



SOMFY GROUP ANTI-CORRUPTION POLICY

COR-GRC-POLI 4-R0-EN_Anticorruption Policy

SOMFY 

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FOREWORD

As a French group with its head office in France and meeting the applicability conditions, SOMFY is subject to the **“Sapin 2” legislation of 2016 relating to transparency, the fight against corruption and the modernisation of economic life**, as well as the guiding principles thereof.

This legislation is in line with the increased global awareness of the scourge of corporate corruption and its impact, hitherto underestimated.

It has an extraterritorial scope and **therefore applies to all entities in the SOMFY Group**.

Like France, other countries have also enacted legislation designed to fight corruption. **These national laws must also be applied by the various Group entities. French law must represent a minimum standard**, but if local legislation is more restrictive, it must prevail.

Any act in breach of these laws represents a risk to the reputation as well as to the commercial and financial activities of SOMFY, and may give rise to severe criminal and civil sanctions both for the Group and its employees.

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WHAT IS CORRUPTION AND INFLUENCE PEDDLING?

/ WHAT IS CORRUPTION AND INFLUENCE PEDDLING?

Corruption is a criminally punishable behaviour by which a person (the corrupt person) solicits, agrees or accepts any donation, offer, promise, gifts or advantages of any kind with a view to performing, delaying or failing to perform an act which directly or indirectly falls within the scope of their functions.

The violation has a twofold scope, as it encompasses the existence of both a corrupted and corrupting person. The laws, in particular in France, therefore identify active corruption, initiated by the corrupting person, and passive corruption, resulting from the actions of the corrupted person.

Corruption is therefore the act of **promising, offering, giving, demanding or accepting**, either directly or through a third party, any advantage designed to incite or reward inappropriate behaviour (illegal, unethical or a breach of duty).

It is proven even if the corruption process comes to an end or does not have the desired effect.

Influence peddling refers to an individual receiving or requesting gifts, for the purpose of abusing their influence, whether actual or assumed, over a third party, to ensure a favourable decision. It involves three actors: the beneficiary, the intermediary (or the person using his/her influence) and the target (the decision-maker) who has the decision-making authority.

Influence peddling necessarily implies the decision-maker being a public officer or public authority.

Within this Policy, the term “corruption” encompasses corruption in its own right and influence peddling.

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AIM OF THE POLICY

/ AIM OF THE POLICY

The aim of this anti-corruption policy is to present a summary of all the measures taken by the Group to combat corruption and influence peddling.

It also stipulates the organisation of the anti-corruption program deployed within the Group, as well as the responsibilities of each individual.

This policy is available to both SOMFY employees and third parties. It is published on the company's website.

