 and one absence was noted.

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

Within 60 days following the end of each financial year, parent company and consolidated financial statements approved by the Management Board are communicated to the Supervisory Board for review. For the approval of the half year financial statements, only the consolidated financial statements are prepared and submitted to this deadline. The Board then presents its observations on the Report of the Management Board as well as on the financial statements to the General Meeting.

The Chairman of the Supervisory Board also benefits from monthly meetings with the Chairman of the Management Board on current operations of the Group.

The Supervisory Board requests from the Management Board and Management, as often as required, any information or analysis it deems necessary, or a presentation on any specific subject.

Pursuant to the law, so that the commitment to deposits, sureties or guarantees are validly provided by the company, the Supervisory Board provides guidelines to the Management Board. Where a commitment does not meet these conditions, the authorisation of the Board is required in every case.

The principal subjects discussed at meetings of the Supervisory Board during the year were the following:

For Somfy Activités:

- Every quarter, highlights by brand and operation
- Information on the acquisition targets, both in France and abroad
- Group Industrial Plan
- Changes to the Group organisation.

For Somfy Participations:

- Every quarter, highlights by shareholding line
- Information on the acquisition candidates by shareholding line concerned.

3. Committees established by the Supervisory Board

Audit Committee

The Audit Committee currently comprises 2 members: Victor DESPATURE and Jean-Bernard GUILLEBERT. Jean-Bernard GUILLEBERT is independent in accordance with the above mentioned criteria and competent in financial and accounting matters taking account of his professional background.

Its mission is to ensure the relevance and permanence of accounting methods adopted for the preparation of consolidated and parent company financial statements, and verify that information collection and internal control procedures meet this objective.

It is informed of the steps taken by the Statutory Auditors as part of their legal audit assignment, ensures the latter's independence and is active in their selection.

The Audit Committee supervises the internal audit department and validates the annual audit plan. It proposes, directs and ensures the follow-up of internal audit assignments.

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

During the 2009 financial year, the audit Committee met on five occasions, and one absence was noted.

During the various Audit Committee meetings, the Chief Financial Officer presented the financial position of the Group, the accounting options adopted, the risk exposure and the

off-balance sheet commitments. Internal Audit presented the results of audits carried out and the audit plan.

Pursuant to Article L. 823-16 of the Commercial Code, the Statutory Auditors presented their general work programme as well as the various tests they carried out, the changes that they felt should be made to the financial statements or other accounting document before their approval, while making all useful observations on the valuation methods used in their preparation ; possible irregularities and errors discovered and the conclusions leading to the observations and corrections above to the results of the period compared to those of the previous period.

In addition, the Statutory Auditors communicate every year to the Audit Committee a declaration of independence, and an update of the information described in Article L. 820-3 detailing the services carried out by the members of the network to which the Statutory Auditors are affiliated as well as the services carried out in respect of due diligence directly related to the assignment.

As concerns the work methods: pursuant to the recommendations of the AMF, a minimum time period for the examination of the financial statements was met to enable the Audit Committee to use the possibility of calling on external experts, as well as interviewing the Chief Financial Officer, the Statutory Auditors and the Internal Audit Manager.

Remuneration Committee

The Remuneration Committee currently comprises 2 members: Victor DESPATURE and Jean-Bernard GUILLEBERT. Its mission is to submit proposals to the Supervisory Board, in particular in respect of Directors' and senior management remuneration amount and calculation procedures and to provide advice on the amount of attendance fees.

The Committee calls on a firm specialised in the subject of senior executive remuneration, that provides advice on the practices that are generally applied in companies of a comparable size.

During the year just ended, it met four times. The level of attendance by the members was 100%.

The Remuneration Committee particularly made the proposals concerning:

- the fixed and variable remuneration of members of the Management Board;
- changes to be made to the supplementary pension schemes for senior executives and members of the Management Board;
- changes that occurred during the year to the composition of the Management Board.

CORPORATE GOVERNANCE FRAMEWORK

Somfy SA refers to the AFEP-MEDEF Corporate Governance Code of listed companies of December 2008, available on of the following website : www.code-afep-medef.com.

