04
REPORT ON CORPORATE GOVERNANCE

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Pursuant to Article L. 22-10-20 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 9 March 2021 for review, and to the Supervisory Board on 10 March 2021 for approval. It was amended by the Board on 20 April 2021 to take into account the plan to change the governance model to adopt the legal form of a Limited Company with a Board of Directors.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE
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Somfy SA refers to the Middlenext Corporate Governance Code for listed companies revised on 14 September 2016 (hereafter the Middlenext Code), available at www.middlenext.com.

At its meeting of 19 November 2020, the Board reviewed the areas requiring attention in compliance with recommendation R19 of the Middlenext Code.

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

Recommendation rejected	Explanation
Audit Committee to be chaired by an independent member (R6)	The Chairman of the Audit Committee is a member of the shareholding family, whose training and professional experience qualify him to hold this position. Furthermore, the other two members of the Audit Committee are independent members.

COMPOSITION OF CORPORATE GOVERNANCE BODIES
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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 2020, the Management Board was composed as follows:

Name	Position	Age	Date reappointed	Date term ends
Jean Guillaume Despature	Chairman	43	17 May 2017	2021 AGM
Pierre Ribeiro	Member and Chief Financial Officer	54	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 nine members, including a member representing employees:

Name	Position	Age	Nationality	Date appointed	Date term ends	Audit Committee	Remuneration Committee
Michel Rollier	Chairman Independent member	76	French	Member of the Supervisory Board: 15 May 2012 Chairman of the Supervisory Board: 16 May 2013	2022 AGM	–	Chairman
Victor Despature	Vice-Chairman	71	French	15 May 2007	2021 AGM	Chairman	Member
Paule Cellard	Independent member	65	French	16 May 2013	2021 AGM	Member	–
Anthony Stahl	Member	47	French	28 June 2002	2023 AGM	–	–
Marie Bavarel-Despature	Member	40	French-Swiss	17 May 2017	2024 AGM	–	–
Sophie Desormière	Independent member	54	French	17 May 2017	2021 AGM	–	–
Florence Noblot	Independent member	57	French	17 May 2017	2021 AGM	–	–
Bertrand Parmentier	Independent member	65	French	24 June 2020	2024 AGM	Member	–
Arthur Watin-Augouard	Member representing employees	40	French	17 September 2020	16 September 2024	–	–

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

During the financial year, the composition of the Board changed as follows: Bertrand Parmentier was appointed as a member of the Supervisory Board for a term of four years by the Annual General Meeting of 24 June 2020, to expire at the end of the General Meeting to be held in 2024 to approve the financial statements for the year then ended, and Arthur Watin-Augouard was appointed on 17 September 2020 by the Group Committee as a member of the Supervisory Board representing employees for a term of four years, to expire on 16 September 2024, as noted by the Supervisory Board meeting of 19 November 2020.
It is also specified that the term of office of Victor Despature as a member of the Supervisory Board was renewed for a term of one year by the Annual General Meeting of 24 June 2020, to expire at the end of the General Meeting to be held in 2021 to approve the financial statements for the financial year then ended, and that the term of office of Marie Bavarel-Despature as a member of the Supervisory Board was renewed for a term of four years by the Annual General Meeting of 24 June 2020, to expire at the end of the General Meeting to be held in 2024 to approve the financial statements for the financial year then ended.

Equal representation of men and women on the Board

To date, excluding the member representing employees on the Board (who must not be taken into account when assessing gender parity – Commercial Code, Article L. 225-79-2 II paragraph 2 and L. 225-79 paragraph 3), the Board comprises eight members, including four women, meaning there is no gender imbalance within the Board. 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 2020, an update on the assessment of the operation and the work of the Board and its Audit and Remuneration Committees was carried out at the Supervisory Board meeting of 9 September 2020. It highlighted overall satisfaction and some areas for improvement, which were also discussed on 9 July 2020 between the Chairman and members of the Supervisory Board with no members of the Management Board present. It was agreed to take these findings into account in the future.

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

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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 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 Middlenext framework, the Board assesses the independence of its members every year and at the time of their appointment, based on the independence criteria recommended by the Middlenext Code, namely:

- 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, five members of the Board: Paule Cellard, Sophie Desormière, Florence Noblot, Michel Rollier and Bertrand Parmentier, 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	Bertrand Parmentier	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	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	X	
Are not a significant shareholder of the company and do not hold a significant percentage of voting rights	X	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	X	
Have not been a Statutory Auditor of the company over the previous six years	X	X	X	X	X	
Conclusion regarding independence	Independent	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 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 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 strategy, sales and marketing, as well as her expertise in investment strategy gained as Chief Executive Officer of AALPS Capital; Florence Noblot brings to the Group her experience gained with the DHL Group in Europe and Asia (China and Singapore) in strategy, sales and marketing; and Bertrand Parmentier brings to the Group his international experience gained with the Groups Pierre Fabre and Latécoère, notably in strategy, organisation and finance.
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 2020 financial year, it met on eight occasions with an attendance rate of 97%. Due to the pandemic, the Board has only been able to meet in person three times, with sessions taking place by audiovisual conference on three occasions, and the Board has been consulted in writing twice.

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 will be proposed at the next General Meeting that this provision of the bylaws be applicable in all cases, with the exception of those excluded by law.

It is specified that, in accordance with the Middlenext Code, the physical presence of members is preferred and, if members are unable to attend, videoconferencing is preferred over telephone conversations (excluding the exceptional circumstances related to the pandemic).

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 is noted that some changes regarding the members representing employees on the Boards of the companies fulfilling certain criteria have been made under the Pacte law, as a result of which the company's bylaws were amended during the Shareholders' Meeting of 24 June 2020, in order to include, within a new Article 18 *bis* of the bylaws, the provisions relating to the procedure for appointing members representing employees. If the company meets the conditions for the application of Article L. 225-79-2 of the Commercial Code and cannot invoke the exceptions set out by this same text, the Supervisory Board will include one (or two) member(s) representing the Group's employees, appointed by the Group Committee. Pursuant to the above, the member representing employees on the Supervisory Board was appointed on 17 September 2020 by the Group Committee, and at its meeting of 19 November 2020, the Board recognised his appointment as a member of said Board.

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 they have 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 of 13 May 2020, the Board conducted an annual review of the known potential conflicts of interest in accordance with the R2 recommendation of the Middlenext Code.

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

- each quarter, a presentation of the highlights and the Balanced Score Card;
- regular updates within the context of the Covid-19 pandemic;

- Ambition 2030 - Presentation of the strategic roadmap;
- regular updates on the implementation of the new organisation;
- presentation of the Human Resources & Organisation Department and the HR roadmap;
- presentation of the Strategy & Insights Department and their roadmap – Update on the Group's market shares;
- presentation of the Engineering & Customer Satisfaction Department and regular updates on the So! One (new ERP) and MES projects;
- presentation of the Operations & Supply Chain Department and their roadmap;
- presentation of the Sales Departments: South & East – North & West;
- presentation of the Finance Department and their roadmap;
- presentation of the BFT Access & Convergence project;
- presentation of the "Manage" procedure;
- regular updates on the Sustainable Development policy applied across the Group;
- update on the anti-corruption roadmap - Sapin 2 law;
- update on the 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;
- update on the composition of the Specialised Committees;
- review of Audit Committee reports;
- findings of the Remuneration Committee;
- setting the remuneration policy of corporate officers;
- breakdown of the remuneration of members of the Supervisory Board;
- 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; 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) premium related to the respective terms of office of Management Board members for the coming financial year;
- implementation of the process for assessing current agreements concluded under standard conditions;
- implementation of the process for selecting Management Board members under the Pacte law;
- presentation of the main budget priorities for 2021;
- recognition of the appointment of a Board member representing employees appointed by the Group Committee and setting of the time required for the performance of their role and identification of the arrangements for their training;
- update of the Supervisory Board's internal regulations.