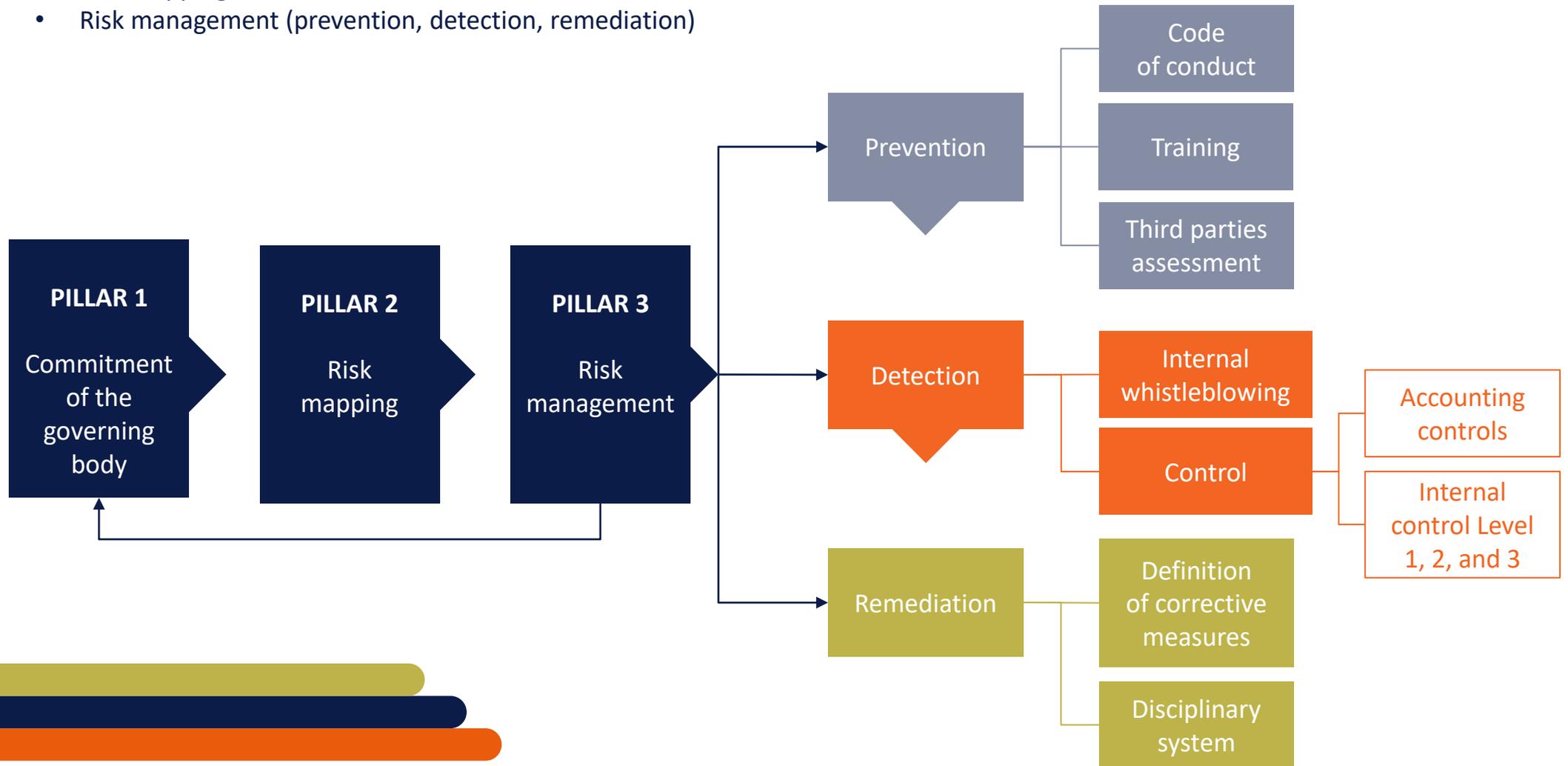
The policies and procedures cannot, however, cover all situations or provide information relating to all laws applicable wherever the Group conducts its business. It is therefore essential to adopt the associated principles and procedures outlined by this Policy within the context of the activities of each individual. **If in doubt with regard to the conduct to be adopted in a given situation, you are strongly advised to contact your Line Manager and the Compliance Team**, which is responsible for implementing the present program.



/ AIM OF THE POLICY

Our anti-corruption policy is based on the three pillars recommended by the French Anti-Corruption Agency:

- Commitment of the governing body
- Risk mapping
- Risk management (prevention, detection, remediation)



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COMMITMENT OF THE GOVERNING BODY

/ COMMITMENT OF THE GOVERNING BODY

The **SOMFY Group** strives to conduct its activities in a spirit of **fairness, transparency and respect** with regard to its employees, suppliers, customers, shareholders and anyone with whom it interacts.

In 2015, we formalised our fundamental principles of action in the form of an Ethics Charter. This federative document reiterates our commitments and guides our decision-making.

Since 2017, the SOMFY Group has been committed to combating the phenomenon of **corruption by adopting a zero-tolerance policy** with regard to this issue.

No behaviour, either discovered or brought to our knowledge, which constitutes a corruption offence will be ignored.

For the sake of transparency and clarity, the SOMFY group has formalised documents to help employees to understand and prevent any risk of corruption, and has made them available on the Group's Intranet. The program is supplemented by awareness campaigns.

