Sagemcom
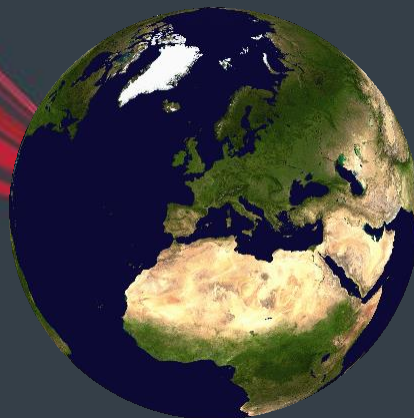
Sustainable Development

Annual communication on progress

Version 3   12/09/2014
Document Reference 30 000 634 C

summary

FOREWORDS

Our customers are at the heart of our concerns. To meet their expectations, Creativity and Agility are key principles for our teams, for better performance. These are the values of Sagemcom.

But that does not make sense if we are not involved in the evolution of the world around us. Ensuring respect for people and their safety, the compliance with regulations and codes of conduct, whether for our employees or our suppliers, is our responsibility, as is the development of products that have less impact on our environment.

As a signatory of the Global Compact since January 2011, we are committed to its principles and for the past three years, we published communications of progress.

Sagemcom works in compliance with the ILO code of conduct, and ensures the commitment of its suppliers by their signing of the Sagemcom ethical charter and third party audits. The safety and the health of our workers are at the centre of our considerations as demonstrated by our health & safety policy applied in accordance with international standard OHSAS 18001.

Also aware of the environmental impact of its activities, Sagemcom has been engaged for almost ten years in a process of consideration of the environment to meet the regulatory requirements, fulfill its responsibilities as a producer, and being proactive regarding the environmental impacts of its activities.
Beyond respecting regulations, Production, R&D and marketing centres mitigate their environmental impact through an ISO 14001 Management System. Significant environmental aspects are strictly controlled & reduced, as much as possible. But managing our centres is not enough. By applying the principles of Ecodesign, we strive to always reduce the impact of our products on the environment, with the engine of innovation. Finally, we are engaged in the recycling of all waste from our products and activities.

All of these actions, presented in this document, reflect the commitment of Sagemcom to Sustainable Development and result in significant savings, marketing differentiation and better confidence of our customers.

These commitments, this responsibility are a foundation which will enable us to develop in a sustainable manner, accompanying the improvement and modernization of society as a whole.

Patrick SEVIAN
Président

1. – sagemcom

1.1.   About us

Sagemcom is a leading European group on the high added-value communicating terminals market (set top boxes, internet boxes, electricity meters, etc.) that is based in France. Group turnover totals €1.2 billion, the headcount of 4,200 employees works in more than 40 countries, of which about 30% in France, and the group has been profitable since it was created. Sagemcom designs, manufactures and ships more than 22 million terminals worldwide every year.

The employees, 50% of whom are shareholders, hold a 30% stake in the Group and the remaining 70% is owned by Carlyle. The Group is headed by a stable management team, whose members have been present in the Group for more than 20 years and have been managing Sagemcom since it left the Safran group in 2008.

Sagemcom's head office is in Rueil-Malmaison, in the outskirts of Paris, which is the group's nerve center and home to its R&D operations, manned by more than 500 dedicated employees. The Sagemcom Group is investing more than €75 million in R&D in 2014.

Sagemcom's ambition is to become a world leader in high added-value communicating terminals by addressing dynamic markets. We will achieve this ambition by remaining faithful to our hallmark: to be the first supplier to offer customized products featuring the very latest technological breakthroughs to our customers.

We operate in three sectors - broadband, energy and retail - through three subsidiaries: Sagemcom Broadband, Sagemcom Energy&Telecom and Sagemcom Documents.

BROADBAND

ENERGY & TELECOMS
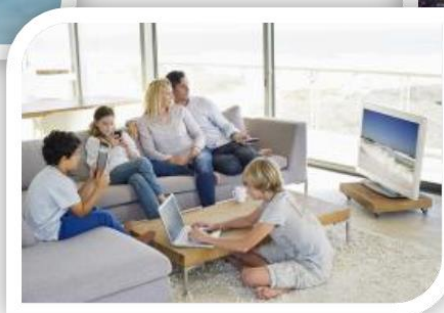
RETAIL

Our Group is closely attached to the values that form its DNA, its history and its culture. Five values have been defined with Sagemcom's members of staff.

CREATIVITY

**Differentiate
to create values**

**The client at the center
of our actions**

**CLIENT
CENTRIC**

AGILITY

Mobilized for the best

**Performance as
a daily challenge**

EFFICIENCY

**TEAM
POWER**

**Talent committed to
the most ambitious projects**
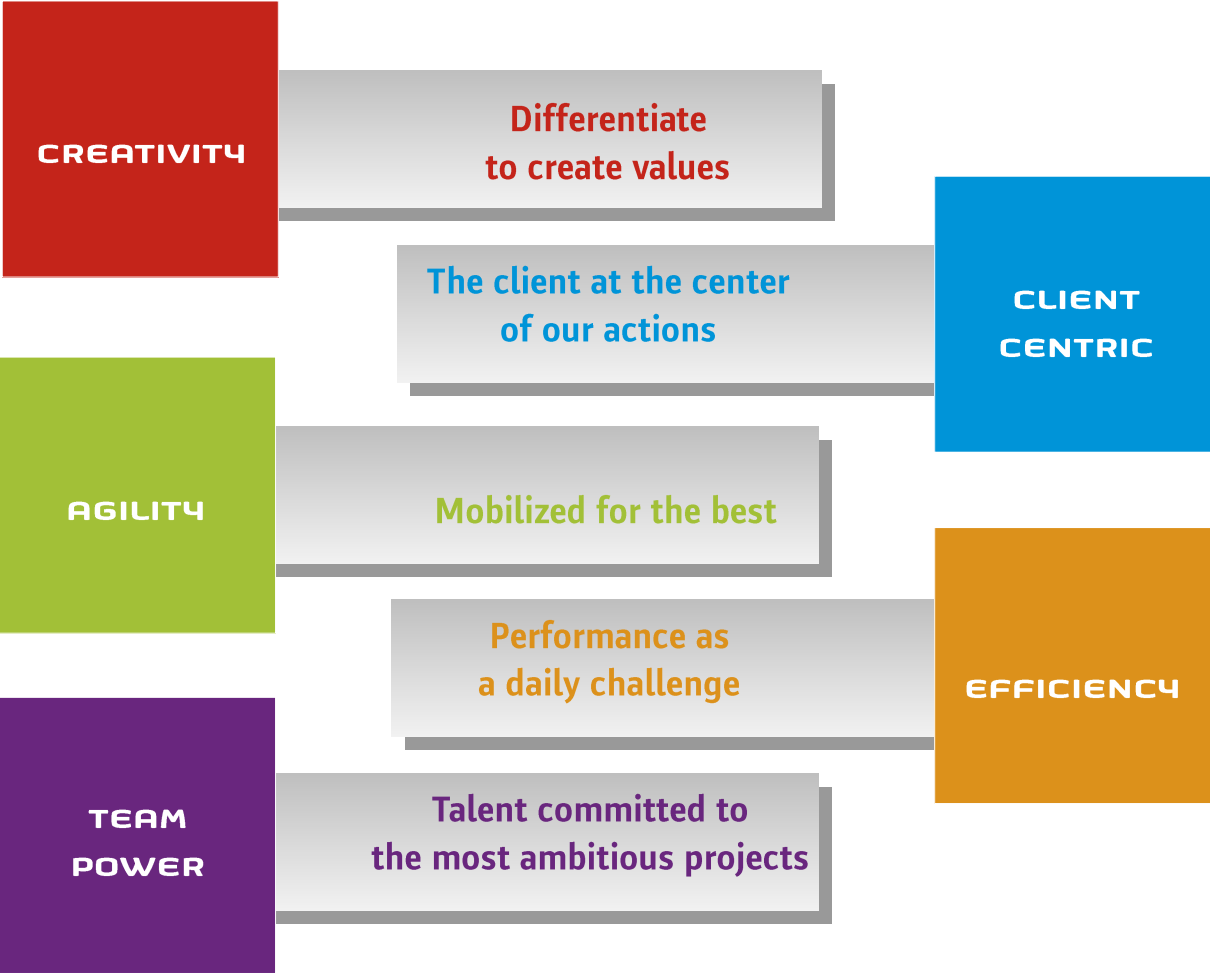
1.2.   3 distinct activities

We operate on three major markets: broadband, energy and retail. We call on our know-how to meet our customers' needs and expectations on each of these markets.
Driven by differing demands, we operate on each of these markets thanks to our common culture based on innovation, technological breakthroughs, high added-value and time to market..

BROADBAND

Sagemcom Broadband is one of Europe's leading manufacturers of set top boxes and residential gateways.
For many years, the teams at Sagemcom have demonstrated their capacity to anticipate technological breakthroughs and to respond quickly to our customers' demands.
Sagemcom Broadband offers its customers customized products featuring the very latest technological breakthroughs, including STBs that are compatible with all the TV ecosystems, residential gateways offering end-to-end gigabit access, and OneBoxes combining broadband and TV access in a single product.