However, the following provisions were eliminated for the reasons described below:

- The Supervisory Board expressed a reservation in relation to cumulating a term of office as a director and a contract of employment. In fact, the Board wishes, in the Company's interest, to retain its capacity to determine, on a case by case basis, the most suitable terms and conditions for each executive concerned, in order in particular to avoid the extra expense that a breach or non-concession of a contract of employment may cause. This reservation would apply both to directors in office, upon renewing their terms of office, and to the appointment of new directors, either from within or outside the Group. In any event, the Board will ensure, as in the past, that the levels of remuneration and benefits granted to directors remain broadly in line with those granted by companies of a similar profile, based on performance and the achievement of objectives, which are sources of motivation.
- Similarly, the independence of Supervisory Board members, as defined in this Code in respect of the criteria of a maximum term of office of twelve years or the fact of not being or having been a director of the Group during the last five years, can not fully be transposed to Somfy SA's historic model, as a company in which a group of family shareholders holds a majority shareholding. Board members who are also members of this family are very much involved in the Group and the quality of Board deliberations is guaranteed by the social and financial interest they have in the Company.
- The proportion of independent members of 1/3 of the Board and 2/3 required for the Audit Committee as well as the recommendation on the length of terms of office are not met for the same reasons of being inappropriate to the shareholding structure.
- In the same line, the term of office of Board members, set at a maximum of four years in the corporate governance framework, will remain set at six years within Somfy SA, as stipulated in its bylaws. Given their specific situation, as indicated above, Board members are committed in the long term, with the objective of creating value for all Somfy SA stakeholders.
- The company has not to date set up an Appointment Committee, nor entrusted this assignment to the Remuneration Committee.
- Lastly, for timing reasons, the Audit Committee has not implemented the selection procedure for Statutory Auditors by way of a call for tenders for those expiring on 31 December 2009.

An internal regulation of the Supervisory Board was formalised and deals with the following matters: Mission of the Supervisory Board, Organisation and functioning of the Board and the specialised Committees.

A process of evaluating the work of the Board was set up in 2007. This was followed by action plans implemented during 2008 and 2009.

Six subjects were thus covered (Authority, Composition, Structure and specialised Committees, Functioning and work of the Board, Role and responsibilities, Term of office). This revealed evidence of certain areas for improvement, notably in the definition of rules relative to the composition of the Board (size, mix of expertise and other key qualities) or in the training likely to enrich the contribution of members.

Next year, there will be a further evaluation of the work of the Board.

REMUNERATION AND BENEFITS OF SENIOR EXECUTIVES

1. Principles and rules drawn up by the Supervisory Board to determine the remuneration and all benefits granted to senior executives

Directors' remuneration, which is detailed in the Management Board report, is proposed by the Remuneration Committee. It is revised each year on the basis of expert advice and is in line with the Market.

A. Remuneration of members of the Supervisory Board

The General Meeting sets the global amount of attendance fees.

The Supervisory Board shares the said fees according to their attendance to Board meetings and Audit and Remuneration Committees.

The Chairman of the Supervisory Board received a specific fixed remuneration that was set by the Board meeting of 26 February 2009.

B. Remuneration of senior executives

At 31 December 2009, the remuneration of the members of the Management Board comprised a fixed part and a variable part and these amounts are reviewed annually.

The variable part is based on the achievement of objectives that take account of the increase in profit and the return on capital employed.

This is combined with qualitative criteria and, for the Chairman of the Management Board, includes the level of debt.

For reasons of confidentiality, the qualitative criteria that were pre-determined are not made public. This qualitative part of the variable remuneration enables any particular circumstances to be taken into account.

The variable remuneration may not exceed a maximum expressed as a percentage of the fixed remuneration.

During the year just ended, the variable part of remuneration that was paid to members of the Management Board was set at between 18% and 33% of the fixed remuneration of the beneficiaries.

Other benefits, approved by the Supervisory Board, comprise:

- share options plans, which will be the subject of a special report prescribed by Article L. 225-184 of the French Commercial Code. The Chairman of the Management Board does not benefit from the Group's share option plans.

During the year just ended, no stock option or performance plans were allocated;

- so-called "Article 39" supplementary retirement scheme for members of the Management Board, senior executives and directors of the Group. This scheme was set up by the CMC company (SARL) in 2006.

The Chairman of the Management Board benefits from a separate supplementary pension scheme, named "Article 39" put into place in 1983 for the benefit of senior and executive officers of the Group. This scheme was subscribed by Damart System ICC, a company that has now become DSG SA. It is now closed and no longer accepts new entrants; it was replaced by CMC (SARL) that now takes new entrants in the category of beneficiaries designated by contract.

