

ENVIRON- MENTAL POLICY

LIVING
better

SOMFY 

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A BETTER WAY TO CARE - PLANET

Created at the foot of the Alps, SOMFY has been sensitive to environmental issues for several years. Environmental Performance is a strategic axis for SOMFY, fully integrated into its "2030 Ambition" program.

After analyzing its impact on the planet—particularly through a Bilan Carbone®, or carbon footprint—SOMFY wished to prioritize its actions in the fight against climate change. SOMFY's direct activities have an impact on greenhouse gas emissions, and it became clear to its leaders that this was the first factor on which the company needed to take action.

SOMFY has decided to set targets for reducing its greenhouse gas emissions by 2030. This has resulted in a commitment to SBTi (Science Based Target Initiative) across the entire value chain, and the creation of a roadmap to 2030.

The first pillar of the carbon policy is to minimize the CO2 emissions of the company and its products.

At the same time, SOMFY is developing automated solar protection solutions that take advantage of the sun's energy input to optimize building energy efficiency and reduce its customers' CO2 emissions. This is concretely reflected by reductions in energy consumption related to heating in winter and by reducing the use of air conditioning systems in summer.

The second pillar of SOMFY's carbon policy seeks to maximize these energy savings through the development of dedicated automation systems.

The third pillar of this CO2 policy is the contribution to carbon sinks through reforestation projects.

The latter subject is currently under study, as priority has been given to reducing the carbon footprint. While waiting for a complete roadmap, SOMFY has set rules to invest occasionally in carbon credits linked to reforestation and natural regeneration.

SOMFY therefore intends to do its part in the fight against global warming, while not forgetting other environmental challenges such as biodiversity and the scarcity of resources, for which actions are carried out on its sites to contribute locally to a better environment.

I. A CARBON-CENTRIC APPROACH

A Bilan Carbone® assessment mapped the Group's environmental impact, and showed that the main area for action is climate change. SOMFY has decided to set targets for reducing its carbon footprint by 2030, and to help limit greenhouse gas emissions from buildings by promoting solutions that maximize the use of solar heat gain for thermal regulation.

The Bilan Carbone® was carried out for the entire Group on scopes 1, 2, and 3.

This shows that 93% of GHG emissions are linked to the manufacture and use of SOMFY products (indirect Scope 3 emissions) and 7% to the activity of Group sites (Scope 1, 2, and 3 emissions).

SOMFY's policy is based on a shared NZI reference framework (Carbone 4's Net Zero Initiative, see <https://www.carbone4.com/projet-nzi>).

The 3 pillars of climate policy are as follows and will be detailed below:

- Minimize CO2 emissions: Includes all CO2 emissions related to SOMFY Group operations and product use
- Maximize avoided emissions: CO2 emissions saved by customers using SOMFY solutions
- Contribute to carbon sequestration: Investing in carbon sinks to increase carbon sequestration

CLIMATE FOCUS: THE THREE CARBON PILLARS

A. FIRST PILLAR: MINIMIZING CO2 EMISSIONS

- **Focus Efforts on Carbon to Reduce the Group's Impact**

SBTI objectives:

The objectives for reducing greenhouse gas emissions by 2030 are as follows:

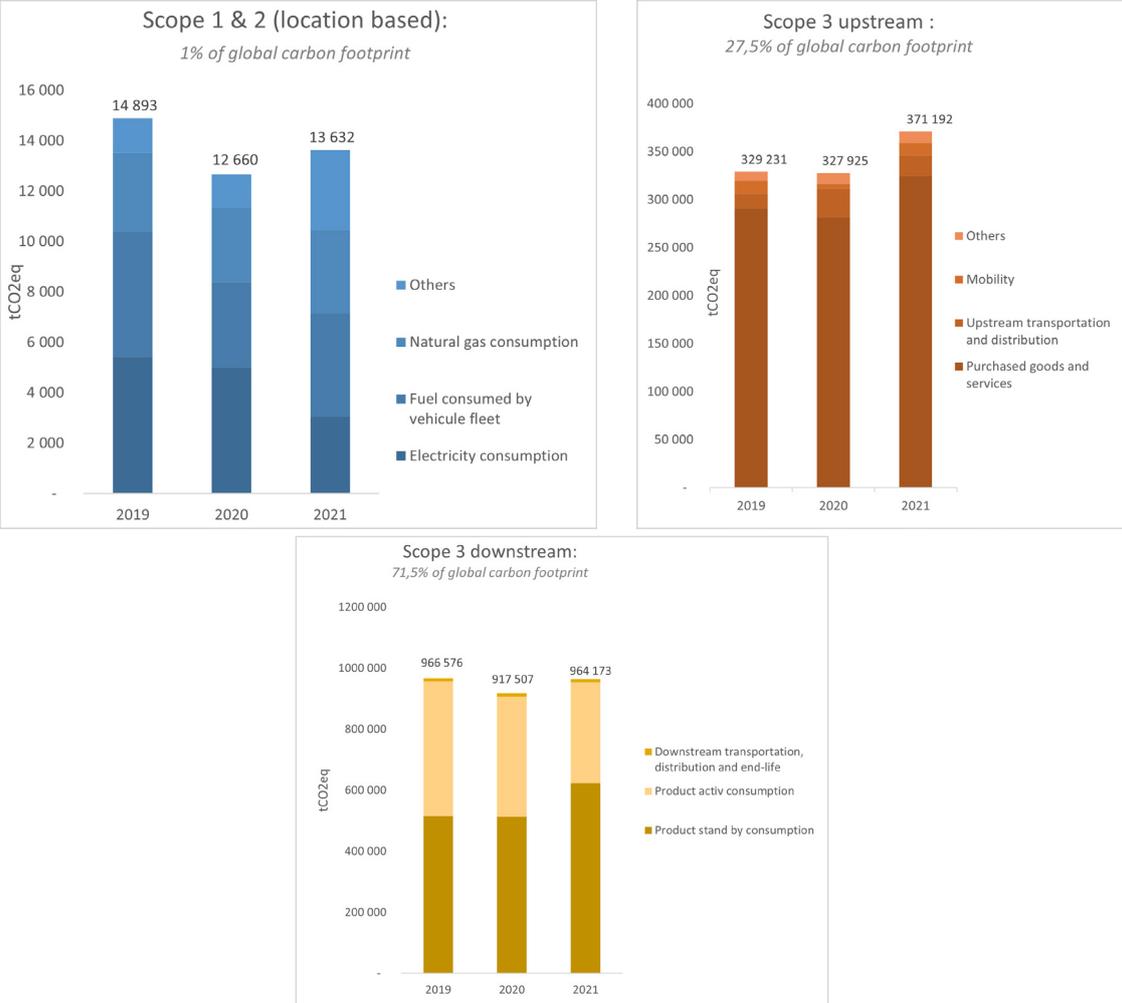
- 50% reduction in greenhouse gas emissions from scopes 1 and 2 in absolute terms compared to 2019 levels (market-based calculation).
- 50% reduction in greenhouse gas emissions from scope 3 in intensity (related to the number of actuators sold).

These targets have been submitted to and validated by the Science Based Target initiative (<https://sciencebasedtargets.org/>). They are in line, for scopes 1 and 2, with a global warming trajectory of 1.5°C by 2100 according to the commitments made in the 2015 Paris Agreement.

To achieve these goals and promote low-carbon solutions, an action roadmap has been defined and is a strategic priority monitored by the Executive Committee and driven by the Environmental Performance Department. As proof of the importance given to this subject, these objectives are included in the variable portion of the top management's remuneration and integrated into the financing conditions of its line of credit.

1. Measure

Below are the main findings of the Bilan Carbone® assessments from 2019 to 2021. The breakdown of CO2 emissions by source is the starting point to prioritize the Group's reduction actions.