ENERGY & TELECOMS

Sagemcom boasts more than 50 years of experience in the design and deployment of telecommunications infrastructures, and more than 20 years in energy and smart metering.
Sagemcom Energy&Telecom can provide its customers with its unique skills and know-how in the development, customization and integration of hardware and software solutions, from nano grids to smart grids. It also supports them in the approach to and the implementation of telecommunications projects (network infrastructures and information management) and in energy management projects (water, gas and electricity) by deploying secure and durable solutions.

RETAIL

Sagemcom Documents markets innovative products for the general public, in particular in the realms of projection, residential telephony and home automation.
We design, develop and source the products we sell mainly in Europe. Most of our products are distributed under licenses.

2. GLObAL COMPACT APPROACH

The United Nations Global Compact is a strategic policy initiative for businesses that are committed to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

As a signatory of the UN Global compact, Sagemcom SAS is committed to the respect and the promotion of its principles within its area of influence.

Human Rights	1	Support and respect the protection of internationally proclaimed human rights
	2	Make sure they are not complicit in human rights abuses
Labour	3	Uphold the freedom of association and the effective recognition of the right to collective bargaining
	4	Uphold the elimination of all forms of forced and compulsory labour
	5	Uphold the effective abolition of child labour
	6	Uphold the elimination of discrimination in respect of employment and occupation
Environment	7	Support a precautionary approach to environmental challenges
	8	Undertake initiatives to promote greater environmental responsibility
	9	Encourage the development and diffusion of environmentally friendly technologies
Anti-Corruption	10	Work against corruption in all its forms, including extortion and bribery

Sagemcom SAS invites its Suppliers and subcontractors to adopt, support and apply, in their area of concern, all the fundamental values here above.

Communications on progress are posted regularly on the United Nations website.

our human capital

3.Our Human Capital

Our Group is built every day through the involvement, creativity, agility and performance of our teams and our employees. We put our human capital at the heart of our concerns, and develop it to a real human resources policy that aims to attract, develop and retain top talent.

3.1. Professional equality

Sagemcom has for many years adopted a proactive policy with regard to diversity. This constitutes a major issue for our Group, convinced as we are of the need to work towards ensuring greater equality of opportunity. Nevertheless, our company inevitably reflects societal disparities, stereotypes and the career choices of female students. Indeed, fewer than 20% of female students opt for scientific or technical disciplines or professions. Inevitably, these factors influence the structure of our teams, along with people's reaction and behavior. In a traditionally male-dominated sector, the challenge is to make diversity a reality, by encouraging equality of opportunity and parity at every level of the company.

Accordingly, in 2012, Sagemcom decided to formalize its commitment by way of an agreement on equality of job opportunities for men and women. The path has been laid out, and the levers to be deployed as a priority have been defined: access to employment, pay, career support, providing support for the work-life balance.

3.1.1. Encouraging equal access to employment

ENSURING EQUALITY OF EMPLOYMENT
- Making sure that the selection modes for recruitment applicants and the management of careers are purely job-related and skills-based.
- Raising the awareness of all those involved in recruitment and mobility with regard to the topics of diversity and good practices for managing a mixed team.

BRINGING WOMEN INTO DISCIPLINES WHERE MEN HAVE TRADITIONALLY DOMINATED
- Encouraging diversity upstream of the professional integration process by means of communication initiatives targeting the scientific and technical training channels.
- Sparking the interest of female students through meetings arranged with Sagemcom women employees.

3.1.2. Reduce the pay gap between men and women

ACTING POSITIVELY at EVERY STAGE OF PROFESSIONAL LIFE
- Offering, upon appointment, the same classification level and salary for men and women in an identical situation.
- Ensuring the fair distribution of wage rise budgets in the framework of annual negotiations.
- Determining the suitable corrective actions and, if necessary, earmarking a specific budgetary envelope during wage negotiations in order to correct any persistent gaps.

NEUTRALIZING SITUATIONS WITH THE POTENTIAL FOR CREATING DIFFERENTIALS
- Including female employees on maternity leave in the annual round of pay rises, by applying a minimum average pay rise budget
- Examining and readjusting if necessary the pay of employees returning from leave associated with a family event (parental leave, "solidarity" leave, etc.).
- Redefining and adapting the objectives of female employees in order to take account of maternity leave in the current year.

3.1.3. Encouraging progression for everyone

PREVENTING FAMILY COMMITMENTS FROM STANDING IN THE WAY OF CAREER PROGRESS
- Keeping employees informed (with their agreement) of company developments when absent on parental leave.
- Scheduling interviews with the employees concerned prior to each departure on maternity or parental leave and upon resuming work in order to review all practical and professional aspects.

SUPPORTING WOMEN IN TAKING ON POSITIONS OF RESPONSIBILITY
- Ensuring that there is a fair distribution of training initiatives between men and women in order to support them in their career development.
- Helping to overcome the phenomenon of women's self-censorship and providing training facilitating the development of management skills.

3.1.4. Reconciling private life and professional life

ADJUSTING WORKING CONDITIONS AND WORKING HOURS
- Ensuring an equitable workload whatever the employee's position in the company, in particular by means of EIDP interviews.
- Providing greater working time flexibility by offering customized, flexible arrangements.
- Promoting the organization of meetings outside of early morning or late afternoon time slots and the use of tools to keep travel to a minimum.

TAKING INTO ACCOUNT ALL KINDS OF SITUATIONS
- Ensuring that employees in civil partnerships enjoy the same benefits as married employees (days off, bonuses, etc.).
- Allowing employees to take leave of absence in order to care for a loved one with serious health problems without suffering a major loss of income thanks to a solidarity fund maintained by colleagues gifting their holiday allocation.

Sagemcom comprises today, in France, 74% men and 26% women, including 17% women at Executive & Engineer level.
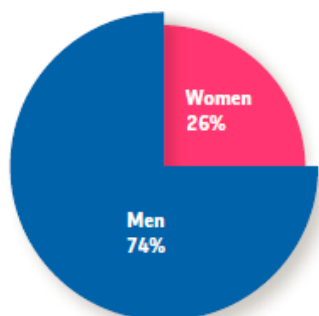
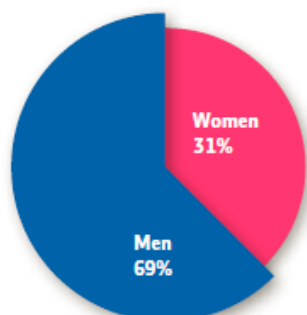Our company today employs, in France, some 1107 men and 389 women.
Of these women employed at Sagemcom, 17% are in the Executives & Engineers category.

Since 2010, 264 men and 95 women have joined Sagemcom in France, which explains how women come to represent over one quarter of all appointments.
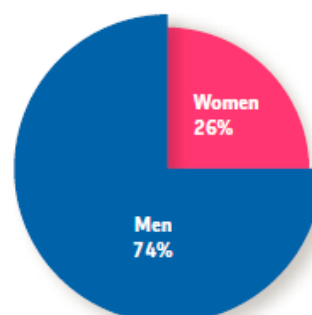
Internationally, 496 men and 222 women have boosted the ranks of the various sites of our Group. This means that 31% of appointments outside of France have been women.

Australia — 43%
Hungary — 64%
Brazil — 42%
China — 37%

TOP 4
in percentages for the appointment of women over the past 3 years per country

3.2. Psychosocial risks prevention

All occupational health matters including psychosocial risk prevention (stress...) represent a major issue for both employees and businesses. "Abnormal stress" (hyper-stress) phenomena can affect not only employee health but also business functioning and is therefore at the heart of concerns.

Sagemcom Management and the trade unions that signed the method agreement on the 29/01/2010 (CFDT, CFE-CGC, CFTC, CGT-FO) retained the definition adopted by the ANI (National Interprofessional Agreement) on the 2nd of July 2008: "Work-related stress is experienced when an imbalance occurs between the worker's perception of the demands of the work environment and the worker's perception of their ability to cope with (or control) them". Hyper-stress is a state of stress that represents a risk factor to a person's health due to its intensity and/or chronic nature.

3.2.1. A long-standing concern

Prior actions were carried out within the Group in 2009 to improve working conditions when teams met up on the Rueil-Malmaison and/or Osny sites:
- implementation of flexible working hours
- creation of concierges,
- provision of shuttle buses
- booking places in childcare centres
- cafeteria (Bert's)

it was necessary to complement this first approach with a formalized general framework for psychosocial risks and, more generally, employee well-being at work. Indeed, Sagemcom is a group where product quality and customer satisfaction directly depend on team commitment which is itself determined by the quality of team working conditions. Sagemcom is also aware of the change processes which employees must face more frequently in a constantly evolving economic and technological context.

3.2.2. Who's involved in prevention

Sagemcom's Management wished to address this complex issue openly with unions, occupational medicine, and the CHSCT 1. This first required a common language to be defined and ensuring that all those involved had the same objectives through signing a method agreement. A Steering Committee composed of the actors mentioned above was established for this. A specialized external partner was selected to support this initiative.