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 on the Audit Committee of 22 July 2010. The recommendations in respect of the composition and chairing of the Committee, the competence of its members and definitions 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 2020, 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 Compliance and Risk Management Officer presented the relevant information.
The Audit Committee comprises three members: Victor Despature, Chairman, and Paule Cellard and Bertrand Parmentier, both independent members 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 was the Chairman of the latter's Supervisory Board from 2017 to 2020. 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 and is also a member of the Risk and Internal Audit Committees of HSBC France. She has expertise in the financial field and extensive experience in risk management. A graduate of HEC (Paris business school), Bertrand Parmentier has accumulated a wealth of solid experience in corporate finance (audit, treasury, financing, management control, internal control, risk management, corporate finance, merger-acquisitions, restructuring, listed company financial communication) throughout a career in industry which led him to occupy positions of increasing responsibility in the administrative and financial fields, followed by general management positions within the Shell (1979-1988) and Aubert et Duval (1988-1991/CFO) Groups as well as at Laboratoires Pierre Fabre where he successively held the positions of CFO (1991-1996), CEO responsible for Finance, Procurement and IT (1996-2008); and later at aeronautical manufacturer Latécoère where he was CEO and CFO, and then Chairman of the Management Board (2008-2013), it may be noted that in 2013, following the death of Pierre Fabre, he took the helm of the eponymous pharmaceutical and dermo-cosmetic group where he remained in charge until his retirement in June 2018.
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 2020 financial year, the Audit Committee met on four occasions each time with all members in attendance.

At the various Audit Committee meetings, the Chief Financial Officer and the Group Head of Accounting, Consolidation and Treasury 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 and the proposed annual audit plan, while the results of the risk mapping update was presented by the Compliance and Risk Management Officer.

In addition to the recurring topics set out above, the following were specifically presented to the Audit Committee in 2020:

- 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 Compliance and Risk Management Officer;
- a presentation of the new audit approach, illustrated with examples, by the Statutory Auditors;
- update on the impact of IFRS 16 in the Group's consolidated financial statements by the Group Head of Accounting, Consolidation and Treasury;
- a summary of the main recent and upcoming regulatory developments, and in particular the impact of the pandemic in the presentation of the financial statements 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 currently comprises two members: Michel Rollier, Committee Chairman (independent member) and Victor Despature. Its mission is to submit proposals to the Supervisory Board, in particular in respect of the amount 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 Middlenext Code; such consideration took place at its meeting of 3 March 2020. This item will be discussed again in 2021.

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

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The bylaws set out the following provisions (excluding any exceptional legal and regulatory provisions related to the pandemic):

- 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 REGARDING TERMS OF OFFICE AND DUTIES DURING THE FINANCIAL YEAR

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TERMS OF OFFICE AND DUTIES OF MEMBERS OF THE MANAGEMENT BOARD DURING THE FINANCIAL YEAR

– **Jean Guillaume DESPATURE**
Chairman of the Management Board
- Chairman of the Supervisory Board of Damartex SA (company listed on Euronext Growth – not a Group company),
- Chairman of the Remuneration Committee and member of the Audit Committee of Damartex SA (company listed on Euronext Growth – not a Group company),
- Chairman of the Board of Directors of FDS Financière Développement Suisse SA (not a Group company),
- Director of Parval SA (not a 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 (not a Group company),
- Managing Director of DSG Coordination Center SA,
- Manager of FIDEP (not a Group company) and CMC,
- 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 Kabushiki Kaisha, FIGEST BV and PROMOFI BV,
- 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 DURING THE FINANCIAL YEAR

– **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 Audit Committee of INDOSUEZ Wealth Management Europe,
- Member of the Board of Directors of HSBC France,
- Chair of the Risk and Internal Audit 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,
- Member of the Supervisory Board of MCSA SA,
- Manager of SARL MCSA-Tunis, and SCs Vicma and Devin-VD,
- Director and Chairman of the Audit Committee of Edify SA.

– **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),
- 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,
- Chair of the Nominating and Corporate Governance Committee 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 Corporate Social Responsibility Committee of Elis SA.

– **Bertrand PARMENTIER**
Independent member of the Supervisory Board
- Member of the Audit Committee of Somfy SA,
- Director of the Pierre Fabre Foundation,
- Director of Secours Catholique Caritas France, Chairman of the Tarn-Aveyron-Lozère Delegation,
- Chairman of the Cylad Consulting Corporate Foundation.

– **Arthur WATIN-AUGOUARD**
Member of the Supervisory Board representing employees
- Director - Association Saint Pierre de Tarentaise.

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.

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 2020 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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Nil.

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 report once a year on their work to the Audit Committee and to the Board.

At the Board meeting of 10 March 2021, 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.

AUTHORISATIONS

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The Management Board benefits from the following authorisations:

	Date of AGM	Date authorisation expires	Authorised amount	Used during the financial year ended 31 December 2020	Residual amount at 31 December 2020
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*	**	1.4326% of share capital on date of AGM

* *Stock options.*

** *Free allocation of 17,856 shares, representing 0.048% of the share capital, decided by the Management Board on 31 August 2020 and 25 November 2020.*

It is further specified that the Management Board has a share buyback authorisation, granted by the General Meeting of 24 June 2020 in its 15th ordinary resolution, details of which are set out in the section on the buyback of own shares in the Management Board's management report. This authorisation is valid until 23 December 2021. The Management Board also has an authorisation to cancel the shares bought back by the company, which was granted by the General Meeting of 24 June 2020 in its 16th extraordinary resolution. This latter authorisation covers a maximum of 10% of the share capital and is valid until 23 June 2022. It was not used during the 2020 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.

INFORMATION ON REMUNERATION

CORPORATE OFFICERS' REMUNERATION POLICY (9TH, 25 TO 28TH AND 33RD RESOLUTIONS OF THE GENERAL MEETING OF 2 JUNE 2021)

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Given the plan to change the company's governance model, shareholders will be asked to approve:

- the remuneration policy for the single-tier governance, Chairman of the Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer and Directors (25th to 28th resolutions), pending the approval of the 11th resolution relating to the change to the company's administration and management form by adopting the form of a Board of Directors;
- the remuneration policy for the Chairman and members of the Management Board (9th resolution), irrespective of the outcome of the vote on the 11th resolution relating to the change to the company's administration and management form by adopting the form of a Board of Directors. This policy will only apply to the period from 1 January 2021 until 1 June 2021 in the event of approval of the 11th resolution;
- the remuneration policy for the Chairman and the members of the Supervisory Board (33rd resolution) in the event of rejection of the 11th resolution.

1/ REMUNERATION POLICY FOR CORPORATE OFFICERS OF THE COMPANY WITH A BOARD OF DIRECTORS (IN THE EVENT OF APPROVAL OF THE 11TH RESOLUTION)

Pending the approval of the 11th resolution relating to the change in the company's administration and management form by adopting the Board of Directors form, the remuneration policy for the corporate officers will adopt the same general principles on which the previous remuneration policy for the Management and Supervisory Boards was based.

Upon proposal of the Remuneration Committee and taking into account the recommendations of the Middlenext 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 chapter "Presentation of the Group" of the Annual Financial Report. In order to do this, the Supervisory Board has set the remuneration policy for its executive corporate officers in relation to these components, in particular by laying down the criteria for their variable remuneration and the criteria for the allocation of free shares. These criteria are tailored to the company's strategy and environment in order to promote its competitiveness over the medium and long term and the achievement of sustainable and profitable growth.

The remuneration policy for each of the corporate officers has been determined by the Supervisory Board upon the proposal of the Remuneration Committee, taking into account the manner of exercise of General Management which may be decided upon by the meeting of the Board of Directors due to take place at the end of the General Meeting, namely, a separation of the functions of Chairman and Chief Executive Officer and the appointment of a Non-Executive Chairman, a Chief Executive Officer and, upon the latter's proposal, a Deputy Chief Executive Officer. The Board of Directors will subsequently review and implement the remuneration policy on the recommendation of the Remuneration Committee. It is specified that the individuals shortlisted for the roles of Chairman, Chief Executive Officer and Deputy Chief Executive Officer have not been involved in the Supervisory Board deliberations regarding the setting of the remuneration policy concerning them. Nor will they be involved in the Board of Directors' decisions on matters of individual remuneration concerning them personally.