Carbon footprint 2019-2020-2021 (location based)

The increase in SOMFY's 2021 Bilan Carbone® should be nuanced by the strong volume growth of about 20% over the same period.

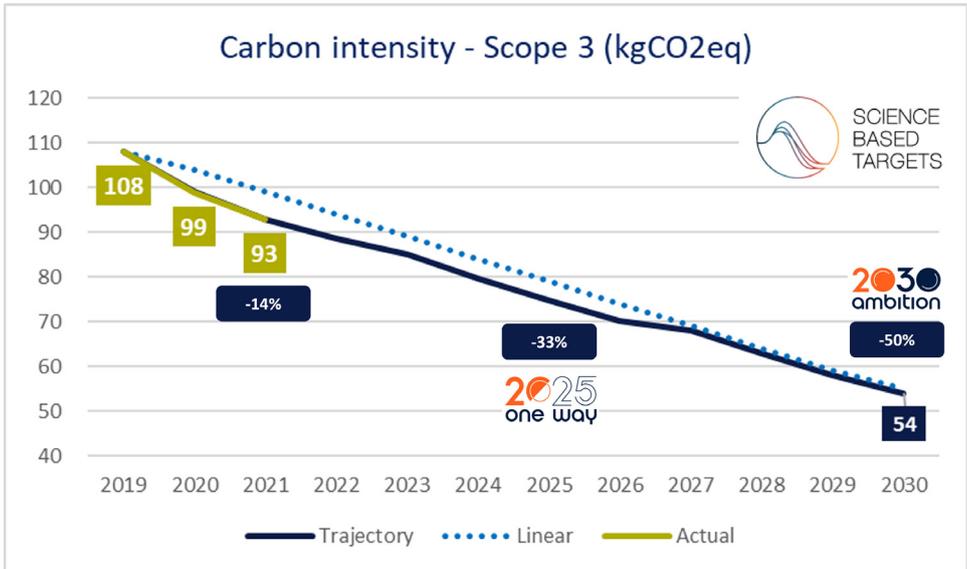
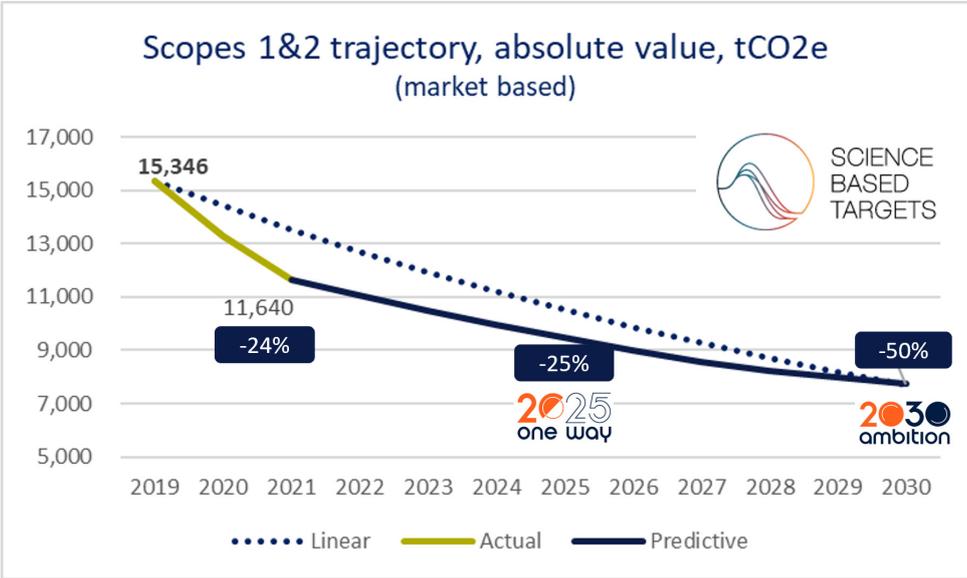
More than 90% of greenhouse gas emissions are related to the manufacturing and use of SOMFY products (indirect scope 3 emissions) and the rest to the activity of the Group's sites (Scope 1, 2, and 3 emissions).