3.2.3. Prior Diagnostic

The results of this initial diagnosis was required to formulate assumptions and lines of work suited to our realities. The partner was entrusted with this stage which had the purpose of identifying sources of stress and their importance in the company and to determine which members of staff were the most exposed to them as well as potential risk factors.
The Partner carried out groundwork by a quantitative study on employee views based on responses to a questionnaire. At the end of this survey, the level of stress in Sagemcom was estimated at 20.4%, i.e. below the average level of companies which the partner works with (25.5%) and the level registered by the European Agency for Safety and Health at Work (22%). The qualitative study implemented to complement the

quantitative results has in turn helped understand and identify the causes of these initial findings, before identifying potential solutions and developing a fully-fledged multi-year action plan.

stress level recorded
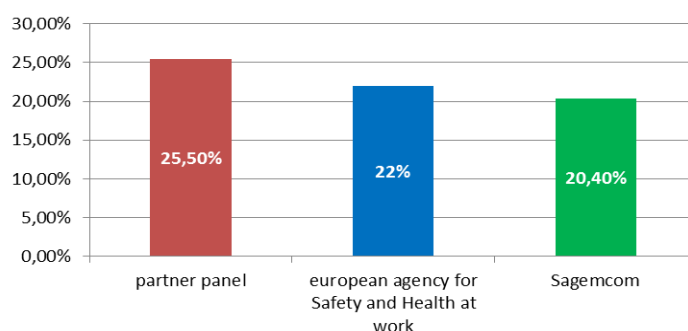
3.2.4. A coordinated and sustainable action plan

Sagemcom's Management is currently presenting the Staff Representative Bodies (CHSCT - workplace health and safety committee, CWC, and WC) with an action plan which includes six key measures. This is based on the findings and recommendations of qualitative and quantitative assessments, on possible solutions provided by working groups, and discussions during Steering Committee meetings.

6 KEY MEASURES

VALUES
CHALLENGE: Share a common identity.
ACTION: Identifying the Group's values and corporate culture is a fundamental and unifying project that will be conducted in the context of a participatory programme.

CHANGE MANAGEMENT
CHALLENGE: Consider the human dimension in any change project.
ACTION: A Steering Committee will be constituted for any major and lasting change in the Company. The migration of Sagemcom offices tools supervised by our teams (see page 5) is an excellent example of this .

CAREER DEVELOPMENT
CHALLENGE: Assist employees in building their careers.
ACTION: Ensure that 100% of performance appraisal are conducted and that the information collected pertaining to the overall assessment, training, and career development is analysed.

COMMUNICATION
CHALLENGE: Encourage the transmission of information to employees.
ACTION: Periodic presentations (March and October) will be made by the BU managers in subsidiaries in addition to the CEO's half yearly presentations (January and July).

COLLABORATION
CHALLENGE: Strengthen collaboration on projects.
ACTION: Involve the relevant R&D teams in drafting tenders and defining schedules by organising project meetings upstream to their launch.

MONITORING
CHALLENGE: Include the action plan in a sustainable policy.
ACTION: The action plan's implementation will be reviewed every year by a Joint Committee in conjunction with the trade unions that signed the method agreement.

A 4-axis action plan was set up in conjunction with the union organizations signed the agreement on the method in the context of a sustainable policy. This implementation is being monitored annually by a joint committee.

1 managerial rudess
- identify and define values of the company
- identify, develop and share the best practices – set up of a management guide in January 2014
- training of managers
- training of human resources managers
- management coaching

2 managing changes
- Implementation of support plans
- Detailed steps
- Joint committee and evaluation
- Training
- Communication
- Assistive measures
- Set up of "guidelines for changes" for project leaders

3 Professional development
- Integration and career
  - Reshape of integration steps for all newcomers
  - Identification and definition of career plans
- Annual appointments
  - To realize 100% annual appointments
  - To deal with significant deviations highlighted during appointments
  - Exploitation of mobility aspirations within 1 year
  - Systematic alerts if no training since 3 years
- Optimization of training plan
  - coordinating actions of cross training with the training plans of subsidiaries
  - set up efficiency measures of the training
  - Exploitation of training aspirations within 1 year

4 Communication
- Develop real time communication
- Generalize periodic presentations in subsidiaries by activity managers
- identify the different existing modes and supports of communication

3.3. The Generation Contract

Today, in France, the rate of youth unemployment is almost 25% (compared to 10% for the entire population) and older job-seekers have real difficulties in finding new jobs. By 2020, 600,000 departures and 700,000 youth entries on average per year are predicted in the labor market. Faced with this situation, active management of age profiles and of skills transference is the order of the day.

3.3.1. The challenge: a place for every of all ages in the company

The Generation Contract, recently introduced by the French Ministry of Labor, Employment, Vocational Training and Social Dialog, reflects this logic (Act of March 1, 2013). It aims to meet three objectives: employment of young people in permanent contracts, job retention or recruitment of seniors, and the transference of skills and know-how. The Sagemcom management therefore signed a three-year intergenerational agreement with the unions (CFE-CGC, CFDT and CGT) on September 26, 2013. Beforehand, a diagnostic was carried out to compile an inventory which served as a basis for discussion and for the definition of the commitments. These commitments concern the following age brackets regarding our demographics:

- "young" employees: up to and including 26 years in age for non-executives and 30 years for executives;
- "senior" employees: at least 50 years old for hiring, and at least 55 for job retention.

3.3.1. Our main commitments

• **Promoting the sustainable integration of young employees:**
- 30% of executive appointments must comprise young people, and 20% of nonexecutive appointments must comprise young people;
- establishment of a reception program;
- designation of a sponsor;
- development of work/study training and internships, including the expansion of the co-opting mechanism and creation of a recruitment pool.

• **Promoting the employment of seniors:**
- hiring at least 20% of external candidates aged 50 or above, selected in the final recruitment process (short-list);
- retaining an average percentage of employees aged 55 and over equal to 18% of the total workforce;
- part-time opportunities and reduced days package;
- use of a "work time savings account" to manage work time (part time, reduced hours plan), for employees who are 6 months from retirement, provided that working hours are at least 50%;
- systematic interview for mobility requests;
- expansion of co-opting mechanism to include seniors;
- participation in a seniors job fair;
- organization of nursing interviews;
- incorporation of leave of absence for a medical checkup;
- a "retirement" intranet.

• **Promoting skills transfer:**
- individual skills management via the EIDP (Individual Development and Progress Interview);
- collective skills management with the establishment of job sheets and the identification of career paths;
- identification of more Experts and coordination of network activities;
- development of a mentoring program, prioritizing employees aged 45 years and over.

In association with the trade unions that have signed the intergenerational agreement, and in the framework of a joint committee that will meet annually, a review of the planned actions will be presented on the basis of monitoring indicators and quantified objectives in order to envisage, as required, any corrective measures or alternative solutions and formulate appropriate suggestions about how best to ensure progress is made.

3.4.   Passeport Avenir

Since 2005 , Passeport Avenir (formerly cercle Passeport), an association law 1901 , supports the professional integration of young people from so-called "small " community.

Its goal : countering socio- cultural determinism by personalized support , the discovery of the world of business , opening to the international support in education funding and inclusion in employment.

In 2010 , Sagemcom is committed to the association and one of its main partners , alongside SFR , Orange, Alcatel Lucent and Nokia.

14 tutors of 2012-2013 were able to promote accompany young students on various courses:
- preparatory classes (TSI Industrial Science and Technology to integrate Engineering School)
- 4 Preparatory Classes ECT (Economic and Commercial to integrate a Business School)
- 1 Business School
- School of Engineering .

3.5.   Solidarity Family Savings Account

An employee may need to be available to attend a relative whose health is critical. Because the family unit can sometimes consist of more than just parents and their children, Sagemcom to set up an "Account-Savings Solidarity" that complements existing systems and allow through "day off gift" by the employee (s), to help colleagues set (s) in a challenging family situation.

Each employee may donate two days off per calendar year (RTT additional paid leave, long service leave ...) The money collected in the fund are then used by Sagemcom to cover all or part of the lack of a colleague to enable him to attend a relative.

3.6. Internal communication

Several internal communications were made to attract the attention of employees on health issues that may affect them directly or indirectly, whether in the corporate world or in the private sphere.

- Dangers on the road
- Diversity
- Cancer detection
- addictions

3.7.   Handicaps

Insertion of disabled workers is part of Sagemcom values and contributes to its ethical commitment and its approach regarding sustainable development.
Sagemcom, aware that the disabled workers' employment represents a major stake of the company responsibilities, has developed the insertion of disabled workers for several years around 3 major steps:
Increase hire and facilitate their integration,
Accompany the disabled employees all along their professional life among the company,
Promote external employment for disabled people.

Beyond the legal framework and the strict legal obligations, Sagemcom ensures a quality of working environment for disabled employees.
The layout of workstations is therefore at the heart of a global thinking, integrating a social and human dimension and requiring genuine involvement of the company.

3.8.   Occupational Health and safety

3.8.1.   the OHSAS 18001 standard

While the environmental approach (ISO 14001) attempts to reduce environmental impact inside and outside the company, the Occupational health and safety in the work place approach aims to restrict risks for people inside the company. If these two approaches have separate objectives, they will improve the global management of the company.

International standard OHSAS 18001 (**O**ccupational **H**ealth & **S**afety **A**ssessment **S**eries) makes it possible to evaluate and certify the health and safety management system. The fundamental concept behind OHSAS 18001 is based on continuous improvements of risk control in the field of health and safety in the work place and does not establish requirements in terms of performance levels. In view of the above, this standard is compatible with ISO14001 and ISO9001.

This standard allows for:
- the establishment of a health and safety management system to eliminate or at least reduce the risks faced by personnel and other individuals involved and likely to be exposed to the risks relating to the activities of the organization;
- the continuous implementation, updating and improvement of the system;
- guaranteed compliance with its policy;
- the demonstration of compliance.