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 Board of Directors may depart from application of 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 Board of Directors will rule on the recommendation 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.

To establish the remuneration policy for corporate officers, the terms and conditions of remuneration and employment of the company's employees were also taken into account by the Remuneration Committee and the Board of Directors, in particular the information referred to in paragraph 6, section I of Article L. 22-10-9 (fairness ratios).

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

- **completeness:** determination of remuneration received by executive corporate officers must be complete: fixed components, variable components (bonus), stock options, free shares, attendance fees, pension terms and special benefits must be taken into account in the overall level of assessment of remuneration;
- **balance between the elements of the remuneration:** 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 the remuneration or, where applicable, the allocation of options or free shares, must be linked to the company's performance, correspond to its goals, and 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 simultaneously take into account the company's general interest, market practices and officer performance;
- **transparency:** shareholders' annual information on the total remuneration and benefits received by officers is conducted in accordance with applicable regulations.

REMUNERATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS (25TH RESOLUTION)

The remuneration of the Chairman of the Board of Directors will be comprised of the following components:

Fixed remuneration

It will be determined taking into account market practice and will be regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It will be set upon appointment and will change slightly each year during the term of office, which will be set at four years. It will be reviewed and benchmarked again each time the term of office is renewed. The remuneration of the Non-Executive Chairman of the Board of Directors will not include a Pension Equivalent Premium.
Like the other members of the Board of Directors, the Chairman will also receive remuneration corresponding to his duties as a Director.

Annual variable remuneration

The Non-Executive Chairman of the Board of Directors does not receive any variable remuneration.

Exceptional remuneration

The Non-Executive Chairman of the Board of Directors does not receive any exceptional remuneration.

Allocation of free shares

The Non-Executive Chairman of the Board of Directors is not the beneficiary of any free share allocations.

Commitments

It should be noted that the prospective Chairman of the Board of Directors holds an employment contract within a subsidiary of the Group. This employment contract will be suspended on the date of their appointment to the Board of Directors, for a period that will last until the end of their term of office. As a guide, the notice period in the event of termination of this employment contract is six months.

Severance pay

The Chairman of the Board of Directors does not benefit from any undertaking of this kind in respect of their term of office.

Pension

The Chairman of the Board of Directors, whose remuneration is treated as a salary, will benefit from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.
In the case of Jean Guillaume DESPATURE who is likely to assume this role, and who is not territorially eligible for French pension plans, the applicable scheme will be the mandatory group scheme applicable to senior executives for companies based in the Swiss Confederation.
The Chairman of the Board of Directors will not be a member of any defined benefit pension scheme covered by Article L. 137-11 of the Social Security Code (supplementary pension plan).

Provident fund

The Chairman of the Board of Directors, whose remuneration is treated as a salary, will benefit from the group provident fund scheme (death and disability insurance) which applies to the Group's senior executives.
Unless they justify personal insurance coverage elsewhere, they will also be affiliated to the "Mutual Health Insurance" scheme, which is mandatory for Group employees.

Non-compete clause

There is no such commitment concerning the Chairman of the Board of Directors.

Employee savings

The Chairman of the Board of Directors, whose remuneration is treated as a salary, will benefit from the current incentive bonus scheme and Employee Savings Scheme, which are open to the company's employees and corporate officers.

Benefits of any kind

The Chairman of the Board of Directors will benefit from a company car that they may use privately, and which will be the subject of a benefit in kind declaration.

REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER (26TH RESOLUTION)

The remuneration of the Chief Executive Officer will be comprised of the following components:

Fixed remuneration

It will be determined taking into account market practice and will be regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It is set upon appointment and will change slightly each year during the term of office. It will be reviewed and benchmarked again each time the term of office, which will be set at four years, is renewed. The remuneration policy will also include the payment of a Pension Equivalent Premium introduced within the company in 2017 for the benefit of senior executives and executive corporate officers in order to offset the lack of pension contributions on the upper portions of their remuneration.

Annual variable remuneration

Variable remuneration will be determined by the Board of Directors on the recommendation of the Remuneration Committee. It will be based on the achievement of objectives that take account of quantitative financial and qualitative, non-financial criteria.
Annual variable remuneration will be capped at a maximum of the annual basic fixed remuneration.

For the Chief Executive Officer, this cap is a maximum of 87% of basic fixed remuneration (BFR), *i.e.* 72% of the quantitative variable on financial criteria, and 15% of the qualitative variable 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 60% of the 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 corporate officer concerned.

Annual variable remuneration will therefore be capped at a maximum of 87% of the BFR, based on the following formula:
maximum annual variable remuneration = (BFR x 60% x 120%) + (BFR x 15% x 1)

The criteria for determining annual variable remuneration and the methods for assessing these criteria are as follows:
- for 2021, the quantitative criteria based on financial items ("financial" criteria) will be 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 eight companies deemed to be comparable.
  The expected level of achievement for the quantitative criteria will be predefined by the Board of Directors further to a proposal by the Remuneration Committee but will not be disclosed for reasons of confidentiality;
- the qualitative, non-financial criteria will be predefined by the Board of Directors further to a proposal by the Remuneration Committee. For 2021, they will include a criterion relating to the Design & Go-live of the Group's transformation programme, a criterion relating to the Cost Leadership, connected with materials and electronic components, and lastly a criterion relating to the implementation of the Sales & Operations planning. These non-financial criteria will be weighted by the Remuneration Committee's assessment of the personal and managerial involvement of the corporate officer concerned. The expected level of achievement for the qualitative criteria will be predefined by the Board further to a proposal by the Remuneration Committee but will not be disclosed for reasons of confidentiality.

In brief, the financial and non-financial criteria will apply as follows:

	Financial criteria	Non-financial criteria
Chief Executive Officer	– change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of eight benchmark companies	– Group's transformation programme – "Cost Leadership" – "Sales & Operations planning"

These variable remuneration criteria will 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 remuneration have been met, the Board of Directors will notably rely on the consolidated financial statements audited by the Statutory Auditors.

Exceptional remuneration

The Board of Directors may decide, further to a proposal of the Remuneration Committee and under very specific circumstances, to grant exceptional remuneration to the Chief Executive Officer. Such a payment may notably be made in the event of completion of a major transaction for the company or of exceptional over-achievement that is not taken into account in the criteria determining the variable remuneration for the financial year.
The Board of Directors may also decide, further to a proposal by the Remuneration Committee, to grant exceptional remuneration to the Chief Executive Officer in the event of economic, political or social events, in response to which the company's governance is required to take exceptional action to preserve the company's interests.
In every case, the amount of exceptional remuneration thus decided may not exceed a maximum of 100% of the fixed annual remuneration.

The payment of variable, and possibly exceptional, remuneration elements allocated in relation to financial year N to the Chief Executive Officer 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 Chief Executive Officer may be the beneficiary 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 performance criteria used are usually based on the level of Current Operating Result and the development of Sales Growth. Other performance-based criteria may also be taken into account, based in particular on corporate social responsibility.
Performance-related conditions will be assessed over a period identical to that used for the plan's vesting period.
Except under specific circumstances, these free share allocations will be granted on an annual basis and will be 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 to the company's governance and the arrival of a new Chief Executive Officer from outside the Group, a specific allocation may be authorised by the Board of Directors in the form of an introductory bonus. 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 this plan must be a minimum of two years.
In order to ascertain to what extent the performance-based criteria set out in relation to the free allocation of performance shares have been fulfilled, the Board of Directors will set the following methods of assessment: the financial performance criteria will be based on indicators that will be reviewed by the Statutory Auditors as part of their annual audit of the financial statements. In addition, the Group's Internal Audit Department

will be entrusted by the Board of Directors 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 will be defined by the Board of Directors at the time of allocation and will 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 the Board of Directors' meeting of 2 June 2021, it will be proposed that the number of shares that every corporate officer will be required to retain in registered form until the termination of their functions be set at 25% of the total shares allocated to them free of charge; this percentage may be reduced to 20% at the end of a period of four years from the allocation, then successively to 15% six years after the allocation, to 10% eight years after the allocation and to 5% until they leave their role.