2. Monitor the Carbon Trajectory

Two types of indicators are monitored:

- Absolute value of scopes 1&2 CO2 emissions
- Scope 3 carbon intensity: i.e. the value of Scope 3 CO2 emissions in relation to the number of motors sold.

Assessment in 2022:



The following paragraphs present the most significant actions undertaken by SOMFY.

- **Products: Offer More Sustainable Products**

SOMFY's Bilan Carbone® is very clear: The vast majority of the company's greenhouse gas emissions come from products that are electrical and electronic equipment. That's why SOMFY embarked on an eco-design approach in 2015, called ACT FOR GREEN, to reduce environmental impacts comprehensively and quantitatively.

SOMFY is thus committed to two strong objectives to accelerate the reduction of the carbon footprint of its products by 2030:

- Reduce average motor power consumption by 40%
- Achieve 100% ACT FOR GREEN products, i.e. products that have been eco-designed and meet criteria that are more stringent than regulations.

To meet the first objective, projects to design new electronic boards integrating more energy-efficient components, as well as original architectures, have been launched and will be gradually integrated into products.

To meet the second, SOMFY has made the ACT FOR GREEN approach mandatory for all new projects since the beginning of 2022. Products bearing the ACT FOR GREEN label meet more stringent environmental requirements than current regulations, while incorporating the principles of the circular economy.

All Act For Green products have an ISO 14040 PEP Ecopassport® environmental product declaration, all of which can be consulted on the association's website: (<https://register.pep-ecopassport.org/pep/consult>)

These two objectives require a transformation of all professions so that eco-design becomes part of SOMFY's DNA across all processes: CO2 objectives for every new major project, adding carbon weight in the supplier database, adding an environmental criterion in the choice of suppliers, reliability and automation of the CO2 field in the nomenclatures, roll-out of an eco-design guide to all design professions, increase in the use of recycled material, etc.

- **Activities**

SOMFY's Bilan Carbone® reveals a significant imbalance due to the high impact of its products. As mentioned previously, substantial efforts are underway to mitigate this impact.

Nevertheless, 7% of SOMFY's carbon impact is linked to the company's activities, including inbound and outbound logistics, site energy consumption, employee mobility (commuting and business travel), and the purchase of non-production goods and services.

The company leadership believes that all functions must contribute to reducing the

carbon footprint, emphasizing the importance of energy conservation and reducing the company's direct impact, in addition to minimizing the impact of its products.

1. Accelerating the Transition to Greener Sites

Site energy costs are handled in two ways:

- The first is to be frugal by reducing energy consumption. This starts with buildings and production tools, for which possible improvements are evaluated and implemented. Efforts to reduce heating and cooling during extreme weather conditions are part of this, such as SOMFY's commitment under France's governmental sobriety plan in 2022 to reduce energy consumption by 10% by 2024 compared to 2019. Electricity management systems are gradually being installed at production sites to help identify potential savings, and action is being taken at the heart of production systems to reduce their energy consumption. For example, fluorescent lighting is being replaced by LED devices on production equipment, outdoor lighting is being reduced, and some production facilities are shut down at night. Through these actions, over 2,500 tons of CO₂e have been saved since early 2021.
- The second is to take out renewable electricity contracts for all Group sites. 55% of the electricity used on its industrial sites is renewable, and the objective is to reach 100% by 2030. In 2022, 75% of the Group's industrial sites had green electricity contracts. At the same time, SOMFY is looking into the possibility of installing renewable energy sources with autoconsumption solutions, in order to ensure a sustainable energy supply.

All new production sites built in the future will follow LEED Gold or BREEAM Excellence principles, to guarantee energy-efficient construction. From the outset, energy contracts for these sites will be based on renewable energies.