2. Conditions of shareholders participation in General Meetings

Following the Extraordinary General Meeting of 13 May 2009, the following provisions were incorporated into the bylaws:

- All shareholders have a right to attend General Meetings and participate in their deliberations, in a personal capacity or by proxy.
- They may vote from a distance. If the Management Board or Supervisory Board provide for this at the time of the notice of the meeting, all shareholders may participate in General Meetings by video-conference or by any communication means that enable their identification on terms and conditions set by law and regulations and that are mentioned in the notice of the meeting: the shareholder will be, in this case, deemed to be present for calculation of quorum and majority.
- The right to participate in Meetings is subject to the proof by shareholders of their identity and the registration of the securities in their names (or name of intermediary recorded on their behalf if they reside abroad) on the third working day at midnight Paris time, either in a nominative amount, or in the records of bearer shares held by an authorised intermediary, and this in one of the places mentioned in the notice of the meeting. As for bearer shares, the authorised intermediary must provide a certificate of shareholding.

- The presence of the shareholder cancels all proxy or distance voting.

3. Elements liable to have an impact in the event of a public offer

The disclosures referred to by Article L. 225-100-3 of the French Commercial Code relating to elements liable to have an impact in the event of a public offering are published in the paragraph entitled "Elements liable to have an impact in the event of a public offering" of the Management Report prepared by the Management Board in respect of the financial year ended 31 December 2009.

II – Internal control

INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

1. Company's objectives in respect of internal control procedures

The internal control function, inspired by the AMF framework that is available at www.amf-france.org, has the following purpose:

- to ensure that management action or the completion of transactions as well as the behaviour of personnel is in line with the framework defined by the Management Board under the control of the Supervisory Board in conditions defined by the bylaws, applicable laws and regulations, and by the internal values, standards and rules of the company;
- to verify that the accounting, financial and management information reported to the Management Board and Supervisory Board or to Committees formed within them, fairly reflect the operations and position of the company by checking their reliability, traceability and availability;
- to prevent and control the risks arising from the business and the risk of errors or frauds, particularly in the accounting and financial areas;
- to secure the property, plant and equipment and intangible assets.

Thus, it ensures: a) the compliance with laws and regulations; b) the application of instructions and directions set by General Management or the Management Board; c) the correct functioning of the internal processes of the company, notably those concerning the safeguarding of its assets; d) the reliability of financial information. It does not provide an absolute guarantee against any human error.

As concerns Somfy Participations, it should be noted that the companies in which Somfy SAS has invested as part of LBO projects and where it holds a majority shareholding are

Cotherm Participations SA, NMP SAS (Zurflüh Feller) and Financière Nouveau Monde SA (Sirem).

As concerns financial investments, the attention given by Somfy SA to these companies related particularly to the financial statements of companies and notably, compliance with banking covenants as well as a follow up of their strategies.

In the event that areas of progress are identified in other domains by the Management of the company or Somfy SA, the latter proposes to the company concerned the resources or contacts to contribute to its development.

In this respect, Internal Audit may form part of the resources provided.

As a result of the above, the developments that follow relate virtually exclusively to Somfy Activités.

2. Internal control structures

Supervisory Board

Under French law, it comprises the body that controls the management of the company that is carried out by the Management Board.

Internal audit

Under the supervision of the Audit Committee, the internal audit department reports to the Chairman of the Management Board.

The department, comprising a manager of Internal Audit, and two auditors, carries out audits that evaluate the correct application of accounting principles, the organisation and systems put in place on the entity subject to audit.

An annual audit plan, prepared together with the Management of Somfy SA is approved by the Management Board then validated by the Audit Committee. The assignments included in the audit plan provide an effective independent appreciation of the system of internal control in each entity.

Where appropriate, the principal weaknesses identified in internal control are reported and recommendations are issued. A follow up of the implementation of recommendations is made between one or two years after the release of the final report.

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

Twice a year, the internal audit manager presents a report on the activities of the department to the Management Board and the Audit Committee.

3. Key elements of the internal control process

Processes and organisation described hereafter were implemented by the Management Board, as internal control is within its jurisdiction.

Description of internal control procedures relative to the preparation of accounting and financial information

Strategic, budgetary and reporting process

The preparation of the budget is part of an annual strategic process involving all the *Business Groups*, *Business Areas*, *Business Units* as well as the divisions, that define their essential objectives and their three-year plan, in line with the strategic guidelines set by General Management.