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

Commitments

It should be noted that the prospective Chief Executive Officer holds an employment contract within a subsidiary of the Group. This employment contract will be suspended on the date of their appointment to the role of Chief Executive Officer, for a period that will last until the end of their term of office. As a guide, the notice period in the event of termination of this employment contract is six months.

Severance pay

The Chief Executive Officer does not benefit from any undertaking of this kind in respect of their term of office.

In the event of a change in the governance of the company and the arrival of a new Chief Executive Officer from outside the Group, the Board of Directors may introduce for the new arrival severance pay in the event of early termination of their contract not exceeding two years' fixed and variable remuneration, 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 remuneration 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

The Chief Executive Officer, whose remuneration is treated as a salary, will benefit from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.

They will not be a member of any defined benefit pension scheme covered by Article L. 137-11 of the Social Security Code (supplementary pension plan).

Like Group executives, the Chief Executive Officer will benefit, upon retirement, 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). This is the mandatory scheme in force within the company.

Provident fund

The Chief Executive Officer, whose remuneration is treated as a salary, will benefit from the group provident fund scheme (death and disability insurance) applicable to the Group's senior executives.

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

Non-compete clause

There is no such commitment concerning the Chief Executive Officer.

In the event of a change in the governance of the company and the arrival of a new Chief Executive Officer from outside the Group, the Board of Directors may decide to introduce non-competition compensation for this new member for a period of one year, which may be renewable once and applicable to companies involved in a competing business. The Board of Directors will decide, after the Chief Executive Officer has ceased their functions, 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.

Employee savings

The Chief Executive Officer will be a beneficiary of the current incentive bonus scheme andEmployee Savings Plan, which are open to the company's employees and corporate officers.

Benefits of any kind

During the actual period of the corporate office, the Chief Executive Officer will be the beneficiary of Senior Executives' Insurance (*GSC* or *Garantie Sociale des Chefs d'entreprises*) covering the risk of removal from corporate office, subject to the waiting periods and the usual limitations of this scheme. Contributions to this scheme are subject to a benefit in kind declaration.

The Chief Executive Officer will benefit from a company car that they may use privately, and which will be the subject of a benefit in kind declaration.

REMUNERATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICER (27TH RESOLUTION)

The remuneration of the Deputy Chief Executive Officer will be comprised of the following components:

Fixed remuneration

It will be determined taking into account market practice and will be regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It is set upon appointment and will change slightly each year during the term of office, which will be set at four years. It will be reviewed and benchmarked again each time the term of office is renewed. The remuneration policy will also include the payment of a Pension Equivalent Premium introduced within the company in 2017 for the benefit of senior executives and executive corporate officers in order to offset the lack of pension contributions on the upper portions of their remuneration.

Annual variable remuneration

Variable remuneration will be determined by the Board of Directors on the recommendation of the Remuneration Committee. It will be based on the achievement of objectives that take account of quantitative financial and qualitative, non-financial criteria.
Annual variable remuneration will be capped at a maximum of the annual basic fixed remuneration.

For the Deputy Chief Executive Officer, this cap will be a maximum of 75% of basic fixed remuneration (BFR), *i.e.* 60% of the quantitative variable on financial criteria, and 15% of the qualitative variable on non-financial criteria.
The cap will be 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 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 corporate officer concerned.

Annual variable remuneration will therefore be capped at a maximum of 75% of the BFR, based on the following formula:
maximum annual variable remuneration = (BFR x 50% x 120%) + (BFR x 15% x 1)

The criteria for determining annual variable remuneration and the methods for assessing these criteria will be as follows:
- for 2021, the quantitative criteria based on financial items ("financial" criteria) will be 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 eight companies deemed to be comparable.
  The expected level of achievement for the quantitative criteria will be predefined by the Board of Directors further to a proposal by the Remuneration Committee but will not be disclosed for reasons of confidentiality;
- the qualitative, non-financial criteria will be predefined by the Board of Directors further to a proposal by the Remuneration Committee. For 2021, they will include a criterion relating to the Design & Go-live of the Group's transformation programme, a criterion relating to the Cost Leadership, connected with materials and electronic components, and lastly a criterion relating to the Design & Go-live of the Leadership Framework linked to the corporate culture. These non-financial criteria will be weighted by the Remuneration Committee's assessment of the personal and managerial involvement of the corporate officer concerned. The expected level of achievement for the qualitative criteria will be predefined by the Board further to a proposal by the Remuneration Committee but will not be disclosed for reasons of confidentiality.

In brief, the financial and non-financial criteria will apply as follows:

	Financial criteria	Non-financial criteria
Deputy Chief Executive Officer	– change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of eight benchmark companies	– Group's transformation programme – "Cost Leadership" – "Leadership Framework" and corporate culture

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 remuneration have been met, the Board of Directors will notably rely on the consolidated financial statements audited by the Statutory Auditors.

Exceptional remuneration

The Board of Directors may decide, further to a proposal of the Remuneration Committee and under very specific circumstances, to grant exceptional remuneration to the Deputy Chief Executive Officer. Such a payment may notably be made in the event of completion of a major transaction for the company or of exceptional over-achievement that is not taken into account in the criteria determining the variable remuneration for the financial year.
The Board of Directors may also decide, further to a proposal by the Remuneration Committee, to grant exceptional remuneration to the Deputy Chief Executive Officer in the event of economic, political or social events, in response to which the company's governance is required to take exceptional action to preserve the company's interests.

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

The payment of variable, and possibly exceptional, remuneration elements allocated in relation to financial year N to the Deputy Chief Executive Officer 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 Deputy Chief Executive Officer may be the beneficiary 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 performance criteria used are usually based on the level of Current Operating Result and the development of Sales Growth. Other performance-based criteria may also be taken into account, based in particular on corporate social responsibility.
Performance-related conditions will be assessed over a period identical to that used for the plan's vesting period.

Except under specific circumstances, these free share allocations will be 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 to the company's governance and the arrival of a new Deputy Chief Executive Officer from outside the Group, a specific allocation may be decided by the Board of Directors in the form of an introductory bonus. 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 this plan must be a minimum of two years.

In order to ascertain to what extent the performance-based criteria set out in relation to the free allocation of performance shares have been fulfilled, the Board of Directors will set the following methods of assessment: the financial performance criteria will be 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 will be entrusted by the Board of Directors 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 will be defined by the Board of Directors at the time of allocation and will 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 the Board of Directors' meeting of 2 June 2021, it will be proposed that the number of shares that every corporate officer will be required to retain in registered form until the termination of their functions be set at 25% of the total shares allocated to them free of charge, this percentage being reduced to 20% at the end of a period of four years from the allocation, then successively to 15% six years after the allocation, to 10% eight years after the allocation and to 5% until they leave their role.

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

Commitments

It should be noted that the prospective Deputy Chief Executive Officer holds an employment contract within a subsidiary of the Group. This employment contract will be suspended on the date of their appointment to the role of Deputy Chief Executive Officer, for a period that will last until the end of their term of office. As a guide, the notice period in the event of termination of this employment contract is six months.

Severance pay

The Deputy Chief Executive Officer does not benefit from any undertaking of this kind in respect of their term of office.

In the event of a change in the governance of the company and the arrival of a new Deputy Chief Executive Officer from outside the Group, the Board of Directors may decide to introduce for the new arrival severance pay in the event of early termination of their contract not exceeding two years' fixed and variable remuneration, 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 remuneration 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

The Deputy Chief Executive Officer, whose remuneration is treated as a salary, will benefit from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.

They will not be a member of any defined benefit pension scheme covered by Article L. 137-11 of the Social Security Code (supplementary pension plan).