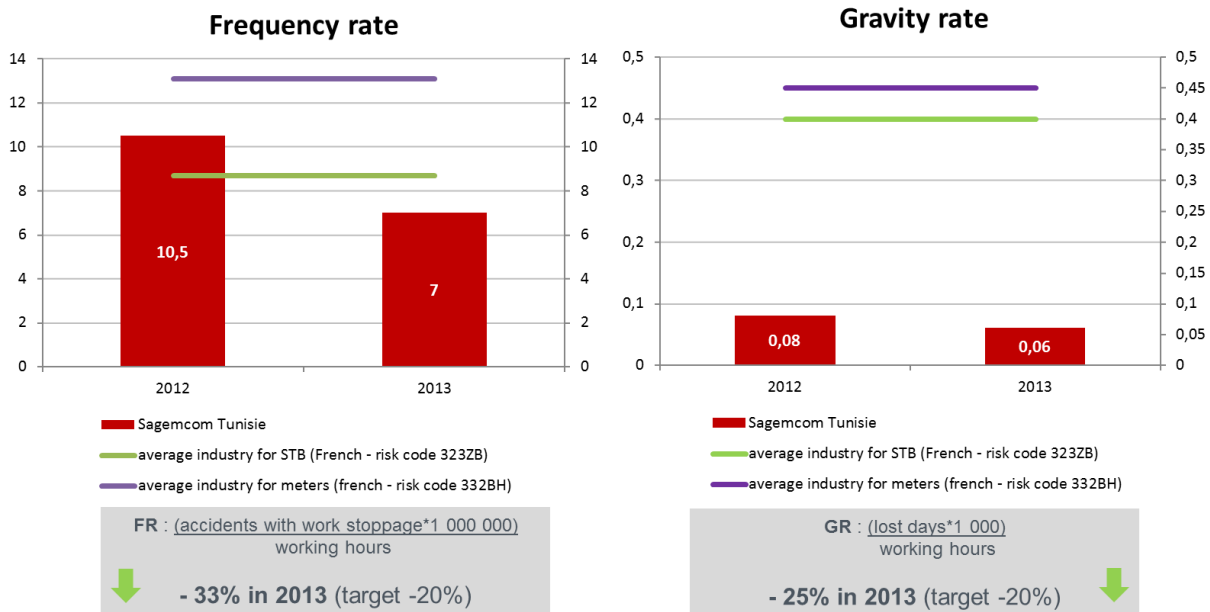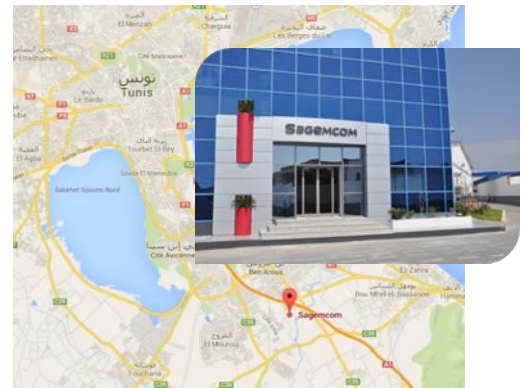Risk analysis is the focal point of the system. This particularly involves the:
- systematic identification of the dangerous substances or preparations present in the establishment;
- evaluation of the dangers inherent to the listed substances and preparations;
- evaluation of the installations, particularly those in which the listed dangerous substances and preparations are used;
- systematic identification of dangers and the analysis of the phenomena relating to operating conditions.

3.8.1.   operational results

Approximately 2500 employees are working in our Tunis plant, where about 10 millions of equipments are manufactured per year. The plant is OHSAS 18001 certified since 2008.
Instruction and procedures are updated yearly to manage and reduce the risks.
2013 results highlight significant progresses in terms of quantity and frequency and gravity of accidents.

Accidents with work stoppage

-56%

- 2012: 95
- 2013: 42

Accidents without work stoppage

-22%

- 2012: 508
- 2013: 397

Lost days

-49%

- 2012: 694
- 2013: 350

Frequency rate

- 2012: 10,5
- 2013: 7

- ■ Sagemcom Tunisie
- ━ average industry for STB (French - risk code 323ZB)
- ━ average industry for meters (french - risk code 332BH)

FR : (accidents with work stoppage*1 000 000)
working hours

- 33% in 2013 (target -20%)

Gravity rate

- 2012: 0,08
- 2013: 0,06

- ■ Sagemcom Tunisie
- ━ average industry for STB (French - risk code 323ZB)
- ━ average industry for meters (french - risk code 332BH)

GR : (lost days*1 000)
working hours

- 25% in 2013 (target -20%)

The frequency rate is now below the french average for the same industry.
The gravity rate is about 7 times less than the french average.

environmental responsibility

4.Environmental Responsibility

Sagemcom is actively managing the environmental risks inherent to its activities.
We do this at the very origin of our products through a strategy of eco-design, management of chemicals and transport. We also affirm our commitment to create a genuine environmental management and end of life for our products.

4.1.   Ecodesign

4.1.1.   Principles

In addition to controlling the site approach (control of rejections, etc.), the research and development site obtained ISO 14001: 2004 certification, products oriented, for its eco design approach.
Eco design accounts for the environmental impact of a product "from cradle to grave". An eco-designed product must be of the same quality as a standard product. No functions or performance must be sacrificed.
The aim of our research teams is to reduce environmental impact, by working on all aspects of the product life cycle, and particularly raw materials and the consumption of energy during the use phase as with other stages of life cycle, including disposal.

The life cycle approach
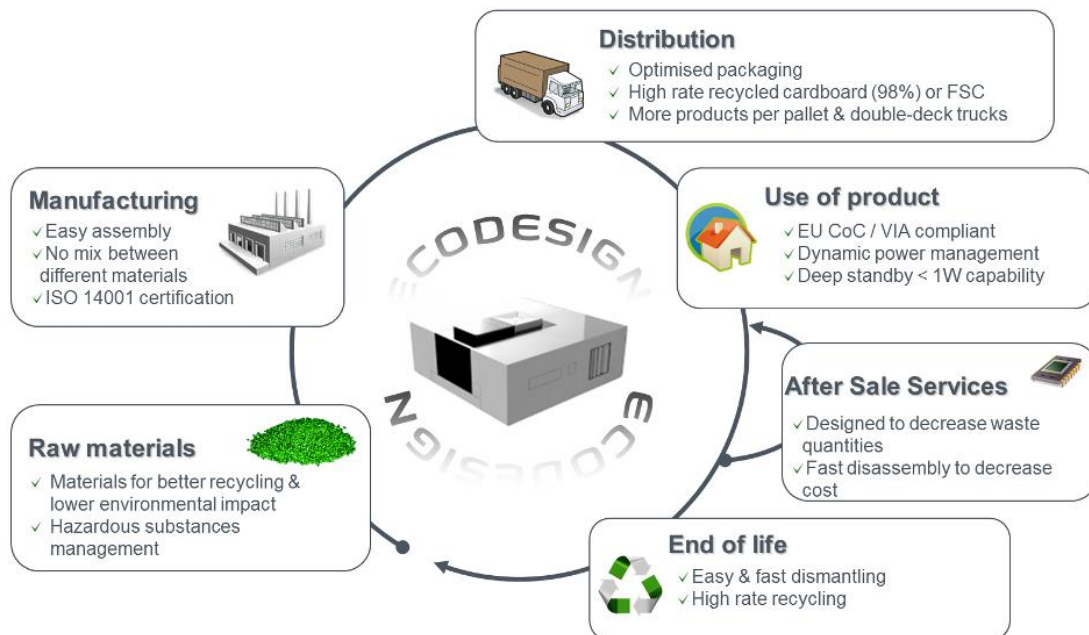
Partnerships with our customers

Sagemcom wishes to move forward with its customers for all issues relating to sustainable development, to promote its ethical and environmental ideas, and to take a step beyond the simple context of the company.
We work with our major order providers to create an "ever-greener" marketing policy, mainly for eco design. These partnerships must lead to the general distribution of information on the Ecological quality of our products.

Reduced energy consumption

Energy consumption is a key element on all of our product lines.
This aspect must be taken into account to reduce the environmental impact of electronic products to a significant degree.
Accounting for energy consumption requires compliance with strict consumption criteria during the various operating modes, constant innovation (programmable / intelligent stand-by modes, etc.) and the awareness of personnel.
Sagemcom has ensured that its printing products consume less energy for many years. This is why most of its products have ENERGY STAR® labels, when applicable.

Functionalities

Innovation is a factor in improvements. This is why our teams are constantly seeking out product functions which encourage consumer eco-friendliness, or replacing these functions with product automatisms (automatic duplexing, "Toner Save" function, etc.).

4.1.2.   The ecodesign process

Ecodesign is a process in itself, described in documents management Sagemcom project.
Each stage of a project, from initiation to the placing on the market through the design and qualification, is the subject of a series of check points on eco-design..