2. Digital

In the energy field, the company is particularly vigilant about the impact of its IT systems. Globally, a significant increase in the impact of digital technology is expected. To avoid following this trend and to keep digital-related emissions as low as they are today (less than one percent of total emissions), the My ITfootprint tool has been installed to measure the Group's IT equipment and servers CO₂ emissions in order to take reduction actions to measure and detail their environmental impacts and take limiting measures. This assessment highlighted the significance of hardware, leading to a decision to renew IT equipment less frequently (4 years for a laptop instead of 3 previously, and no change of mobile phone as long as it is operational).

3. Mobility

Employee mobility is also a lever for reducing the company's carbon footprint, accounting for 16% of the CO₂ emissions generated by the Group's activities.

This includes employee employee commuting, as well as business travel.

Employees are thus made aware of the impact of their travel: Every year, a week dedicated to soft mobility is organized during the internal sustainable development week, aimed at introducing alternative modes of transportation to the individual car (train, bicycle, carpooling) by allowing employees to experiment with these modes of transport for several days to materialize individual impacts. The survey conducted on this occasion shows an increase in the use of carpooling and cycling to work.

In 2022, the French subsidiary of the group tested "eco-safe driving" through the implementation of an application on thirty vehicles. A box connected to the vehicle provides users with personalized advice and fun challenges to improve their driving. The results of this experiment are promising, with a reduction in fuel consumption and accidents at the wheel. It should therefore be extended to the Group's entire vehicle fleet.

The travel policy encourages employees to hold virtual meetings using modern communication tools. As a result, customer visits are less systematic, while still enabling frequent contact with customers. Train travel should be prioritized whenever possible as an alternative to air travel (e.g. Cluses - Paris), and long-haul flights should be accompanied by a minimum stay of three days to concentrate meetings and avoid unnecessary round-trips. Insofar as these trips to China or the USA are inevitable, it has been decided to contribute to SAF fuel investments based on frying oil refining.

The company's vehicle fleet is gradually becoming electrified. Electric or hybrid vehicles are preferred when they correspond to the use of the beneficiaries. A choice criteria grid has been established to determine the most appropriate type of vehicle.

4. Transportation

Transportation accounts for about a quarter of SOMFY's Bilan Carbone® from its activities. A new logistical flow organization is being developed, which should reduce the carbon impact of each product.

To reduce the logistics impact, the Group has drafted a short, medium, and long-term decarbonization plan for transport, which includes, among other things:

- Requiring all partners to meet a minimum EURO 5 criterion for road transport.
- Preferring the least polluting mode of transport (or favoring multimodal transport).
- Optimizing truck load rates when SOMFY is responsible for transportation.

At the same time, SOMFY is raising team awareness of best practices through communication campaigns, training, and change management.

Local initiatives are being taken to optimize flows. For example, a pilot project was carried out at the Tunisia plant to introduce returnable packaging between certain suppliers and the production plant. Similarly, large customers are invited to sign an

agreement to limit the number of product leaflets they send out, along with the number of finished product bins they send out (20, 50, or 100).

In the longer term, SOMFY plans to integrate transport data into its ERP (enterprise resource planning) system, to improve monitoring and enhance the action plan.

5. Purchase of Services

Purchases of services such as marketing, consulting and maintenance account for a smaller proportion of SOMFY's business than production purchases (components used in product manufacture). That's why the group is committed to demanding the most virtuous services possible. For example, SOMFY prefers to select hotels or consulting firms committed to an environmental approach.

6. Production Purchases

With a 20% share of the overall carbon footprint, direct purchasing is an important lever for action.

In addition to the sustainable purchasing policy, an environmental criterion has been included in the selection of suppliers in 2022. SOMFY has also set up a tool to measure the carbon footprint of its supplies. Tangible results will be measured in the short term.

The aim of this tool is to measure the carbon footprint of all direct purchases, and to monitor the actions taken by suppliers to reduce their carbon impact.

At the same time, environmental selection criteria are included in the specifications used to choose suppliers.

7. Awareness, Training, and Employee Commitment to the Environment

SOMFY believes it's crucial to raise environmental awareness among its employees and encourage everyone to act at their level.