Like Group executives, the Deputy Chief Executive Officer will benefit, upon retirement, 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). This is the mandatory scheme in force within the company.

Provident fund

The Deputy Chief Executive Officer, whose remuneration is treated as a salary will benefit from the group provident fund scheme (death and disability insurance) applicable to the Group's senior executives.

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

Non-compete clause

There is no such commitment concerning the Deputy Chief Executive Officer.

In the event of a change in the governance of the company and the arrival of a new Deputy Chief Executive Officer from outside the Group, the Board of Directors may decide to introduce non-competition compensation for this new member for a period of one year, which may be renewable once and applicable to companies involved in a competing business. The Board of Directors will decide, after the Deputy Chief Executive Officer has ceased their functions, 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.

Employee savings

The Deputy Chief Executive Officer will be a beneficiary of the current incentive bonus scheme and Employee Savings Plan, which are open to the company's employees and corporate officers.

Benefits of any kind

During the actual period of the corporate office, the Deputy Chief Executive Officer will be the beneficiary of Senior Executives' Insurance (*GSC* or *Garantie Sociale des Chefs d'entreprises*) covering the risk of removal from corporate office, subject to the waiting periods and the usual limitations of this scheme. Contributions to this scheme are subject to a benefit in kind declaration.

The Deputy Chief Executive Officer will benefit from a company car that they may use privately, and which will be the subject of a benefit in kind declaration.

REMUNERATION POLICY FOR THE DIRECTORS
(28TH RESOLUTION)

The remuneration policy for members of the Board of Directors, including the Vice-Chairman of the Board of Directors, proposed upon the recommendations of the Remuneration Committee, is as follows:
- the General Meeting allocates to the members of the Board of Directors a fixed annual sum as remuneration for their activity;
- the Board of Directors sets the amount allocated to each member, with the exception of the member representing employees, according to their actual presence at the meetings of the Board and the specialist committees. The remuneration allocated includes a fixed part that remunerates responsibility and one part that remunerates attendance;
- in addition to their remuneration for their duties as member of the Board of Directors, the Vice-Chairman of the Board of Directors will receive specific remuneration for their duties as Vice-Chairman. This remuneration, payable from the total amount of remuneration allocated to the members of the Board, is fixed and changes upon each extension to their term of office, or when the Board observes that there has been a permanent change to the Vice-Chairman's workload;
- the Board of Directors reserves the right to allocate specific remuneration to any of its members in order to reward specific services other than participation in the Board's routine work;
- the members representing employees on the Supervisory Board continue to receive remuneration under their permanent employment contract. It is specified that the member(s) representing employees on the Supervisory Board will not receive any remuneration in relation to their terms of office as member of the Board of Directors.

2/ REMUNERATION POLICY FOR CORPORATE OFFICERS OF THE COMPANY WITH A MANAGEMENT BOARD AND A SUPERVISORY BOARD

You are asked to approve:
- the remuneration policy for the Chairman and members of the Management Board (9th resolution), irrespective of the outcome of the vote on the 11th resolution relating to the change to the company's administration and management form by adopting the form of a Board of Directors. This policy will only apply to the period from 1 January 2021 until 1 June 2021 in the event of approval of the 11th resolution. For this period, the qualitative criteria relating to the variable remuneration for 2021 of the Chairman and members of the Management Board has changed in relation to the policy approved at the 2020 General Meeting, and for this reason it is necessary for you to vote on this policy, even in the event of approval of the 11th resolution;
- the remuneration policy for the Chairman and the members of the Supervisory Board (33rd resolution) in the event of rejection of the 11th resolution.

Upon proposal of the Remuneration Committee and taking into account the recommendations of the Middlenext 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 chapter "Presentation of the Group" of the Annual Financial Report. In order to do this, the Supervisory Board has set the remuneration policy for its executive corporate officers in relation to these components, in particular by laying down the criteria for their variable remuneration and the criteria for the allocation of free shares. These criteria are tailored to the company's strategy and environment in order to promote its competitiveness over the medium and long term and the achievement of sustainable and profitable growth.

To date, 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 did 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 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. 22-10-9 (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 Middlenext Code on Corporate Governance of September 2016:
- **completeness:** determination of remuneration received by executive corporate officers must be complete: fixed components, variable components (bonus), stock options, free shares, attendance fees, pension terms and special benefits must be taken into account in the overall level of assessment of remuneration;
- **balance between the elements of the remuneration:** 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, 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:** shareholders' annual information on the total remuneration and benefits received by officers is conducted in accordance with applicable regulations.

REMUNERATION POLICY REGARDING THE CHAIRMAN AND MEMBER(S) OF THE MANAGEMENT BOARD (9TH RESOLUTION)

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. However in 2021, a year in which terms of office will be renewed, the fixed remuneration will remain unchanged and the Supervisory Board has suggested that this position be reviewed at the end of the 2021 financial year based on the company's results following the Covid crisis. Since 2017, the remuneration policy 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 basic fixed remuneration (BFR), *i.e.* 84% of the quantitative variable on financial criteria, and 15% of the qualitative variable 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 70% of the 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:
maximum annual variable remuneration = (BFR X 70% X 120%) + (BFR X 15% X 1)

For the other members of the Management Board, this cap is a maximum of 75% of the BFR, *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 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:
maximum annual variable remuneration = (BFR X 50% X 120%) + (BFR X 15% X 1)

The criteria for determining annual variable remuneration and the methods for assessing these criteria are as follows:
- for 2021, the quantitative criteria based on financial items ("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 eight 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 2021, they include a criterion related to the completion of the Group's transformation and linked, as last year, to the roll-out of the "So! One" ERP, a criterion related to "Cost Leadership" and linked to raw materials and electronic components, a criterion related to the "Lean" project and linked to the mapping of legal entities, and lastly a criterion related to the "Leadership Framework" linked to the roll-out of the corporate culture. These non-financial criteria are weighted by a coefficient representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. The expected level of achievement for the qualitative criteria has been predefined by the Supervisory Board further to a proposal by the Remuneration Committee but is not disclosed for reasons of confidentiality.

For 2021, 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	– change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of eight benchmark companies	– Group's transformation programme – "Cost Leadership" – "Leadership Framework" and corporate culture

	Financial criteria	Non-financial criteria
Pierre RIBEIRO, Member of the Management Board and Chief Financial Officer	– change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of eight benchmark companies	– Group's transformation programme – "Cost Leadership" – "Lean" project

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

The Supervisory Board may also decide, following the proposal of the Remuneration Committee, to grant exceptional remuneration to Management Board members or the Chairman, in the event of economic, political or social events, in response to which the company's governance is required to take exceptional action to preserve the company's interests.

In every case, 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 to the relevant member 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 performance criteria used are usually based on the level of Current Operating Result and the development of Sales Growth. Other performance-based criteria may also be taken into account, based in particular on 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 free share 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 this plan must be a minimum of two years.

In order to ascertain to what extent the performance-based criteria set out in relation to the allocation of shares free of charge have been fulfilled, the Supervisory Board has set the following methods of assessment: the 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 the 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 permanent employment contracts of the members of the Management Board that pre-dated their respective terms of office have been maintained. As a guide, the notice period in the event of termination of the contract is six months.

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 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). This is the mandatory scheme in force within the company.

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 (33rd RESOLUTION)

You are asked to vote on the policy for the Chairman and members of the Supervisory Board in the event of rejection of the 11th resolution.

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, except for the member representing employees, 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 a fixed 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;
- the members representing employees on the Supervisory Board continue to receive remuneration under their permanent employment contract. It is specified that the member(s) representing employees on the Supervisory Board do not receive any remuneration in relation to their terms of office as a Supervisory Board member.

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 66 and 67 of the report on corporate governance in chapter 4 of the 2020 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.
In 2020, the Supervisory Board appointed a member representing employees who is bound by a permanent contract of employment to Somfy Activités SA, a subsidiary of Somfy SA.