1 - Identification of applicable requirements
- Customers expectations
- ecolabels
- regulations

2 – identification of technical solutions
- use Scenarios
- Alternatives
- Choice of materials

3   –qualification of the product
- Compliance to requirements verifications
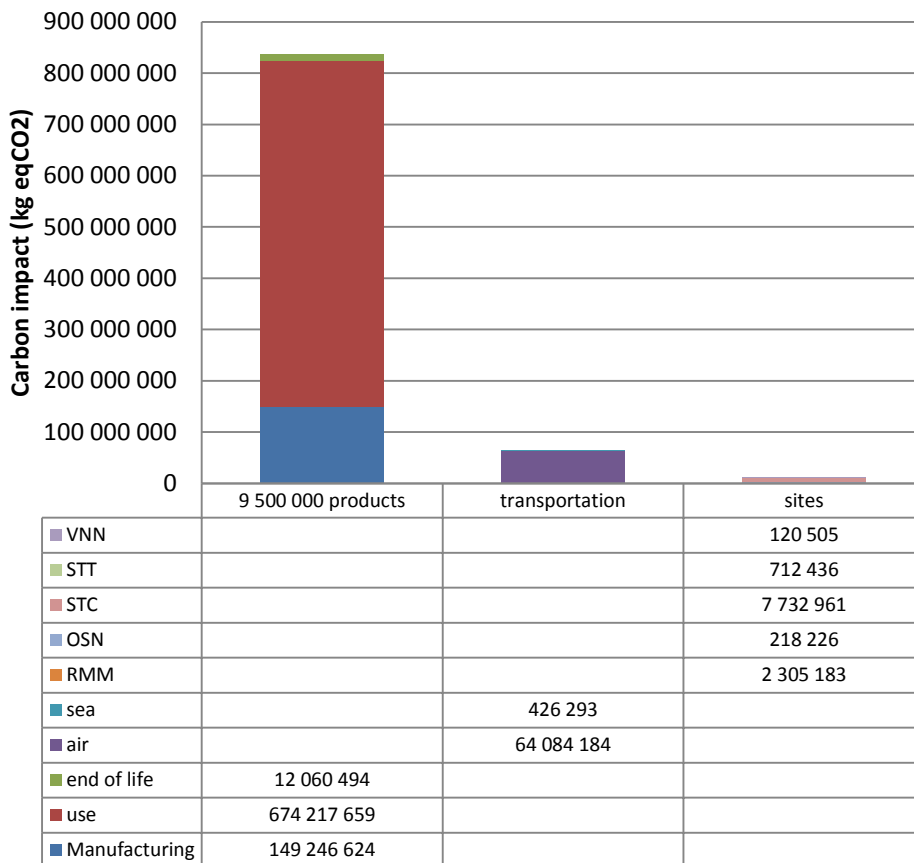- Life cycle analysis

4.1.3. Life cycle Analysis

In order to set priorities, we conduct Life cycle assessment of our products.

Our method consists of the analysis of existing products in qualitative (mode of assembly, etc.) and quantitative terms, by modelling the products using simplified life cycle analysis tools. Thanks to the EIME software, we obtain statistical data on environmental impact (creation of CO_2, water pollution, etc.) via a multi-stage, multi-criteria process, and using a database created by the electronics industry. This enables the assessment and comparison of the impact of the products on the environment. This double qualitative / quantitative approach, avoids pollution transfers (e.g. an assembly solution which facilitates end-of-life could increase the impact of a different stage in the product life cycle).

These analysis have been realized on 48% of products sold in 2013 in the world by Sagemcom. Hereunder graphic shows the importance of ecodesign by comparing the impact of products compared to transportation and sites. The main conclusion is that the energy consumption of products during their use phase is the most significant environmental aspect of our products. Further chapters illustrate our ecodesign efforts with examples of products.

Available information on Sagemcom carbon impact of 9.5M units out of 22M units

|	9 500 000 products	transportation	sites
VNN			120 505
STT			712 436
STC			7 732 961
OSN			218 226
RMM			2 305 183
sea		426 293	
air		64 084 184	
end of life	12 060 494		
use	674 217 659		
Manufacturing	149 246 624		

Carbon impact (kg eqCO2)

4.1.3.1.Méthodology

All life cycle results have been calculated with EIME software.
Results are expressed for the following environmental impacts from EIME:

Impact indicator	Unit
Air Acidification (AA for PEP)	kg H$^+$ eq
Air toxicity (AT for PEP)	m³
Energy Depletion (ED for PEP)	MJ
Global Warming Potential (GWP for PEP)	kg CO_2 eq.
Photochemical Ozone Creation Potential (POCP for PEP)	kg C_2H_4 eq.
Raw Material Depletion (RMD for PEP)	y^{-1}
Water Depletion (WD for PEP)	dm^3
Water Eutrophication (WE for PEP)	kg PO_4 eq.
Water Toxicity (WT for PEP)	m³

The ETSI TS 103 199 v1.1.1 methodology[1] has been followed as much as possible.
However we do not claim compliance with this standard.

The following boundaries are used for our Life cycle assessments:
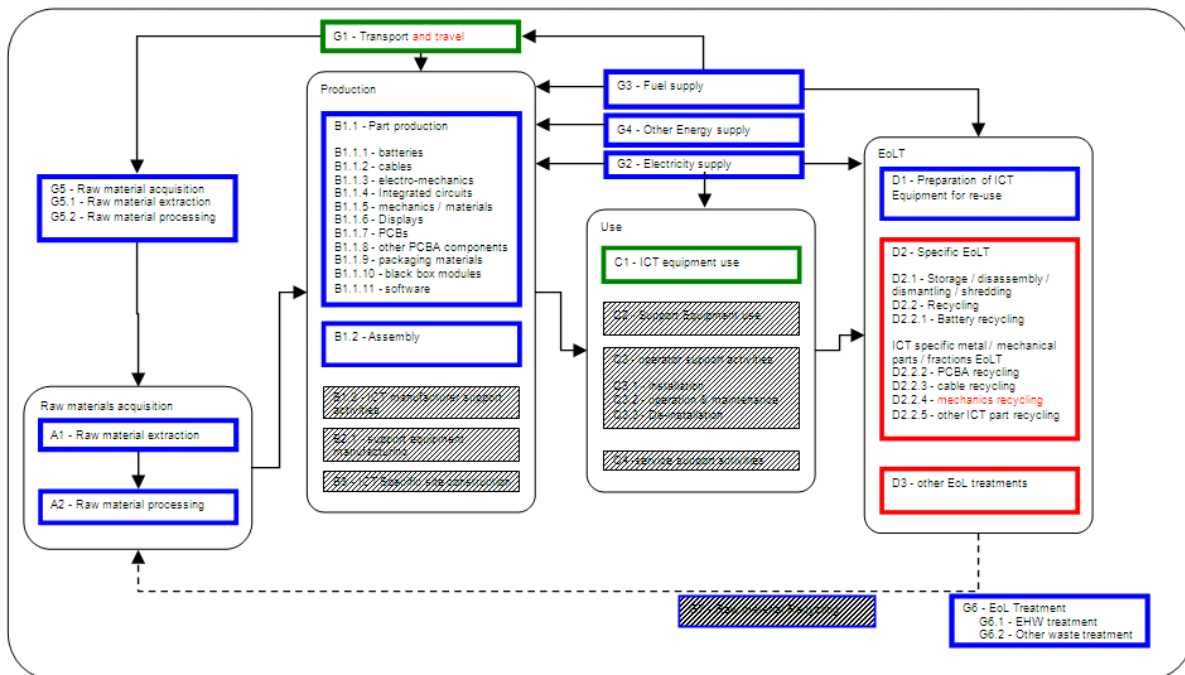
▭ Blue: generic (secondary) data from EIME, adjusted with primary data (weight of material, surface, etc.)
▭ Green: primary data
▭ Red: estimated data
▨ Grey: out of boundaries

---

[1] ETSI TS 103 199 v1.1.1 : Environmental Engineering (EE) ; Life Cycle Assessment (LCA) of ICT equipment, networks and services; General methodology and common requirements (2011-11)

### 4.1.3.2.Residential gateways (Sagemcom Broadband SAS)

The residential gateways ("internetbox") are embedding more and more functionnalities as they are the central nod of the digital home. Thus, it is essential to limit the Environmental impact of these products.

The main environmental aspect of such products is the Energy Consumption. That is the reason why we worked on the use phase, adjusting power consumption to the user behaviour with dynamic low power functions with new software features.

Electronic components have also been optimized to globally enhance the efficiency of the products.

in 2013, the integration of features enabled a dramatic reduction of environmental impact.