Over 500 employees have participated in a Climate Fresk workshop:

(<https://climatefresk.org/>), a format now widely used in our training catalogs and seminar activities.

Since 2009, a network of employees serves as daily liaisons for local eco-actions. They convey ideas to the Environmental Performance Department and implement improvements or new eco-actions. Since 2022, this network has been professionalized so these employees can act and support the Group's Environmental Policy closer to operational entities.

Numerous Group-wide events are also held throughout the year to raise employee awareness:

- Cyber Clean Up Day with a collection of computer equipment and an incentive for digital cleaning.

- The Mobility Challenge, which encourages employees to try out a less carbon-intensive mode of transport for their commute, with a wide range of events.
- Sustainable Development Week, featuring conferences and booths, highlights our commitments and environmental progress.

Other local events are regularly organized at Group sites, and more targeted communications can also be used, such as during the Sobriety Plan.

A Guide to Eco-gestures is available to share the best practices already implemented throughout the Group, and to instill a sense of responsibility in everyone on a daily basis.

Finally, expanding the scope of the Foundation's missions to include the environment from 2023 allows employees to assist associations for three days per year during their workdays. These first solidarity days dedicated to the environment will start in France with associations such as France Nature Environment and the Bird Protection League.

B. SECOND PILLAR: MAXIMIZE AVOIDED EMISSIONS

- **Offering Solutions for Energy Efficiency**

Solar radiation on a window pane is equivalent to a 500 W heater per square meter. Consequently, the use of solar protections allows for managing this energy input in buildings.

SOMFY develops and markets motorizations and automatic systems that make the most of the sun's energy contribution in winter and protect against it in summer. The impact for building occupants is twofold: Improved thermal comfort and energy savings.

SOMFY aims to manage this energy optimally, thanks to solutions with smart automation algorithms installed in consumer homes.

1. Measuring the Impact of These Solutions:

Thermal studies, validated by Carbone 4, have estimated the carbon impact of SOMFY's solutions. The table below shows the results of motorizations and automations of rolling shutters installed in residential buildings in six European countries.

Country	Products embedded emissions (kt CO2e)	Reduced emissions at the customer premises (kt CO2e)	Avoided emissions (kt CO2e)	Avoided emissions/embedded emissions ratio
Country France	41	161	120	2,9
Germany	93	186	93	1,0
Belgium	7	49	42	6,0
Poland	30	65	34	1,1
Spain	5	13	9	1,9
Italy	6	10	4	0,7
TOTAL	182	484	302	1,7

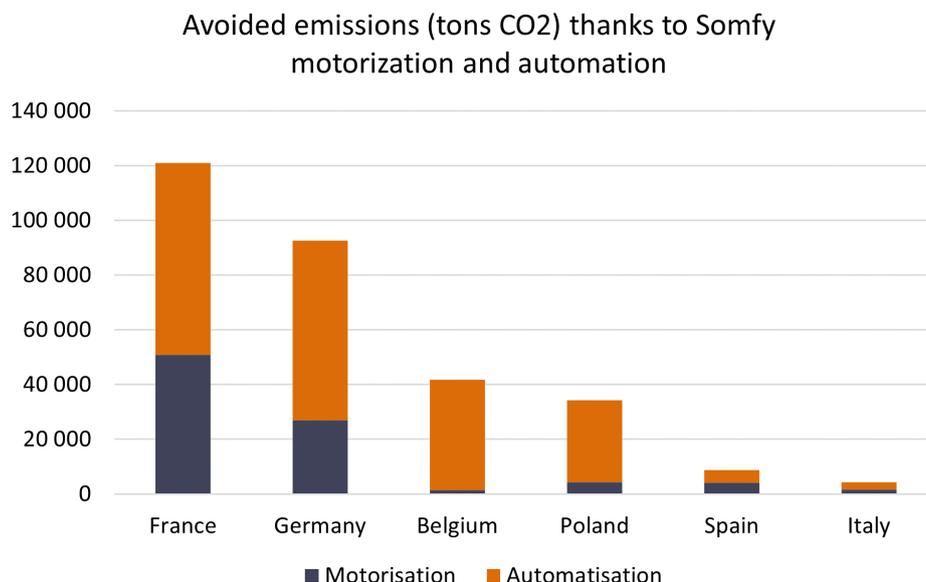
CO2 avoided emissions by country in the European residential market

The main conclusions are as follows:

SOMFY solutions have a positive impact, averting on average 1.7 times their carbon weight in user clients.