INFORMATION REFERRED TO IN PARAGRAPH I OF ARTICLE L. 22-10-9 OF THE COMMERCIAL CODE FOR EACH CORPORATE OFFICER OF THE COMPANY (5TH RESOLUTION OF THE GENERAL MEETING OF 2 JUNE 2021)

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It is specified that the total remuneration of each executive corporate officer complies with the remuneration policy approved by the General Meeting of 24 June 2020 in its 9th and 10th resolutions.

JEAN GUILLAUME DESPATURE
CHAIRMAN OF THE MANAGEMENT BOARD

In accordance with the remuneration policy approved by the General Meeting of 24 June 2020, 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) premium 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 in 2020 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 eight companies deemed to be comparable.
For the part based on qualitative criteria, the criteria selected for 2020 (so-called "non-financial" criteria) relate to the company's strategy and include a CSR criterion aimed at stepping up the eco-design of products, a criterion related to the roll-out of the "So! One" ERP project, and lastly, a criterion related to the Group's multi-brand strategy. These non-financial criteria are weighted by a coefficient representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons the expected levels of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board on proposal by the Remuneration Committee, are not publicly disclosed.
Benefits in kind consist of the use of a company car.
An allocation of 1,800 performance-based shares was agreed upon by the Management Board on 31 August 2020 in respect of long-term remuneration for the benefit of Jean Guillaume Despature. Details are provided in tables 3 and 4 below.
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 and paid during the financial year just ended are included in the summary table (page 86).

PIERRE RIBEIRO
MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER

In accordance with the remuneration policy approved by the General Meeting of 24 June 2020, 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) premium 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 in 2020 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 eight companies deemed to be comparable.
For the part based on qualitative criteria, the criteria selected for 2020 (so-called "non-financial" criteria) relate to the company's strategy and include a CSR criterion aimed at stepping up the eco-design of products, a criterion related to the roll-out of the "So! One" ERP project, and lastly, a criterion related to the "Somfy-BFT convergence" project. These non-financial criteria are weighted by a coefficient representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board on proposal by the Remuneration Committee, are not publicly disclosed.
Benefits in kind consist of the use of a company car.
An allocation of 1,800 performance-based shares was agreed upon by the Management Board on 31 August 2020 in respect of long-term remuneration for the benefit of Pierre Ribeiro. 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 and paid during the financial year just ended are included in the summary table (page 87).

SUMMARY TABLE OF TOTAL REMUNERATION PAID IN 2020 OR ALLOCATED IN RESPECT OF 2020 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 2020 financial year**	**Allocated for the 2019 financial year**	**Allocated for the 2018 financial year**
Remuneration allocated for the financial year *(as detailed in table 2)*	Term of office	1,014,284	996,816	892,880
	Employment contract	342,071	336,094	301,312
Value of options granted during the financial year	Term of office Employment contract	nil	nil	nil
Value of performance based shares granted during the financial year *(as detailed in table 3)*	Term of office	151,245	225,348	nil
	Employment contract	nil	nil	nil
Value of other long-term remuneration plans	Term of office Employment contract	nil	nil	nil
TOTAL		**1,507,600**	**1,558,258**	**1,194,192**

Pierre RIBEIRO, Member of the Management Board and Chief Financial Officer	**Gross, €**	**Allocated for the 2020 financial year**	**Allocated for the 2019 financial year**	**Allocated for the 2018 financial year**
Remuneration allocated for the financial year *(as detailed in table 2)*	Term of office	146,562	147,775	140,789
	Employment contract	660,190	634,678	596,478
Value of options granted during the financial year	Term of office Employment contract	nil	nil	nil
Value of performance based shares granted during the financial year (*as detailed in table 3*)	Term of office	151,245	225,348	nil
	Employment contract	nil	nil	nil
Value of other long-term remuneration plans	Term of office Employment contract	nil	nil	nil
TOTAL		**957,997**	**1,007,801**	**737,267**

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

Jean Guillaume DESPATURE, Chairman of the Management Board	Gross, €	2020 Allocated for the financial year	2020 Paid during the financial year	2019 Allocated for the financial year	2019 Paid during the financial year	2018 Allocated for the financial year	2018 Paid during the financial year
Basic fixed remuneration (BFR)	Term of office	477,000	477,000	459,000	459,000	450,000	450,000
	Employment contract	159,000	159,000	153,000	153,000	150,000	150,000
Fixed remuneration - Pension Equivalent Premium	Term of office	88,784	88,784	83,316	83,316	79,880	79,880
	Employment contract	29,595	29,595	27,770	27,770	26,627	26,627
Annual variable remuneration* **	Term of office	448,500	454,500	454,500	363,000	363,000	247,500
	Employment contract	149,500	151,500	151,500	121,000	121,000	82,500
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	3,976	3,976	3,824	3,824	3,685	3,685
TOTAL		**1,356,355**	**1,364,355**	**1,332,910**	**1,210,910**	**1,194,192**	**1,040,192**
** Relative proportion of variable remuneration to fixed remuneration:*							
Term of office		*94.0%*	–	*99.0%*	–	*80.7%*	–
Employment contract		*94.0%*	–	*99.0%*	–	*80.7%*	–

*** 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 and subsequent of the 2019 Annual Financial Report.

The target bonus is 70% 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 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 up to €484,000, i.e. 80.7% of the annual basic fixed remuneration.

For the 2019 financial year, the ROC 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 84% 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 up 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.

For the 2020 financial year, the ROC and ROCE quantitative criteria were 120%, the growth multiplier was 1.5, resulting in a quantitative bonus rate of 180%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 84% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 10% 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. (€636,000 x 70% x 120%) + (€636,000 x 10%) = €598,000, i.e. 94% of the annual basic fixed remuneration.

Pierre RIBEIRO, Member of the Management Board and Chief Financial Officer	Gross, €	2020 Allocated for the financial year	2020 Paid during the financial year	2019 Allocated for the financial year	2019 Paid during the financial year	2018 Allocated for the financial year	2018 Paid during the financial year
Basic fixed remuneration (BFR)	Term of office	76,560	76,560	76,560	76,560	75,000	75,000
	Employment contract	305,440	305,440	290,640	290,640	285,000	285,000
Fixed remuneration - Pension Equivalent Premium	Term of office	16,302	16,302	15,915	15,915	15,289	15,289
	Employment contract	65,036	65,036	60,410	60,410	58,098	58,098
Annual variable remuneration* **	Term of office	53,700	55,300	55,300	45,500	45,500	31,000
	Employment contract	214,300	220,700	220,700	172,500	172,500	142,000
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	67,628	55,229	55,229	54,151	54,150	53,463
Benefits in kind	Term of office	–	–	–	–	–	–
	Employment contract	7,787	7,787	7,699	7,699	6,730	6,730
TOTAL		**806,752**	**802,354**	**782,453**	**748,375**	**737,267**	**666,580**

** Relative proportion of variable remuneration to fixed remuneration:*						
Term of office	*70.1%*	–	*72.2%*	–	*60.7%*	–
Employment contract	*70.2%*	–	*75.9%*	–	*60.5%*	–

*** 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 57 and subsequent of the 2019 Annual Financial Report.

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 up to €218,000, i.e. 60.6% of the annual basic fixed remuneration.

The exceptional remuneration paid in 2019 was allocated in respect of the 2018 financial year as a result of the particularly important work accomplished over the course of that year in relation to the structuring of subsidiaries and shareholdings.

For the 2019 financial year, the ROC 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 60% 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 up 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.

For the 2020 financial year, the ROC and ROCE quantitative criteria were 120%, the growth multiplier was 1.5, resulting in a quantitative bonus rate of 180%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 60% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 10% 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. (€382,000 x 50% x 120%) + (€382,000 x 10%) = €268,000, i.e. 70% of the annual basic fixed remuneration.