The connection of a conventional gateway in a fiber network is done via an ONT (Optical Network Termination) which consumes almost as much as the gateway. The ONT functionality has been integrated into new platforms to pool hardware and lower overall consumption for the user; the result is a reduction in the carbon footprint by 42%. (Example evaluated with an English energy mix)
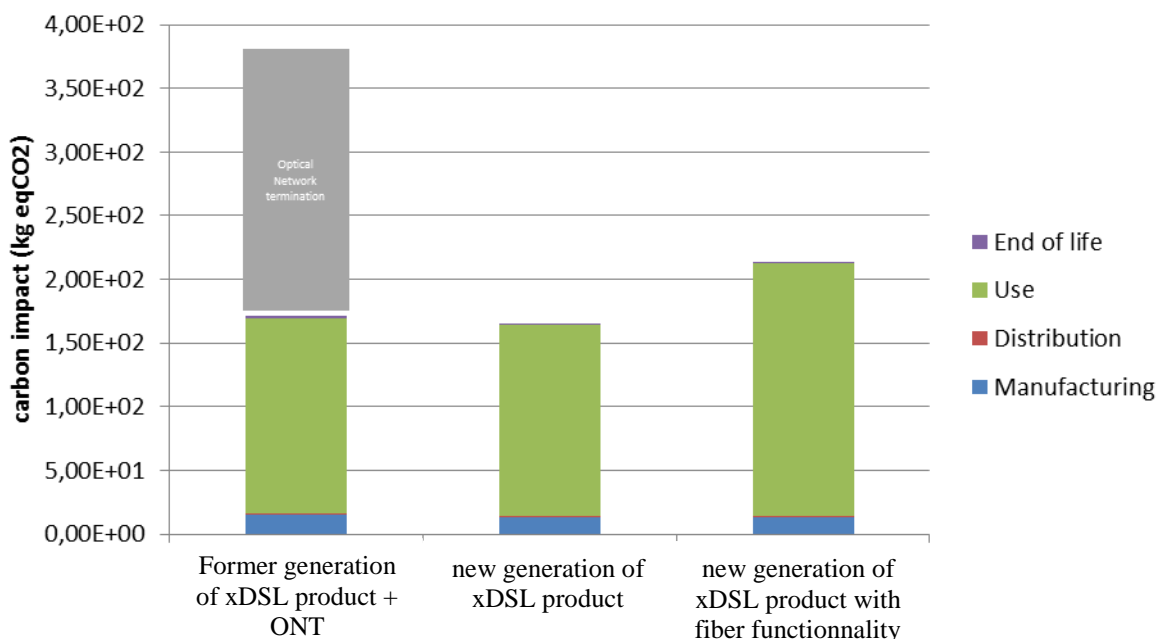

Moreover, although it embeds more features, the new xDSL platform has an equivalent impact to the older generation, with a decrease in the impact of manufacturing around 15%.

4.1.3.3.Set Top Boxes (Sagemcom Broadband SAS)

Decoders offer the possibility to watch TV through various tuners (IP, Terrestrial, Satellite or Cable) and offer additional services such as video on demand, recording programs, ...
This increase in function is accompanied by an increase in the energy consumption of products.
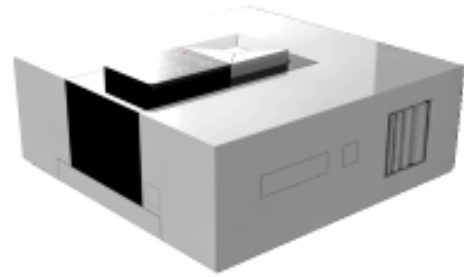
Pooling resources with other functions of the home network is a key point to reduce the overall impact of electronic devices for users. This is one reason why Sagemcom develop and deploy the concept of OneBox. This product incorporates a complex decoder with hard drive, a residential gateway, a Blu-ray player and advanced features for sharing content in the home.

Printed circuit boards are manufactured with a double reflow process, meaining that components can be placed on both side of the circuit. Thus is surface is decreased. The material saving (epoxy resin and copper) is estimed to 373cm² (50% of the surface), which represent a carbon impact decreasing of 3.24 kg eqCO2.

The concept of integrating the box modem / router and the decoder part part allows significant gains compared to a multi-product system. This helps to remove:
One RJ45 cable between modem and set top box (389 g eqCO2)
One external power supply (1.29 kg eqCO2 for a standard 12V / 2A power supply typically used for internet boxes)

The Blu-Ray option also avoids using a RJ45 cable (for connection with the modem), a HDMI cable (typically 958g eqCO2), an additional power supply and a remote control.

Concerning materials, plastics used in this product category are more often ABS (Acrylonitrile Butadiene Styrene) and PC (Poly Carbonate) for their mechanical and cosmetic characteristics. We mainly use ABS in this product is its impact is lower than PC (respectively 6.3 kg eqCO2 per kilo and 10.5 kg eqCO2 per kilo).

However, the design of the product makes it mandatory to have transparency and glossy finishing on two parts. ABS does not allow these two characteristics.(in opposite to PC)
To overcome this technical constraint, the two parts are manufactured with a blend of ABS (40%) and PMMA (60%) which allow to have the two needed characteristics of transparency and glossy finishing with a lower environmental impact compared to PC (-22%).

Again the concept of OneBox allows for material savings. The plastic shells of the OneBox weigh 879g.
The plastic shell of a typical internet box weigh approximately 350g, and those of a TV decoder 575g (measured on products Sagemcom) .The gain is 46.1g of plastic.
If we include the Blu-Ray feature, considering that the mass of plastic shells is similar to a TV decoder, the gain becomes extremely significant (greater than 500g).

4.1.3.4.Advanced approach : preliminary life cycle assessments (smart meters Sagemcom Energy & Telecom)

Conducting life-cycle analyzes since 2004, we are able to realize these analyses during preliminary phases of bidding, to estimate the environmental impact of a product, and to help our customers choose from several scenarios and several options, including the logistics phase and materials.

It also predicts upstream communication mechanisms between product and network to anticipate if one prevent another from going to sleep.

Example of logistic scenario evaluation

This approach is also a benefit to our customers who appreciate the opportunity to include the environmental impact of products as a decision parameter in their development strategy. In 2013, 9 Preliminary analyzes were performed (covering about 10 million products to be manufactured over five years).

### 4.1.4. Mechanical parts and raw material

Selecting materials is also an important stage in the optimization of the environmental impact of our products. The combination of various types of materials can encourage or prevent the recycling of a product. This is why we ensure that we use compatible materials during recycling phases (e.g. PC and ABS plastics can be recycled together). From an assembly point of view, every action is taken to optimize the dismantling and separation times for the various fractions (plastics/metals/electronics/cabling, etc.). We are also taking a proactive approach and considering alternative materials which will reduce the exhaustion of the raw materials.

We compared the environmental impact of two different types of plastic (PC and PMMA) to a plastic of reference (ABS).
The benefit is that ABS has generally a lower impact to the PC for different impact categories studied; thus it is interesting to generalize the use of ABS in our product.
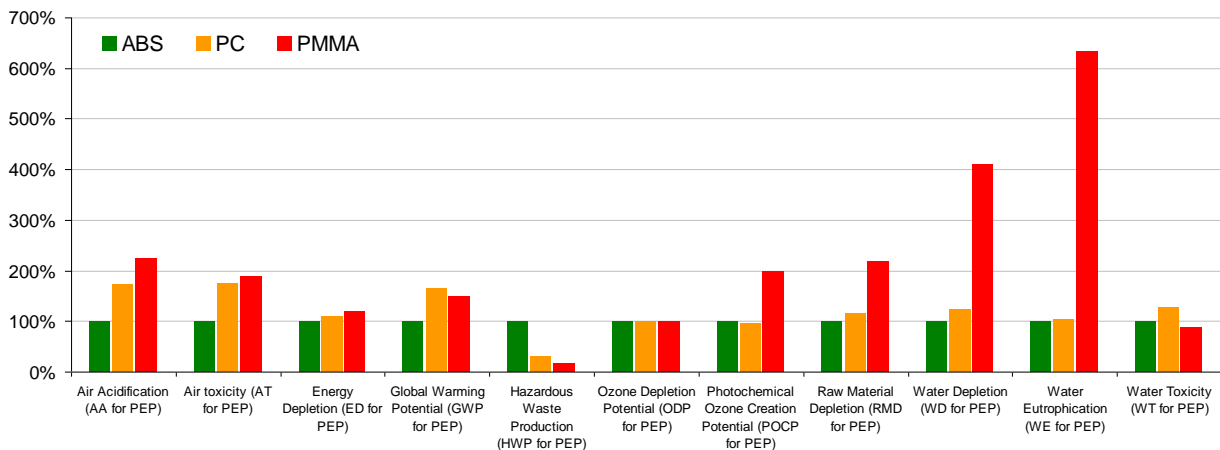
This result is illustrated by concrete case studies taking into account physical and technical parameters such as density and mechanical resistance. For example on one casing, using ABS instead of PC allowed a saving of 2.8 Kg eqCO$_2$ per product. (Evaluation below)
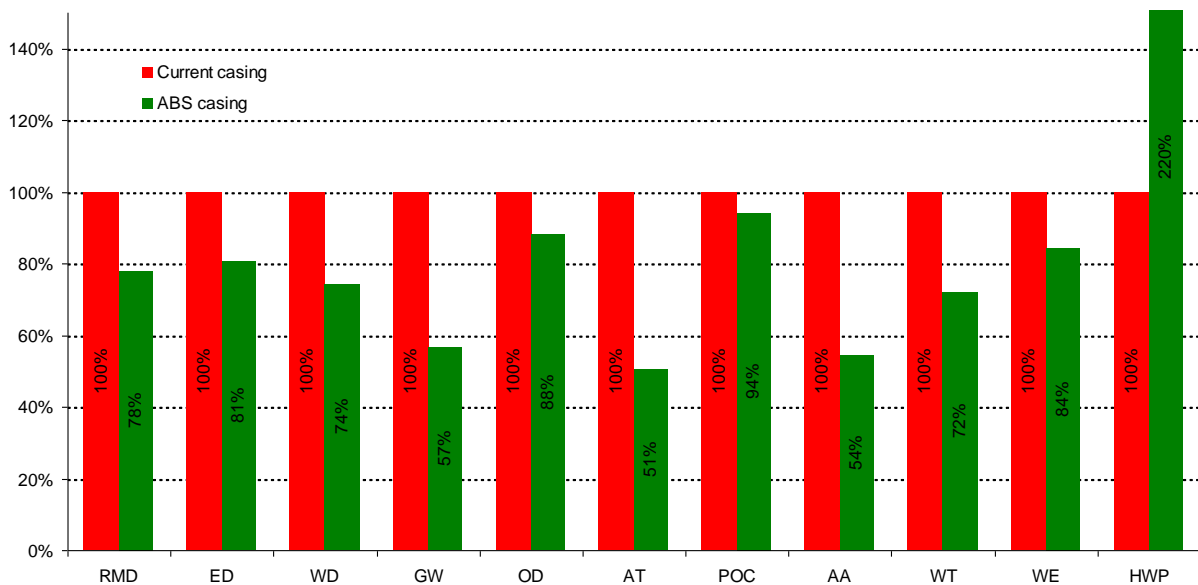
4.1.1. Encouraging recycling: marking materials.