The overall budget is prepared as part of a repetitive process involving all Group players. It is the result of the consolidation of local budgets.

After approval by the General Management of the Group, every manager becomes responsible for meeting his/her budget.

The measurement of the achievement of objectives set in the budgets is carried out through a system a matrix reporting on a monthly and quarterly basis, that enables results to be produced on a number of bases (*Business Area*, *Business Unit*, and *Business Group*). It comprises the standard financial data: operating accounts and balance sheet indicators, and non-financial performance.

Reporting is completed by strategic reports, and quarterly updates of forecast sales and profit of the current year. These measurements enable a follow up of the achievement of objectives and provide corrective action, on a matrix basis and at all levels of responsibility (consolidation, *Business Areas*, *Business Units*, *Business Groups*, Legal Companies, Departments, Services).

In addition, three three-year plans, in line with Group strategy and revised annually, are led by Management. This is:

- a *product master plan* that relates to the development of the product offering;
- an industrial and logistics master plan for production facilities;
- a master plan for information systems.

Preparation of financial statements

Somfy has defined a Management Information System (MIS), a unique and common universal system for the recording of accounting and financial information.

The MIS results in the definition and application to all subsidiaries of a chart of accounts, as well as the definition and application of major management procedures (inventories, non-current assets, trade receivables, etc.), which are formalised in the Group Procedure Manual relayed through and updated on the Group's 'Teepee' intranet.

The proper application of the chart of accounts, procedures and reporting reliability is monitored by at least annual visits

to subsidiaries, planned by head office Accounting and Management Control departments, within the context of year-end and half-year closing. It is also verified during the budget preparation and monthly reporting processes.

The Group team responsible for financial statements and control comprises the Group Financial Department and Accounting Department, Group Management and Tax, represented by their managers and comprising:

- the consolidation team;
- the central control team.

This team relies on controllers based in each Business Area reporting to the Group in its 9 geographical areas.

In addition, each of the three Business Groups, also benefits from a dedicated controller.

Particular care was taken with risk analysis, through a review of asset provisions and provisions for liabilities and charges, as well as off-balance sheet commitments.

At each year-end, inventories are checked by either a complete physical stock-take or a rolling physical stocktaking procedure.

Trade receivables are the subject of credit risk analyses with respect to the measurement of provisions. In addition, the company hedges this risk by entering into insurance contracts, both in France and abroad.

Intra-group purchases, sales and balance sheet items are confirmed monthly. Inventory amounts originating from the Group are determined in all entities in order to eliminate internal profit margins on inventories.

A pre-closing meeting is organised twice yearly with the legal department, in order to identify all potential or declared risks and litigations and measure corresponding provisions for liabilities and charges, depending on how issues have progressed.

The review of various contracts, deposits, sureties and guarantees also has the purpose of identifying off-balance sheet commitments.

The consolidation packages, including: balance sheet, income statement, all flow tables and related data, are then sent to the Consolidation department according to the predefined planning schedule.

Financial statement control

The Consolidation department, after checking the exhaustiveness of financial information, the proper application of closing procedures and restatements, performing intra-group account reconciliation and checking net equity justification, performs financial statement consolidation using dedicated software.

Consolidated financial statements are prepared in accordance with IFRS. In addition, options selected were presented to and approved by the Audit Committee.

Financial communication

Following their approval by the Supervisory Board, the half-year and full year financial statements are presented to the financial community under the care of the SFAF (French financial analyst society) and published in a report posted on the financial issuer's website (www.somfyfinance.com) as well as on a regulatory professional publishing network (www.lesechos-comfi.fr).

The other disclosures required by the Transparency Directive, in particular quarterly information and reports on internal control and corporate governance are also posted on these two websites.

IT systems

The BaaN integrated management package is now installed in most distribution subsidiaries, excluding Asia, where ERP Accpac was rolled out in all subsidiaries, including Japan at the end of 2009.

For the companies that have an ERP (BaaN or Accpac) installed, standard parameters are included (comprising a chart of accounts, analytical follow up and procedures), in conformity with MIS.

The completion of the budget, the monthly reporting, margin analysis by product family and the legal consolidation are carried out on the same platform (Hyperion), which improves the uniformity as well as facilitating the analysis of information.