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 by 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	– 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 labelled "Act for Green" in the year ended 31 December 2020
	2022 Free Performance Share Plan of 31 August 2020	1,800	€151,245	15/09/22	16/09/22	– sales growth for the year ended 31 December 2021 – change in current operating result for the year ended 31 December 2021 – development of technology solutions enabling a significant reduction in the Group's carbon footprint at 31 December 2021
Pierre Ribeiro	2021 Free Performance Share Plan of 20 May 2019	3,576	€225,348	30/06/21	01/07/21	– 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 labelled "Act for Green" in the year ended 31 December 2020
	2022 Free Performance Share Plan of 31 August 2020	1,800	€151,245	15/09/22	16/09/22	– sales growth for the year ended 31 December 2021 – change in current operating result for the year ended 31 December 2021 – development of technology solutions enabling a significant reduction in the Group's carbon footprint at 31 December 2021

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

	Main characteristics of the free share allocation plans					Information relating to the financial year just ended					
						At the start of the year	During the financial year		At year-end		
Name and title of the corporate officer	1 Plan n°	2 Vesting period	3 Allocation date	4 Vesting date	5 End of the retention period	6 Shares granted at the start of the year	7 Shares allocated	8 Shares vested	9 Shares subject to perfor-mance conditions	10 Shares allocated but not vested	11 Shares subject to retention period
Jean Guillaume Despature Chairman of the Management Board	Free Share Plan n° 3	2 years	16/06/17	01/07/19	end of term of office	7,320	–	–	–	5,564	439
	Free Perfor-mance Share Plan 2021	2 years	20/05/19	30/06/21	end of term of office	3,576	–	–	3,576	–	–
	Free Perfor-mance Share Plan 2022	2 years	31/08/20	15/09/22	end of term of office	–	1,800	–	1,800	–	–
						10,896	**1,800**	**–**	**5,376**	**5,564**	**439**
Pierre Ribeiro Member of the Management Board and Chief Financial Officer	Free Share Plan n° 3	2 years	16/06/17	01/07/19	end of term of office	7,320	–	–	–	5,564	439
	Free Perfor-mance Share Plan 2021	2 years	20/05/19	30/06/21	end of term of office	3,576	–	–	3,576	–	–
	Free Perfor-mance Share Plan 2022	2 years	31/08/20	15/09/22	end of term of office	–	1,800	–	1,800	–	–
						10,896	**1,800**	**–**	**5,376**	**5,564**	**439**

Table 5: 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	nil	
Pierre Ribeiro	nil	

* *Subject to the retention obligation mentioned in the remuneration policy (page 82).*

Benefits of executive corporate officers

Table 6: 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 the termination or change of terms of office		Compensation relating to a non-compete clause	
Executive corporate officers	**yes**	**no**	**yes**	**no**	**yes**	**no**	**yes**	**no**
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			✗		✗		✗

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.

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 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.

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). 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 7: Remuneration received by non-executive corporate officers

Members of the Supervisory Board	2020 financial year		2019 financial year		2018 financial year	
Gross, €	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
Michel ROLLIER						
Remuneration for the term of office as member of the Supervisory Board	15,000	15,000	3,600	3,600	5,400	5,400
Remuneration for the term of office as Chairman of the Supervisory Board	100,000	100,000	100,000	100,000	90,625	90,625
Paule CELLARD						
Remuneration for the term of office as member of the Supervisory Board	39,000	39,000	16,000	16,000	14,400	14,400
Victor DESPATURE						
Remuneration for the term of office as member of the Supervisory Board	62,000	62,000	19,600	19,600	17,800	17,800
Anthony STAHL						
Remuneration for the term of office as member of the Supervisory Board	33,000	33,000	–*	–*	–*	–*
Florence NOBLOT						
Remuneration for the term of office as member of the Supervisory Board	33,000	33,000	8,000	8,000	4,800	4,800
Sophie DESORMIÈRE						
Remuneration for the term of office as member of the Supervisory Board	33,000	33,000	8,000	8,000	8,000	8,000
Marie BAVAREL-DESPATURE						
Remuneration for the term of office as member of the Supervisory Board	33,000	33,000	8,000	8,000	8,000	8,000
Bertrand PARMENTIER						
Remuneration for the term of office as member of the Supervisory Board	25,750	25,750	–	–	–	–
Arthur WATIN-AUGOUARD						
Employee representative	–**	–**	–	–	–	–
TOTAL	**373,750**	**373,750**	**163,200**	**163,200**	**149,025**	**149,025**

* *Did not wish to receive remuneration in relation to his term of office.*

** *The salary amount due in respect of the employment contract is not disclosed for reasons of confidentiality.*

Tables 8: Fairness ratios

Pursuant to the provisions of sub-paragraph 6° of paragraph I of Article L. 22-10-9 of the Commercial Code, below we detail the ratios between the level of remuneration of each of the executive corporate officers and, firstly, the average remuneration on a full-time equivalent basis of the company's employees other than the corporate officers, and secondly, the median remuneration on a full-time equivalent basis of the company's employees other than the corporate officers. With these provisions limiting the comparison solely based on the scope of "employees of the company", ratios are calculated by comparing the remuneration of corporate officers with that of employees of Somfy SA, whose limited 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).

2020 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive corporate officer	–	1,515,600	953,599	115,000
Ratio to average employee salary	–	3.77	2.37	0.29
Ratio to median employee salary	–	3.84	2.42	0.29
Annual change in executive corporate officer's remuneration	–	5.5%	-2.1%	11.0%
Annual change in average salary of non-corporate officer employees	–	-4.5%	-4.5%	-4.5%
Average salary of non-corporate officer employees	402,368	–	–	–
Median salary of non-corporate officer employees	394,282	–	–	–
Annual change in company performance: consolidated net profit	30.5%	–	–	–
Annual change in company performance: consolidated current operating result	27.3%	–	–	–

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 non-corporate officer employees	–	4.1%	4.1%	4.1%
Average salary of non-corporate officer employees	421,268	–	–	–
Median salary of non-corporate officer employees	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 non-corporate officer employees	–	6.2%	6.2%	6.2%
Average salary of non-corporate officer employees	404,577	–	–	–
Median salary of non-corporate officer employees	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 non-corporate officer employees	–	18.4%	18.4%	18.4%
Average salary of non-corporate officer employees	380,906	–	–	–
Median salary of non-corporate officer employees	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 non-corporate officer employees	–	2.4%	2.4%	2.4%
Average salary of non-corporate officer employees	321,703	–	–	–
Median salary of non-corporate officer employees	371,594	–	–	–
Annual change in company performance: consolidated net profit	-13.0%	–	–	–
Annual change in company performance: consolidated current operating result	7.3%	–	–	–

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 (6TH TO 8TH RESOLUTIONS OF THE GENERAL MEETING OF 2 JUNE 2021)

The items of remuneration paid or allocated during the 2020 financial year and presented hereafter are submitted for your approval pursuant to Article 22-10-34 paragraph 2 of the Commercial Code.

RESOLUTION N°6: 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 2020 and paid in 2020**, comprising gross basic remuneration of €636,000 (including €477,000 gross for the term of office and €159,000 gross for the employment contract) and the Pension Equivalent Premium amounting to €118,379 gross (including €88,784 gross for the term of office and €29,595 gross for the employment contract), in accordance with the remuneration policy adopted at the General Meeting of 24 June 2020;
- **the variable remuneration allocated in respect of 2019 and paid in 2020**, as adopted at the General Meeting of 24 June 2020, amounting to €606,000 gross (including €454,500 gross for the term of office and €151,500 gross for the employment contract);
- **the variable remuneration allocated in respect of the 2020 financial year**, totalling €598,000 gross (including €448,500 for the term of office and €149,500 for the employment contract) **and to be paid in 2021** following the General Meeting and subject to its approval (see table 2 above detailing the procedure for determining the annual variable remuneration). 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 of the 2019 Annual Financial Report;
- **a benefit in kind** granted in 2020 and represented by the use of a company car with a book value of €3,976, in accordance with the 2020 remuneration policy adopted at the General Meeting of 24 June 2020;
- **the allocation free of charge of 1,800 performance shares** agreed by the Management Board on 31 August 2020 as part of the "2022 Performance Shares" plan, for the benefit of certain salaried employees of the company, certain of its corporate officers, as well as certain salaried employees of its subsidiaries (see table 3 above detailing the performance-based conditions related to this plan), in accordance with the remuneration policy adopted at the General Meeting of 22 May 2019, with a book value under IFRS 2 of €151,245.