Variations between countries are significant, linked to each country's energy mix and the rate of automation of the solutions.

The avoided emissions generated by automated solutions are three times higher than those generated by motorized solutions in the studied scope.



Proportion of CO2 emissions avoided between motorization and automation

2. Making the Study Results Available

Configurators that take into account the geographic location of buildings and the type of housing will be launched online in 2023, enabling everyone to evaluate potential

energy savings in their specific situation.

A white paper defining the calculation methodology is also available.

C. THIRD PILLAR: INCREASE CARBON SEQUESTRATION

SOMFY is aware of the deforestation issue and recognizes the need to contribute to the reconstitution of plant carbon sinks. These carbon sinks help absorb CO₂ from the air and are beneficial to biodiversity.

SOMFY, therefore, intends to engage in reforestation efforts near its production sites and around the world through projects aimed at sustainable reforestation that respect local populations.

Initial projects have been launched through the SOMFY Foundation, which has financed the reconstitution of part of the Magland forest (near the Arve Valley sites in France). A partnership with ReforestAction company has also allowed to obtain carbon credits for certified nature-based projects (<https://www.reforestaction.com/en>).

This type of one-off action is intended to be repeated, particularly in conjunction with events that generate a lot of travel, to raise awareness among seminar participants of the need to limit their own impact and contribute to the replenishment of carbon sinks.

SOMFY intends to complement this initial approach with a more comprehensive study to help reconstitute carbon sinks in proportion to the Group's greenhouse gas emissions.

II. ACTING WITH AND FOR THE PLANET BEYOND CARBON

Although carbon is a major global concern, it is not the only phenomenon to be monitored and preserved. Biodiversity, mineral resources, and water are all sectors where human activity is having a negative impact, leading to worrying imbalances.

SOMFY therefore intends to develop an environmental policy that strives to limit its impact on these factors too.

A. WASTE MANAGEMENT / CIRCULAR ECONOMY

SOMFY participates in the collection of end-of-life products through its contribution to eco-organizations (Ecosytems, Corepile, etc.) and promotes this channel with its customers to optimize the collection of used products.

As mentioned above, SOMFY promotes eco-design by favoring the most frugal possible designs and the use of recycled materials.

At the operational level, SOMFY is modernizing its facilities to reduce energy consumption and reusing functional components from finished products that are not accepted for sale. Additionally, waste is sorted, and 92% was recycled in 2022, up from 89% in 2021.

The waste recovery rate increased due to actions taken in 2022, including changing service providers and better waste sorting. These efforts are complemented by the introduction of returnable bins to replace cardboard packaging in supplier flows, which should yield results in 2023.

The Group also focus on product durability. For instance, commercial warranty periods have been extended to seven years for products like the S&SO RS100 or the RS100 solar.

Finally, a number of products returned for service will be reprocessed to re-enter the distribution chain and sold as refurbished products.

B. BIODIVERSITY

The Group's industrial sites assemble metal and plastic parts to produce finished products. These assemblies use processes such as insertion, screwing, and clipping. These operations do not use water, effluents, or products likely to cause discharges into the air, soil, or collection networks.

The impact of the sites on biodiversity is therefore relatively limited. However, the

Group is attentive to this issue and is developing actions to protect it.

For several years now, a number of specific practices have been put in place:

- Green space management: Reasoned mowing, ecological diagnostics of flora, planting of flowered fallows and native species.
- Beekeeping initiatives: Since 2020, 12 beehives have been installed on our French sites in the Vallée de l'Arve, reintroducing the local endemic species, the Black Bee of Savoie.
- Lighting management: Outdoor lights are turned off when not in use to avoid disturbing wildlife.