In 2009, the migration from the GPAO Tolas tool to the BaaN Manufacturing model continued and concerned the Gray site for Simu SAS. In 2010, this same migration will take place for the Zriba site in Tunisia, the purpose being to integrate as far as possible all the production activities of the Somfy group (from procurement to distribution) with logistics and finance.

Internal audit monitoring

The monitoring of the Internal control ensures a better knowledge, communication and follow-up of risks and associated controls, is initiated through the following dedicated tools:

- An Intranet platform that brings together the data used, registered and collected by Internal Audit in terms of internal control.
- A self-assessment tool for subsidiaries including a list of key control points. Monitoring programmes are carried out on an annual basis. In 2009, two specific subjects were dealt with in depth : customer risk and inventory management. Other cross-group subjects with identified improvement potential will be included in the 2010 planning.
- Lastly, the year 2009 was partly dedicated to the selection and implementation of a software pack to follow up recommendations. It will notably enable Internal Audit to bring

together all recommendations issued at the time an audit is carried out, for audited entities to input their corresponding action plans, and for the Group Internal Control cell to follow up their implementation. This tool will be fully operational from January 2010.

The use of all these resources is closely followed by the Audit Committee, which is regularly informed of the progress achieved and results obtained.

In addition, an Internal Control Committee, supervised by the Accounting- Management Control Department was entrusted in particular with the following missions:

- implementation of reliable internal control within the Group: making statutory and reporting data secure and reliable (risk identification, control procedure definition), and validate the Group's accounting and management procedures, while at the same time ensuring their feasibility within the IT systems;
- internal audit assignment follow-up: review of internal audit reports, identification of action plans to be implemented, action plan follow-up;
- organisation of a plan to make half-year closings more secure: subsidiary visit schedule, identification of matters requiring attention, review of visit reports and action plans follow-up.

This Committee met five times in 2009.

Analysis of risks

An analysis of Group risks conducted at the end of 2005 is the subject of regular updates. A link exists between the risks included in this analysis and the internal audit plan, when it is relevant.

Strategic risks are included in the bi-annual process of the Group's strategic review, and operational risks are followed up by Group executives to ensure the existence of action plans.

In 2009, the identification approach and the follow up of operational risks continued by including the managers of distribution entities throughout the Group.

In 2010, Internal Audit will support Management to formalise and regulate the process of updating the analysis (method, model documents, etc.), with the continuing objective of encouraging everyone to take responsibility for managing these risks.

Treasury Committee / Group cash management

The Treasury Committee comprises:

- Chief Executive Officer Somfy Participations
- Chief Financial Officer Somfy Group
- Administrative and Financial Manager Somfy Activités
- Financial Manager of holding companies
- Group treasurer.

It meets once a month to fulfil its role of observation, decision and implementation of the cash management policy.

It has the following two types of missions:

- strategic missions, with the objective of defining the overall policy in terms of Group Cash Management, financing, interest and exchange rate and deposit rate risk management. They also include the follow-up of Group subsidiary equity balance sheet items;
- operating missions, which guarantee regular monitoring of Group Cash Management. They are detailed in a monthly trend chart.

The Group is in the process of re-examining its procedures for managing exchange, interest rate and raw material risks. At the same time, a treasury charter is in the process of preparation.

Accreditations and quality procedures

Somfy SA has been ISO 9001 (Lloyd Register Quality Assurance - LRQA) certified since 1995, which implies the identification and monitoring of procedures.

To date, the ISO 9001-certified companies are the following (not all are LRQA-certified, others were accredited by other organisations): Somfy SAS, Simu SAS, Spirel SAS, and WAY (merger of Asa and Mingardi), Somfy Germany and Somfy Holland and SITEM.

These companies represent a majority of Group purchases and Production.

A large number of Group personnel are thus involved in this process, including all technical services, as well as the R&D, purchasing, manufacturing, production, selling and logistics departments.

Internal quality audits are defined in the annual quality audit plan, as a function of company strategic direction and product plan; and to control the risks from operational processes. Corrective or preventive actions are managed within each operating or support department.

The list of operating and support processes coming within the scope of application of quality management, as well as indicators, reference documents and monitoring committees are defined in the company's quality manual.

Processes control is implemented through compliance with the provisions specified in the various items of the quality framework (Directives, procedures, departmental methodological guides, etc.) and the continuous improvement principle applied to each of them.

The management of the business is heavily committed to the quality approach of the business.