It should also be noted that Jean Guillaume Despature benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

RESOLUTION N°7: 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 2020 and paid in 2020**, comprising gross basic remuneration of €382,000 (including €76,560 gross for the term of office and €305,440 gross for the employment contract) and the Pension Equivalent Premium amounting to €81,338 gross (including €16,302 gross for the term of office and €65,036 gross for the employment contract), in accordance with the remuneration policy adopted at the General Meeting of 24 June 2020;
- **the variable remuneration allocated in respect of 2019 and paid in 2020**, as adopted at the General Meeting of 24 June 2020, amounting to €276,000 gross (including €55,300 gross for the term of office and €220,700 gross for the employment contract);
- **the variable remuneration allocated in respect of the 2020 financial year**, totalling €268,000 gross (including €53,700 for the term of office and €214,300 for the employment contract), **and to be paid in 2021** following the General Meeting and subject to its approval (see table 2 above detailing the procedure for determining the annual variable remuneration). 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 of the 2019 Annual Financial Report;
- **a benefit in kind** granted in 2020 and represented by the use of a company car with a book value of €7,787, in accordance with the 2020 remuneration policy adopted at the General Meeting of 24 June 2020;
- **an employee savings plan related to the employment contract** (profit-sharing, incentive bonus, employer's contribution) amounting to €67,628 due in respect of the 2020 financial year and to be paid in 2021;
- **the allocation free of charge of 1,800 performance shares** agreed by the Management Board on 31 August 2020 as part of the "2022 Performance Shares" plan, for the benefit of certain salaried employees of the company, certain of its corporate officers, as well as certain salaried employees of its subsidiaries (see table 3 above detailing the performance-based conditions related to this plan), in accordance with the remuneration policy adopted at the General Meeting of 22 May 2019, with a book value under IFRS 2 of €151,245.

It should also be noted that Pierre Ribeiro benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

RESOLUTION N°8:
MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD – AMOUNTS PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED

Remuneration for the 2020 financial year consists of remuneration of €100,000 gross paid in respect of his role as Chairman of the Supervisory Board and remuneration of €15,000 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 each 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 to them 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 and share transfers 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 amendments to the bylaws 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 "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 FINANCIAL YEAR

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. 22-10-20 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 2020, 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. 22-10-20.

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

Group sales were €1,257.1 million for the financial year just ended, an increase of 4.7% compared with the previous financial year (up 6.1% on a like-for-like basis). They fell 7.5% over the first six months (down 7.2% on a like-for-like basis), due to the health crisis stemming from the Covid-19 pandemic, and recorded an upturn of 17.6% in the second half-year (up 20.1% on a like-for-like basis).

Several regions ended the financial year on a clear positive trend, as was the case for Eastern Europe and Central Europe, which again performed very strongly, as well as Northern Europe and North America, which both performed well.

The other territories were more adversely affected by the crisis, due in particular to the unavoidable operational disruption and interruption caused by the lockdown measures in the spring, but showed good resilience over the year as a whole. This was the case for France and the Africa & the Middle East region, as well as for Southern Europe and Latin America.

All regions recovered over the second six months and several of them succeeded in offsetting a large proportion of the fall recorded between March and May. Their recovery is all the more encouraging given that it is not based on a period of several weeks, meaning it was merely a question of catching up, but on the entire third and fourth quarters. It also provides evidence of a base trend that was confirmed – even accentuated – by recent events, as a result of the increasingly important role played by the home in everyone's lives, notably due to the increase in remote working and the development of online services.

Sales for the equity-accounted Chinese subsidiary Dooya totalled €201.1 million over the financial year, an increase of 7.3% in real terms and 9.2% on a like-for-like basis. They fell in China, a country severely impacted by the pandemic early in the year, but grew strongly in the rest of the World.

Current operating result stood at €260.7 million for the financial year just ended, up 27.3% (up 31.3% on a like-for-like basis), and thus represented 20.7% of sales, compared with 17.1% the previous year.

The combined effect of the recovery in sales recorded in the second half-year, a favourable mix of products, and cost savings stemming from the measures taken within the context of the health crisis is behind this growth, which is partially non-structural given the exceptional and provisional nature of these measures (reduction in consulting, marketing and travel budgets).

The impact of the pandemic was particularly pronounced over the first half of the year with, on the one hand, a substantial loss in income due to the loss in revenues, and on the other, significant production and supply chain disruption due to the temporary shutdown of several manufacturing sites and disorganisation of certain sources of supply.

Conversely, the protective measures have had a moderate impact on the financial statements, even though the safety of employees and compliance with guidelines from the administrative authorities, as well as the safeguarding of jobs, have been the priorities. The impact of external support also proved to be marginal since the decision was taken to make minimal use of it and only in certain countries.

Consolidated net profit totalled €213.0 million, an increase of 30.5%. It takes into account a positive contribution of €10.9 million from associates, thanks to the improvement recorded at Dooya, and €52.5 million in income tax.

The return on capital employed (ROCE) stood at 29.6%, compared with 22.2% the previous year, testament to the quality of these results.

Shareholders' equity grew from €1,012.8 to €1,171.0 million over the financial year just ended, and the net financial surplus increased from €310.5 to €517.7 million.

The growth in net financial surplus was due to the increase in cash flow, the decline in working capital requirements and the relative stability of other cash flow items.

The Management Board will propose the payment of a dividend of €1.85 per share at the next Annual General Meeting, corresponding to a pay-out ratio of 32%, in line with pre-crisis ratios.

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

Moreover, this year you will be asked to vote on the following points:

- the approval of the information referred to in paragraph I of Article L.22-10-9 of the Commercial Code;
- the approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Jean Guillaume DESPATURE, Chairman of the Management Board;
- the approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during 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 comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Michel ROLLIER, Chairman 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 authorisation of a new treasury share buyback programme;
- the authorisation to allocate share purchase options to salaried employees and/or certain corporate officers of the company or related companies.

You will also be asked to decide to change the company's administration and management form by adopting the Board of Directors form and, subject to the approval of this resolution:

- to approve the new wording of the bylaws;
- to transfer to the Board of Directors the authorisations granted to the Management Board by the General Meeting;
- to appoint to the role of Director:
  - Jean Guillaume Despature,
  - Florence Noblot,
  - Michel Rollier,
  - Sophie Desormière,
  - Anthony Stahl,
  - Paule Cellard,
  - Bertrand Parmentier,
  - Marie Bavarel-Despature;
- to set at €700,000 the total annual fixed amount to be allocated to Directors;
- to approve the remuneration policies for the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officer and the Directors.

Certain draft resolutions will be submitted to the vote and postal votes cast in relation to these resolutions will be counted only in the event of rejection of the 11th resolution on the change in mode of administration and management of the company, namely:

- the renewal of the terms of office of three members of the Supervisory Board;
- the non-replacement and non-renewal of a member of the Supervisory Board;
- the approval of the remuneration policy for members of the Supervisory Board.

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 2020 financial year. Therefore, we ask you to adopt the proposed resolutions, it being specified that as set out above the 29th to 33rd resolutions will not be put to the vote and postal votes cast in relation to these resolutions will not be counted in the event the 11th resolution is approved as they would become devoid of purpose.

Moreover, the Board would like to stress that, despite the pandemic, 2020 was a further year of development and consolidation of the business with growth in current operating profitability. The new organisation in place has thus demonstrated its strength and agility, and thanks to the strong dedication of all the teams, it has enabled to deal with the disruption caused by the pandemic and to reduce its impact, both on employees and on the Group's operations, while simultaneously continuing to implement the Group's ambitious 2030 strategy.

The Supervisory Board