**NO ACT OF CORRUPTION
WILL BE TOLERATED
WITHIN THE GROUP**



/ COMMITMENT OF THE GOVERNING BODY

To design, deploy, manage and control its anti-corruption program, the SOMFY Group relies on an applied and committed internal organisation.



General Management

The General Manager defines the objectives and expectations of the Group's Anti-Corruption policy, and ensures that it is deployed in all its subsidiaries. Along with the Delegate General Manager for People, Culture and Organisation, they jointly arbitrate and address ethical issues submitted to them by the Ethics Committee, if applicable.



Executive Committee

The Executive Committee is kept informed on a regular basis of any changes to the anti-corruption program, and its members are expected to participate in the anti-corruption process in place within the Group.

Key players in the Group Management, the members of the Executive Committee disseminate and specify the anti-corruption policy to the different levels of the organisation. They play an active and dedicated role in promoting the policy both inside and outside the Group.



Audit and Risks Committee

In addition to its responsibility in monitoring the process of preparing the Group's accounting and financial information, the Audit Committee is also tasked with monitoring the efficacy of the internal control and risk management systems, including with regard to corruption risks. At least once a year, it examines the changes to the anti-corruption program, and informs the Board of Directors accordingly.

/ COMMITMENT OF THE GOVERNING BODY



Compliance function

The Ethics, Risks and Compliance Team defines and manages the anti-corruption program, in close collaboration with the Management Board. It coordinates its deployment within all Group areas and entities. It also receives and qualifies any reports sent by the warning system. It reports to the General Management and the Audit & Risks Committee, which guarantees its independence to act.

Every year, the Compliance function has a budget dedicated to the anti-corruption program, and calls in external consultants if necessary.

The Compliance function is a member of the "Cercle Ethique des Affaires" [business ethics circle] and the "Cercle de la Compliance" [compliance circle], French associations which set out to promote ethics and compliance in management and governance in French companies. Hence the Ethics, Risks and Compliance Division maintains links with other professionals tasked with ethics and compliance issues within other companies and organisations.

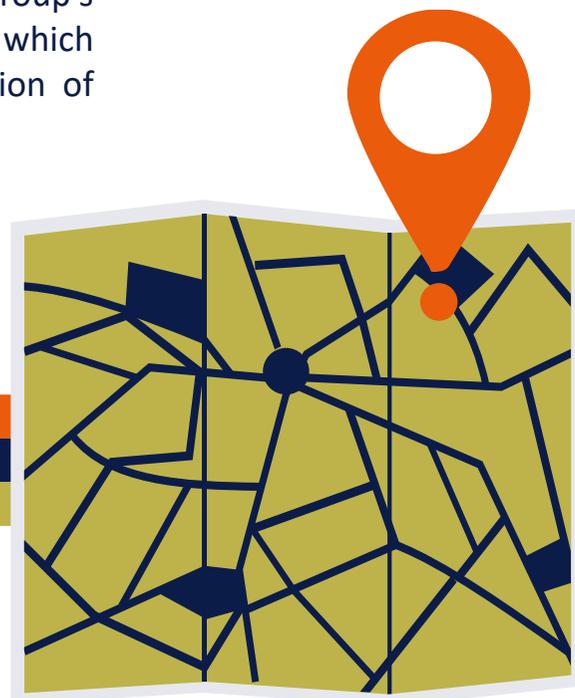
To aid with the deployment of the anti-corruption program, the Ethics, Risks and Compliance Division relies mainly on the regional or area Human Resources Managers, especially for training, employment contract riders, follow-ups and reporting, but also on the Sales Managers and local purchasers for third party assessment. **The managers of each entity are responsible for correct application of the anti-corruption program within their area.**

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MAPPING CORRUPTION RISKS

/ MAPPING CORRUPTION RISKS

A corruption risk map has been drawn up internally, which serves to identify, assess and rank the Group's risks of exposure to situations which could lead to the characterisation of acts of corruption.



This map takes the form of a document describing the risks according to the geographic zones in which SOMFY operates. It is updated every 2 years, or more regularly if events require (potential identification of acts of corruption, change of organisation, new business models, etc.).