In addition to financing end-of-life, measures are being taken to encourage recycling. Marking materials, particularly plastic parts, is part of these measures.
By marking parts with different items of information, we allow recyclers to sort the plastic by type. This improves recycling by purifying the batch to be recycled.

Thus, producers can encourage recycling by marking:
- The type of plastic (ABS, PC, etc.)
- The flame retardant (FR)
- The nature of this retardant

4.1.2. Alternative materials

In addition to characterisation of environmental impacts of our plastic parts, we are working on use of alternative materials, based on :
- High rate recycled plastics (post-consumption)
- Bio-based plastics

These materials are evaluated from technical and environmental point of view.

Various references of materials have been identified and are currently studied to ensure that environmental savings are real, and that technical needs are met to keep the same level of quality.

Example of evaluation here under is a comparison of impact between a 85% recycled material and a standard ABS one. It takes into account the density of the materials and the design of the plastic part.
Result is positive for the recycled material, while it is still necessary to qualify it from a technical point of view.

Comparison of impacts between an ABS part (as a reference) and an alternative material part
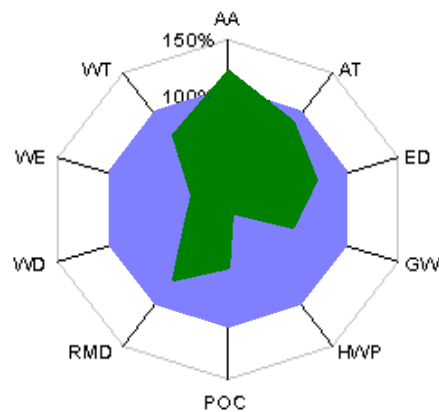
4.2. Chemical substances management

4.2.1. European regulations

Several European Directives aim to prohibit or restrict the use of substances, which are dangerous for human health and the environment, in particular the REACh regulation 1907/2006 (Restriction, Evaluation, Authorisation of Chemicals) and the RoHS directive 2002/95/EC (Restriction of Hazardous Substances). We guarantee that our products comply with these directives.

4.2.2. Focus on SVHCs

A traceability system has been set up to identify chemicals present in our products toward the supply chain. Sagemcom asks its suppliers to give information on chemicals contained in the components. Two possibilities for the suppliers:
- To connect on our dedicated web portal, or
- To connect on other external portals

The suppliers are asked to update this information every six months, due to evolutions of the SVHC list done by the ECHA. In order to enhance the update of data, we encourage our suppliers to give a full material disclosure; meaning the chemical breakdown of the components. It will allow us to known in one declaration which are the substances included in the components. By doing this, suppliers will not have to update information every six months.

Once information is uploaded by the suppliers, data are gathered in our environmental database. Thanks to that, our REACh team can analyse the bill of materials of our products to deliver a clear status of products to customers asking for information about chemicals.

Synthesys of Sagemcom traceability system
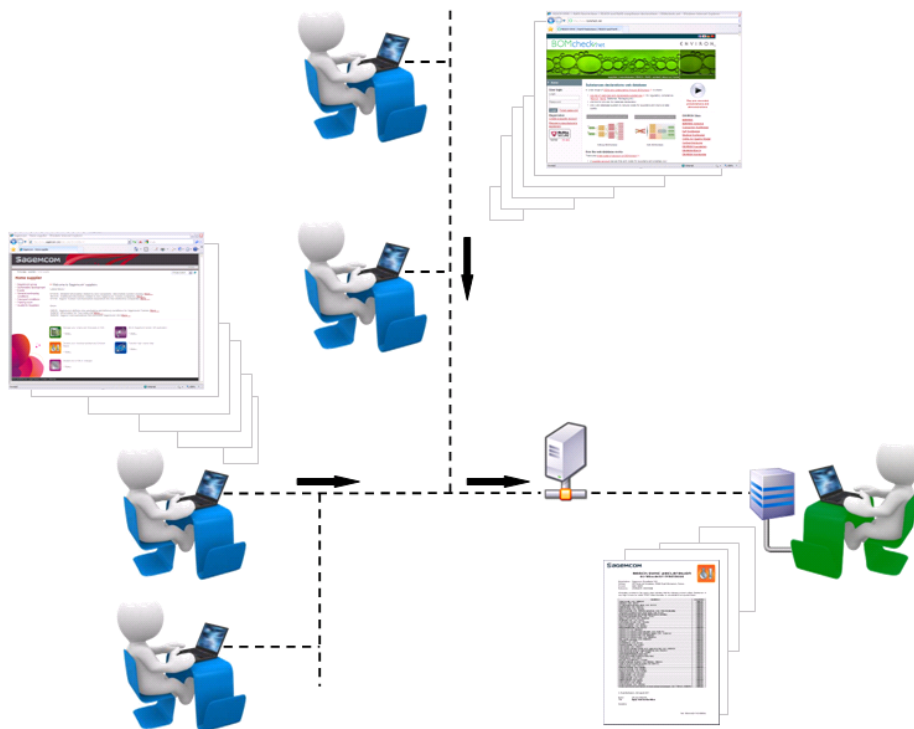
Supplier interface in Sagemcom intranet

SAGEMCOM

Back MyDocuments Home Logout

Several regulations are intended to prohibit or restrict the use of hazardous substances (REACH regulation, RoHs directive...).
Sagemcom, aware of its activities impacts, has created this website to collect hazardous substances data.
The document below summarizes all regulations/directives Sagemcom must be compliant with.

Click here

CONFORMITY (RoHS, WEEE...)

Environmental declaration

This document is a general document. It allows you to certify that you are compliant with a number of directives and regulations. We ask you to sign
this document at least once a year.

Download the environmental declaration
Click here

1. Register the file on your hard disk
2. Fill and sign the document
3. Scan it in PDF format and rename it: the file name must begin by your supplier code to be uploaded.

Upload [   ] Browse

In addition to this general statement Sagemcom asks you, depending on your business, to fill additional documents. These documents would be also
requested by your technical contact and / or commercial contact. These documents are Excels files. They could be uploaded individually (the file name
must begin by your supplier code to be uploaded).

Click here

Upload [   ] Browse

TRACEABILITY(REACH, Conflict minerals act)

SVHC declaration

Annex 14 of European REACH regulation requires traceability of a number of substances. This list of substances known as "SVHC" (Substances Of Very High Concern) is changing every six months. At each change you will be notified by e-mail, e-mail asking you to update this document.

Download the SVHC declaration
Click here

1. Register the file on your hard disk
2. Fill and sign the document
3. Scan it in PDF format and rename it: the file name must begin by your supplier code to be uploaded.

Upload [   ] Browse

If you have a general statement about REACH in pdf format you can upload it. As for the other files the name must begin by your supplier code.

Conflict minerals act

U.S. law (and certainly soon Europe) requires traceability of tantalum, tin, gold and tungsten. If your products contain one or more of these elements you must fill the following document.

Download the GESI declaration
Click here

1. Register the file on your hard disk
2. Fill and sign the document
3. Upload the file (the file name must begin by your supplier code to be uploaded.)

Upload [   ] Browse

THE COMPONENTS YOU PROVIDE TO SAGEMCOM

You will find below the list of components that you sell to SAGEMCOM. We invite you to complete this list if necessary.

Download the excel list
Click here

1. Complete the B column weight
2. Complete the list if necessary missing components obsoletes ones...

Upload [   ] Browse
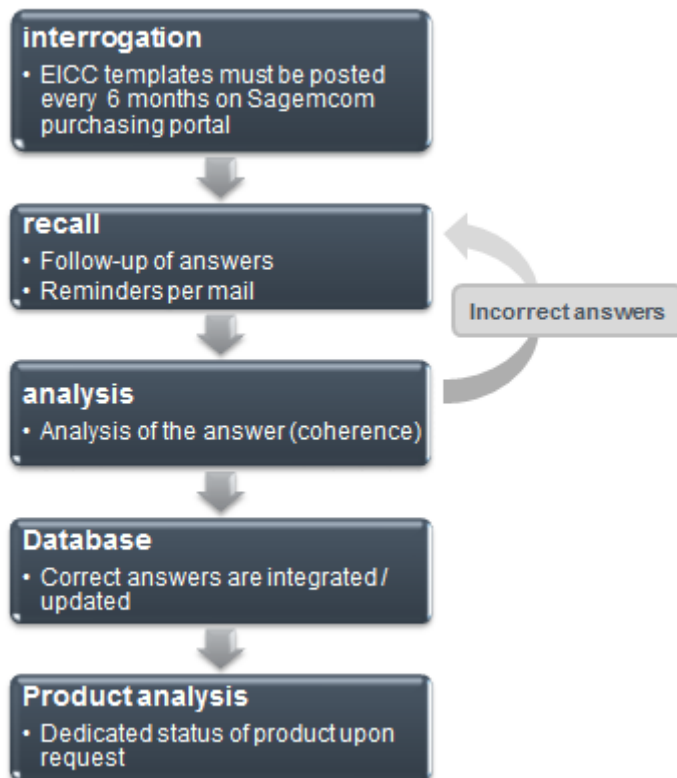
4.2.3.   Conflict minerals traceability