Risk coverage – Insurance

The Group risk prevention and protection policy is determined by Corporate services, in partnership with its brokers and insurers. The large majority of facilities are insured by Group policies with the objective of guaranteeing adequate coverage of risks at best market conditions. These risks notably include direct risks (fire, theft, etc.) loss of profit, general civil liability (including Directors' civil liability) and transported goods. Other facilities are covered by local insurance policies.

PROJECTS COMPLETED AND IN PROGRESS

Encouraged by the Audit Committee, Internal Audit sought to make the follow up of recommendations issued at the time of field audits more professional by setting up a procedure given to all operations audited that describes in a formal manner the method of follow up, those responsible, timeframe, etc. and a dedicated software package to facilitate this follow up.

This package notably enables, via a data base centralising all recommendations issued, to automate the follow up of these (direct involvement of those audited and commitment by them by inputting the action plans and timeframes, alert systems related to the timeframe, follow up as a function of the importance of the risks identified, etc.). The package also enables the recommendations to be sorted by status, subject, subsidiary, shareholder, level of importance, action timeframe, etc.

This package is designed to be used by:

- The auditors. The core of the applications consists of issuing recommendations and action plans, follow up of their completion, and bringing together all this work in the form of reports. The recommendations may relate to weaknesses and to categories of risks.
- Those audited. An alert system warns these being audited of the recommendations concerning them being put online. Thereafter, the recommendations may be sorted by importance, subject or implementation timeframe to define action plans that are effective and pragmatic. The action plans are input directly into the package.
- The internal control cell. A report generator enables the construction in a fully personalised manner of a consolidated view or to obtain statistics on the recommendations and their implementation.

This project started in 2009 by the selection of a package and its commissioning. This will continue in 2010 by the loading of the history of recommendations to the package and its regular use by the parties concerned.

This report was approved by the Supervisory Board on 25 February 2010.

The Chairman of the Supervisory Board

Statutory Auditors' Report prepared in application of Article L. 225-235 of the French Commercial Code, on the Report of the Chairman of the Supervisory Board of Somfy SA

Dear Shareholders,

As Statutory Auditors to Somfy SA, and in application of the provisions of the last paragraph of Article L. 225-235 of the Commercial Code, we present to you our report on your Company Chairman's Report in accordance with Article L. 225-68 of the Commercial Code for the year ended 31 December 2009.

It is the responsibility of the Chairman to submit his Report for approval by the Supervisory Board, including the internal control and risk management procedures implemented within the Company and the other disclosures required by Article L. 225-68 of the Commercial Code on corporate governance procedures. It is our responsibility:

- to communicate to you any observations we may have concerning the information contained in the Chairman's Report regarding internal control procedures and the management of risks relating to the preparation and processing of financial and accounting information and
- certify that this report includes all other disclosures required by Article L. 225-68 of the Commercial Code, it being specified that it is not our responsibility to verify the fairness of these disclosures.

We have carried out our work according to the professional standards in France.

INFORMATION CONTAINED IN THE CHAIRMAN'S REPORT, CONCERNING THE INTERNAL CONTROL PROCEDURES AND MANAGEMENT OF RISKS RELATIVE TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The professional standards in France require diligence procedures to be implemented to verify the fairness of the information contained in the Chairman's report, concerning the internal control procedures and management of risks relative

to the preparation and processing of financial and accounting information. This diligence notably consists of:

- becoming aware of the internal control procedures and management of risks relative to the preparation and processing of financial and accounting information supporting the information presented in the Chairman's report as well as existing documentation;
- becoming aware of the work leading to the preparation of this information and the existing documentation;
- determining whether major deficiencies in the internal control relating to the preparation and processing of accounting and financial information that we have revealed as part of our assignment are appropriately dealt with in the Report of the Chairman.

On the basis of our work, we have no observations to make on the description of internal control procedures and management of risks relating to the preparation and processing of financial and accounting information, as contained in the Chairman's Report, prepared in accordance with the provisions of Article L. 225-68 of the French Commercial Code.

OTHER INFORMATION

We certify that the report of Chairman of the Supervisory Board includes all other disclosures required by Article L. 225-68 of the Commercial Code.

Paris and Lyon, 27 April 2010
The Statutory Auditors

LEDOUBLE S.A.
Frédéric Ledouble

ERNST & YOUNG Audit
Sylvain Lauria