Risks are identified based on the risks list issued by Transparency International UK, adapted to Somfy's context via an analysis of our activities, and supplemented by interviews with the main area managers.

This map highlights the fields and zones most exposed to corruption risks, and in so doing helps prioritise prevention and detection measures. The mapping process involves internal players responsible for processes and familiar with the business, at different hierarchical levels. It serves to identify and highlight the gross risks to which the company is exposed, to list the action plans already in place to mitigate them, and to assess their efficacy by identifying the net risks, i.e. the residual risks.

The map is validated by the General Management and the Executive Committee.

It is presented to the Audit Committee and the Board of Directors whenever it is updated, in order to keep the governing bodies informed.

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RISK MANAGEMENT

IMPLEMENTATION OF THE INTERNAL PREVENTION MECHANISM

/ IMPLEMENTATION OF THE INTERNAL PREVENTION MECHANISM

1. Code of conduct

SOMFY has adopted an anti-corruption code of conduct, applicable to all employees, aimed at **defining and illustrating the various types of behaviours to be prohibited** within the Group.

The editorial to this code of conduct is signed by the members of the Executive Committee, thereby demonstrating the significance of the commitment of the governing bodies to combating corruption. This document is translated into 23 languages to optimise circulation to all Group entities.

This code of conduct is available on the Group's Intranet and website.

The principles presented in this document **are not optional: they must be adhered to.**

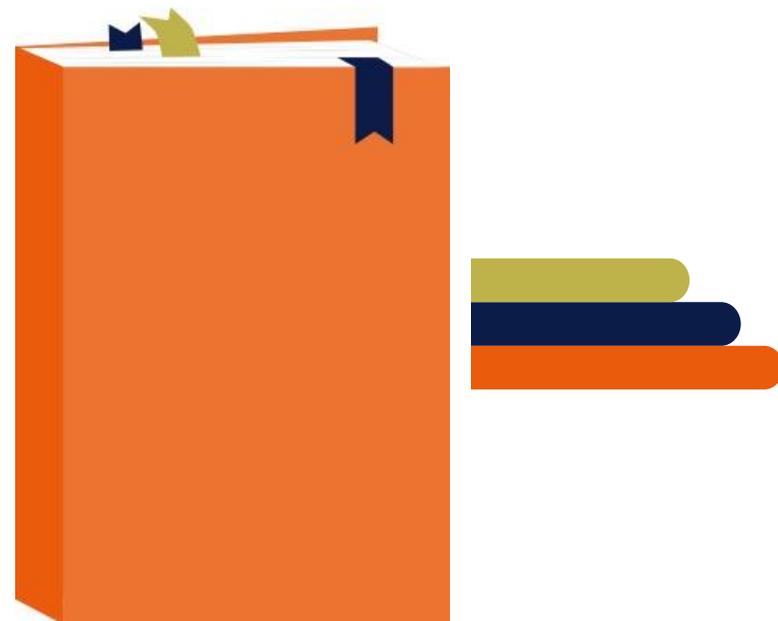
The reputation of the SOMFY Group and the trust placed in it by all our stakeholders depend on each and every one of us. Each employee will be appraised not only based on what they do, but also on how they do it.

The code of conduct indicates the road we must follow and the behaviour to be adopted when faced with situations which could ultimately lead to an act of corruption. It is accompanied by various practical appendices designed to promote understanding and the deployment of the anti-corruption policy.

These appendices are not limited to a collection of best practices; they also prohibit any practices which may constitute acts of corruption or represent conflicts of interest.

A **gifts and invitations procedure** has been formalised and distributed to employees, together with procedures relating to **conflicts of interest** and **sponsoring/patronage**.

In countries where the concept of internal regulations does not exist, the code of conduct is made effective by other means (signature of code or employment contract rider).



/ IMPLEMENTATION OF THE INTERNAL PREVENTION MECHANISM

2. Training

One of the measures of the “SAPIN 2” legislation is to **inform employees and raise their awareness** of the corruption risks.