Regarding products, the roll-out of eco-design with a Carbon reduction goal indirectly helps to improve the impact on biodiversity. Several projects are underway to better identify and increase the incorporation of recycled materials, thus reducing reliance on non-renewable fossil resources.

In terms of packaging, the ACT FOR GREEN criterion requiring instructions to be printed on 100% recycled paper and cardboard to be at least 50% recycled has allowed for the widespread dissemination of these practices, thereby reducing the use of renewable resources.

As this subject needs to be further structured, a complete inventory and strategy will be launched to complete our Carbon Policy and be as comprehensive as possible in our environmental responsibility.

C. WATER

As explained in the previous paragraph, SOMFY's activities have no direct impact on water resources.

Water consumption in these operations is solely for domestic use (toilets, showers). This explains the relatively low volumes consumed and reprocessed.

SOMFY is committed to reducing its water consumption, for example by installing infrared taps on its sites.

In the rest of the value chain, water consumption is accounted for in the product's environmental declaration following the ISO 14040 PEP Ecopassport® format, accessible on the association's website (<https://register.pep-ecopassport.org/pep/consult>).

These indirect water consumptions generated by product manufacturing across the value chain are measured through life cycle analysis. In this process, 27 environmental impact parameters are expressed, including those related to water.

The company's policy of reducing greenhouse gas emissions has an impact on reducing

the water consumption associated with its products. For example, reducing electricity consumption also lowers the water consumption directly linked to the production of that electricity. Similarly, the eco-design of product mechanical structures aims to reduce water consumption.

The quantification of water volumes used in the value chain will be estimated using LCA results, and evolutions will be monitored using the same methodology.

D. LOCAL POLLUTION AND NEGATIVE EXTERNALITIES

The Group's industrial sites assemble metal and plastic parts to produce finished products. These assemblies use processes such as insertion, screwing, and clipping. As mentioned previously, these operations do not use water, effluents, or products likely to cause discharges into the air, soil, or collection networks.

Locally, SOMFY contributes to industrial associations like GREEN, Idée, or Solucir to promote local synergies and exchange good practices. Through these networks, SOMFY implemented "the milkman's tour" at the end of 2022. This shuttle makes a loop in the Vallée de l'Arve to serve the valley's sites, suppliers, and storage area. It avoids the use of vehicles by suppliers (4,400 km per year) and operates on BioGas, thus reducing the Group's CO2 emissions, fine particles, and nitrogen dioxide.

E. ANALYZING RISK RESILIENCE

The Group has set up a climate risk analysis for its largest production sites.

The three-step approach involves:

- Identifying climatic hazards that could significantly impact the Group's operations, considering historical data and the IPCC's RCP 2.6 and 8.5 scenarios, respectively for 2030, 2035, and 2050.
- Establishing a vulnerability profile for each production site based on the sensitivity of processes to climatic hazards in the geographic area and existing adaptation capacities. The vulnerability profile considers the highest risk according to the aforementioned IPCC scenarios.
- Defining an adaptation plan for each of the highest risks, included in the business continuity plans of the sites.

In 2022, this analysis showed a **relatively low residual risk level**.

This analysis aims to be rolled out step by step: first extended to smaller industrial sites,

then applied to logistics platforms, distribution subsidiaries, and eventually the entire value chain.

In summary, key figures of the environmental roadmap:

Indicators	Reference	2022	2030 Objective
Carbon footprint of scopes 1&2 (market based/ STBI)	15 kT CO2e	12	-50% vs. 2019
Renewable electricity rate	40%	55%	100%
Carbon intensity of scope 3 (SBTI)	108 kg CO2e/ motor	93	-50% vs. 2019
Somfy products sold with Act For Green label	61,5%	65,9%	100%

The 2022 carbon footprint figures are based on the 2021 fiscal year.