All Group employees who have a computer and a professional e-mail address must follow an **e-learning** course raising awareness of the phenomenon of corruption. During this e-learning course, they will be faced with simulations through different practical cases, and must answer a number of quiz questions. They are required to **demonstrate their awareness** of the code of conduct and the warning system.

THIS E-LEARNING COURSE IS MANDATORY.



Each employee is thus made aware of the risks that corruption represents. Each new comer is automatically enrolled in this e-learning course as part of their integration procedure.



SOMFY also attaches great importance to training for the **most exposed people to this risk**. A list of the functions concerned has been drawn up based on the risk analysis, and validated by the Exec. Committee. Face-to-face training sessions are therefore organised for these personnel. Somfy thus trains all the **management committees of the Group entities**, during a face-to-face training course, with a signed certificate of attendance provided upon completion. This is an essential element to prove the participation of all those involved. Each management committee then draws up a list of exposed individuals in their entity, based on the recommendations drawn up by the Exec. Committee, and who will in turn be trained (purchasers, sales representatives, etc.).

SOMFY also trains the governance bodies such as the Executive Committee and the Board of Directors.

These training courses explain the content of the “Sapin 2” legislation and the obligations of the Group, present the anti-corruption program deployed in the entities and, in particular, focus on the notions of corruption, influence peddling and conflicts of interest based on practical cases.

/ IMPLEMENTATION OF THE INTERNAL PREVENTION MECHANISM

3. Third party assessment

In relation to dealings with various third parties (**customers, suppliers, intermediaries and partners** in particular), the Group must ensure their integrity.

Knowing the natural person or legal entity with which you are trading is essential, as the actions of these third parties could have a knock-on impact on the Group itself.

Somfy is therefore serious about **checking its trade partners** through a screening process on a dedicated platform, serving to shed light on all elements which may point to a possible risk (sanctions, adverse media, black lists). This screening is updated on a daily basis in the event of any new information (legal judgement, merger or acquisition, etc.).

If a suspicious element is discovered, the group performs **full due diligence with regard to the third parties most at risk**, having first collected as much information as possible by means of internal and external questionnaires.

The verification procedures and the frequency with which they are updated vary according to the risk classification of the countries and the type of third party.

Somfy encourages all its intermediaries, suppliers and customers to comply with the legal obligations relating to corruption (contractual clauses, provision of a code of conduct, etc.), and to prioritise transparency and good professional practices in the world of business.

Depending on the result of this assessment, Somfy reserves the right not to enter into, to enter into subject to additional protective measures or to terminate a contract with a third party which does not provide sufficient guarantees, in particular with regard to the fight against corruption.

This decision is made by the Ethics, Risks and Compliance Division, sometimes with a referral up to a member of the Executive Committee.

Our third party assessment strategy is described in detail in a dedicated document (Third party assessment procedure).



IMPLEMENTATION OF THE INTERNAL DETECTION MECHANISM

/ IMPLEMENTATION OF THE INTERNAL DETECTION

1. Internal warning

In line with its values of integrity, compliance and transparency, the SOMFY Group has decided to set up a general warning mechanism designed **to make it possible for anyone to report serious matters** so that they can be taken into consideration and handled in accordance with the legal and regulatory provisions in force.

This mechanism is designed for **collating reports** relating to the existence of behaviours or situations in breach of the anti-corruption code of conduct and any form of behaviour which does not comply with the Group's Ethics Charter.

It shall be applied within all Group entities, subject to adaptation to the existing mechanisms under local law.



It is **open to every member of staff**, regardless of their status, as well as to external and part-time employees.

An employee witnessing acts that could constitute corruption can inform their Line Manager, their Human Resources Manager, and finally the Ethics Committee if necessary (at the following address ethics@somfy.com). Anonymous warnings are possible, but not encouraged.

A specific procedure sets out the means of using this mechanism, and how warnings are handled. It also specifies the technical aspects for ensuring alert management security and confidentiality.

It is available on the Group's Intranet and website, as well as on the legal bulletin boards on the Group's sites.

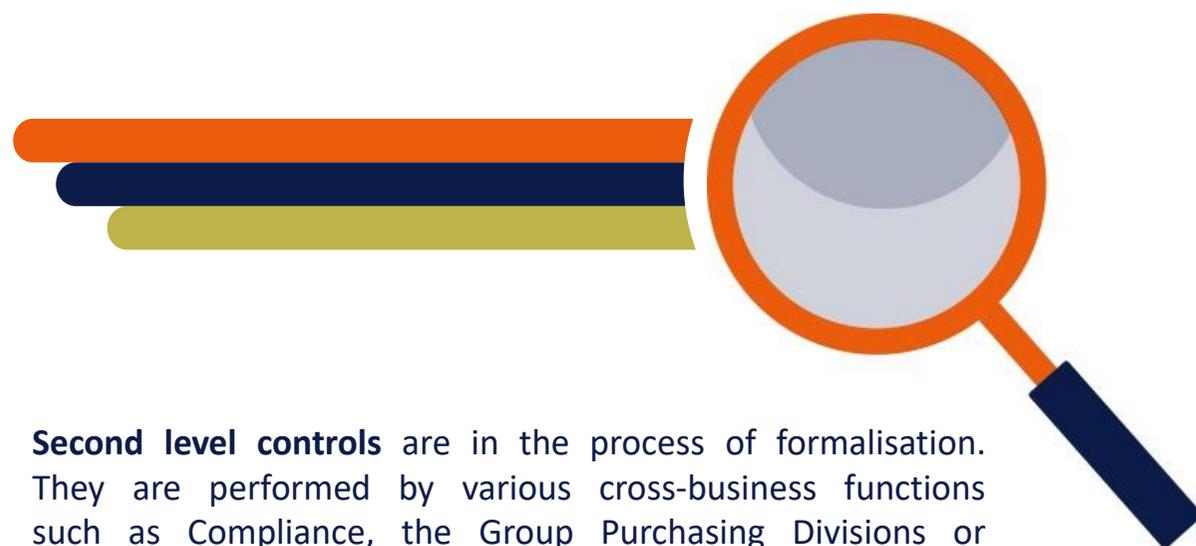
The Group Ethics Committee is responsible for this mechanism and handles any warnings received. An anonymised summary is submitted to the General Management and the Audit & Risk Committee every year.

/ IMPLEMENTATION OF THE INTERNAL DETECTION MECHANISM

2. Internal control

Some of the 1st level controls are formalised in an internal control benchmark (Somfy Key Controls), and assessed every year by an auto-assessment campaign submitted to all the Group entities using a GRC software (*Governance, Risk, Compliance*), a collaborative tool shared by the Internal Control Division, the Internal Audit Division and the Ethics, Risks & Compliance Division. Some of these controls have been classified "anti-corruption", and undergo a special analysis.

Other 1st level controls are part of day-to-day operations, and contribute to detecting and preventing potential acts of corruption, but are not currently formalised as such.



Second level controls are in the process of formalisation. They are performed by various cross-business functions such as Compliance, the Group Purchasing Divisions or Group Human Resources, or even the Internal Control team.

Third level controls are performed by the Internal Audit. An anti-corruption work program has been designed, comprising 24 audit tests dedicated to the accounting, treasury, sales, purchasing and human resources aspects. These tests are built into the usual internal audit missions, if they are relevant.

Furthermore, the audit plan also includes targeted anti-corruption missions, in which the internal auditors verify that the anti-corruption program has been deployed in the entities they are auditing.

/ IMPLEMENTATION OF THE INTERNAL DETECTION MECHANISM

3. Internal accounting control procedures

These procedures are designed to ensure that the ledgers, records and accounts are not used to **conceal acts undermining probity.**

SOMFY has chosen to place certain accounts under surveillance:

- Accounts relating to gifts,
- Accounts relating to sponsoring and patronage,
- Accounts relating to expenses forms, hospitality and seminar costs,
- And finally, accounts recording commissions paid to agents/intermediaries.

These accounts are analysed by the internal audit team during the course of their missions in our subsidiaries. They also contribute to fine-tuning the risk assessment by geographic zone in the corruption risk map, via a weighting system ("aggravating factor").

An automated accounts and accounting flows control tool is also in the configuration process. The roll-out strategy for this tool began in 2021 with a pilot test at 3 subsidiaries, and an analysis of accounting controls to be performed by the internal audit and internal control teams, as well as the Compliance function. From 2022, the tool will incorporate the subsidiaries rolling out the new Group ERP (SAP), by setting up an analysis of the accounting controls by employees in operations.



/ IMPLEMENTATION OF THE INTERNAL DETECTION MECHANISM

4. Anti-corruption mechanism control and assessment

SOMFY Group is working on the implementation of the **procedures for controlling and assessing** the anti-corruption measures in place, in order to ensure they are effective and up-to-date.

In particular, some checks are performed by regional or area HR Managers, such as monitoring that all employees have completed the e-learning module.



The e-learning platform is able to verify that the code of conduct and the internal warning system have been made available.



During its field audits, the Internal Audit Department also contributes to verifying the set-up of the anti-corruption program.

Finally an internal document, in the form of a **dashboard**, provides a **summary of all ongoing measures** and all those which are still to be set up. This document records the progress made in deploying the anti-corruption program within the Group. It provides a quick and clear overview, and is presented to the Audit and Risks Committee at least once a year. This dashboard monitors compliance with the “Sapin 2” legislation.

IMPLEMENTATION OF THE INTERNAL REMEDIATION MECHANISM

/ IMPLEMENTATION OF THE INTERNAL REMEDIATION MECHANISM

1. Corrective measures (management and monitoring of deficiencies detected)

The deficiencies detected during the controls set up determine a series of corrective measures formalised in the framework of an action plan.

The action plans in place originate from various detection sources:

- Action plans associated with the anti-corruption risks map and residual risks control
- Action plans associated with internal audit missions which have raised shortcomings
- Action plans associated with the results of the self-assessment campaign, to rectify the lack of maturity on certain key controls
- Action plans associated with other 2nd level controls

Action plans are managed by the Group's GRC tool, which makes it possible to enter and monitor them.

Furthermore, monitoring of these action plans is shared in monthly sessions of the Executive Committee, as part of the performance reviews of each function.



/ IMPLEMENTATION OF THE INTERNAL REMEDIATION MECHANISM

2. Disciplinary system

The Group's governing bodies are resolutely committed to combating corruption, and have adopted an unequivocal attitude towards any case of corruption.

In France, the code of conduct indicating expected or prohibited behaviour is incorporated into the internal regulations of the various French entities, making it effective with regard to the employees.

In the event of a **breach of the provisions of the code** of conduct, the employee may be subject to **disciplinary sanctions** ranging from a warning to dismissal, in the case of the most serious violations. These sanctions are listed in the internal regulations, and do not preclude potential criminal or civil proceedings.



If, in the international sphere, the national law in the country in which an entity is active does not require the existence of internal regulations, the Group requires that the code of conduct be appended to the employment contract or signed by the employee, which will also make it effective. These foreign-based employees are thus also subject to disciplinary sanctions. Any such sanctions are taken by the subsidiaries in accordance with local law.

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A WORD FROM THE MANAGING DIRECTOR

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The SOMFY Group has adopted a policy of zero tolerance with regard to corruption across its entire scope of activity. We firmly believe that sustainable growth can only be achieved by asserting and operationally implementing the values of respect and responsible enterprise, which have established Somfy as a renowned group.

We undertake to conduct our activities in a healthy, honest environment in accordance with the regulations in force, our code of conduct and all our procedures. Furthermore, we must also ensure that all our partners and co-contractors undertake to respect these regulations. We assume full responsibility for our actions within our sphere of influence. Ethics and the fight against corruption are thus an integral part of our sustainable development policy, one of the pillars of our strategic vision.

This policy and the associated procedures must be broadly communicated and promoted with a sense of conviction, both internally and to the SOMFY group business partners.

This policy will be updated on a regular basis in order to reflect the implementation of our progress approach.



Pierre RIBEIRO

Managing Director of SOMFY Group

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