Sagemcom efforts related to conflict minerals are aligned to the work of the Electronic Industry Citizenship Coalition® (EICC®) and Global e-Sustainability Initiative (GeSI). The EICC's and GeSI's work includes the Conflict-Free Smelter Program and the Conflict Minerals Reporting Template ("Template") concerning the 3TG:
- Gold
- Tin
- Tungsten
- Tantalum

We require that our suppliers gather the Conflict Minerals Reporting from their supply chain, and make it available to Sagemcom. Particularly, the reporting will be provided before mass production for the following categories of components:
- Chipsets
- Tantalum capacitor
- PWB
- Plastics
- Solder

In 2013, researches about 3TG have been performed upon request of our customers only, as Sagemcom is not in the scope of the US Dodd Franck Act. Since January 2014, the researches have been extended to the complete supply chain.

interrogation
- EICC templates must be posted every 6 months on Sagemcom purchasing portal

recall
- Follow-up of answers
- Reminders per mail

Incorrect answers

analysis
- Analysis of the answer (coherence)

Database
- Correct answers are integrated / updated

Product analysis
- Dedicated status of product upon request

The interrogation process is described in this figure. Results of 2013 investigations are presented hereunder.

120 suppliers have been questionned concerning 2775 références of components.

While we requested to receive the inforamtion in the EICC format, some suppliers answered with other formats, as detailed in this pie chart.

Global answer rate (BOM coverage)
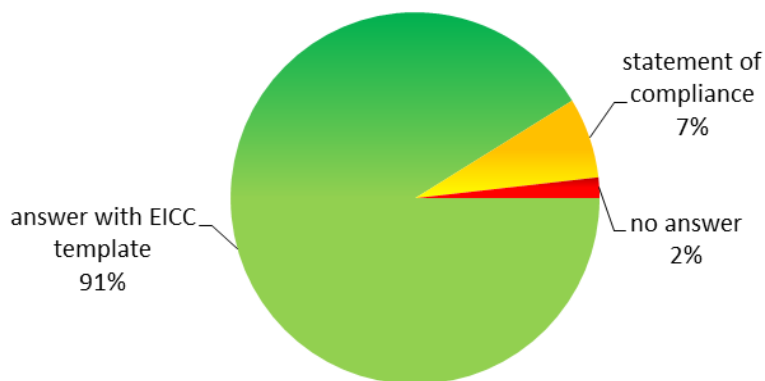
All of the above are concatenated into a database in order to assess the status of the products listed, as well as improve our understanding of the supply chain for each type of ore.

Among the responses to the EICC format, suppliers tell us they use or not 3TG in their manufacture. Note that the vast majority of our suppliers answered globally for their business, not on a particular component; This resulted in an overestimation of the presence of 3TG (particularly tantalum and tungsten which have only limited technical applications in our products).

This process is continuously improved to obtain the missing information from suppliers.

Situation on 31/12/2013

Presence of 3TG in the supply chain
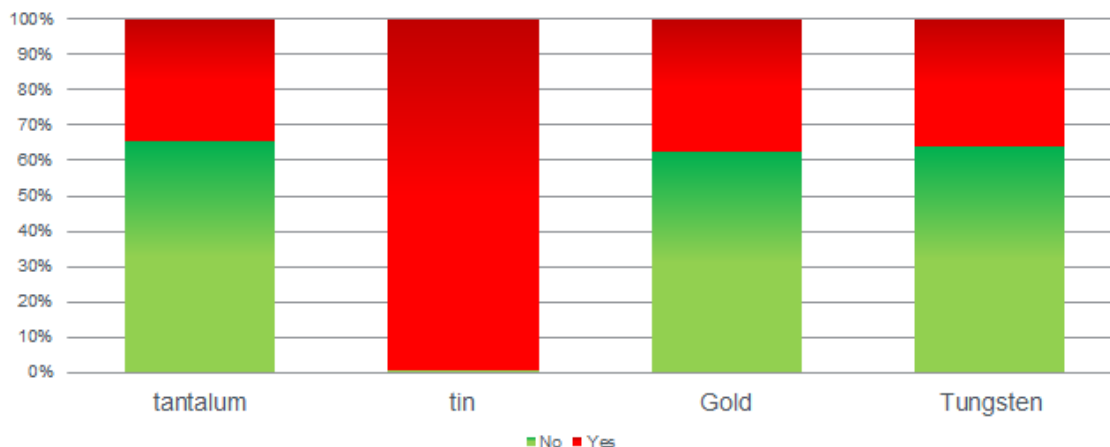
TANTALUM (Ta)

34% of suppliers declared to use tantalum in their production, based mainly on company level answers. However, no product level answer indicates use of tantalum.
From a technical point of view, tantalum is not voluntary used often in the product (e.g. tantalum capacitors)
The detailed answers concerning Tantalum (eg. When answer to question 1 is « yes » for tantalum) are as follow
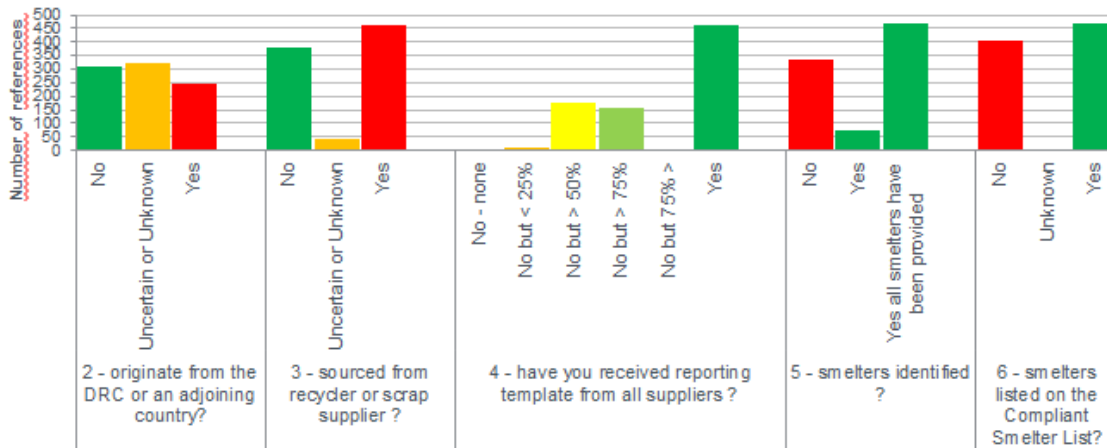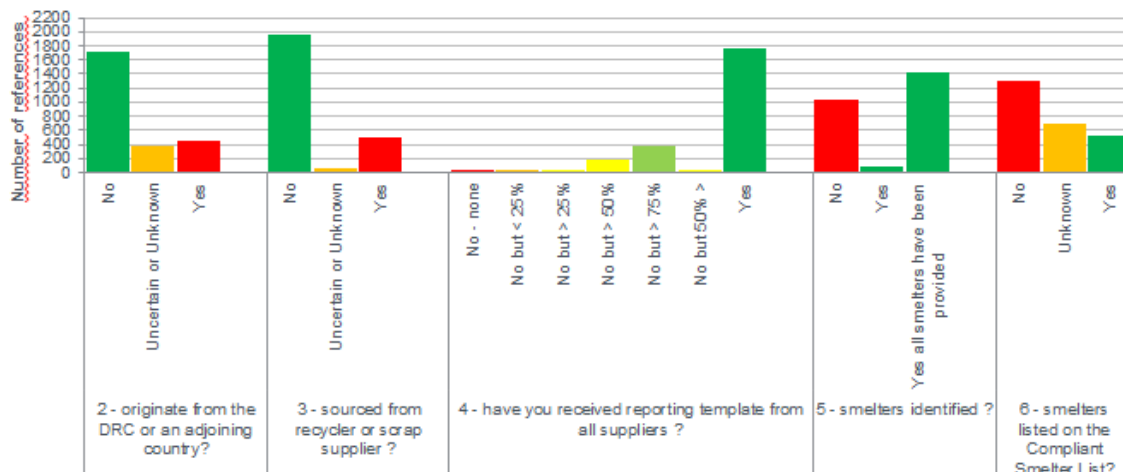

Where the suppliers declared tantalum originate from DRC or adjoining country, 96% declares they use CFS listed smelters. Remaining 4 % have incomplete reporting from their supply chain.

TIN (Sb)

99,5% of suppliers declared to use tin in their production, based mainly on company level answers.
the detailed answers concerning Tin (Sb) (eg. When answer to question 1 is « yes » for tin) are as follow :

Where the suppliers declared Tin originate from DRC or adjoining country, 98,6% declares they use CFS listed smelters. Remaining 1,4 % have incomplete reporting from their supply chain.

TUNGSTEN (W)

36,1 % of suppliers declared to use Tungsten in their production, based mainly on company level answers.
The detailed answers concerning Tungsten (W) (eg. When answer to question 1 is « yes » for Tungsten) are as follow:
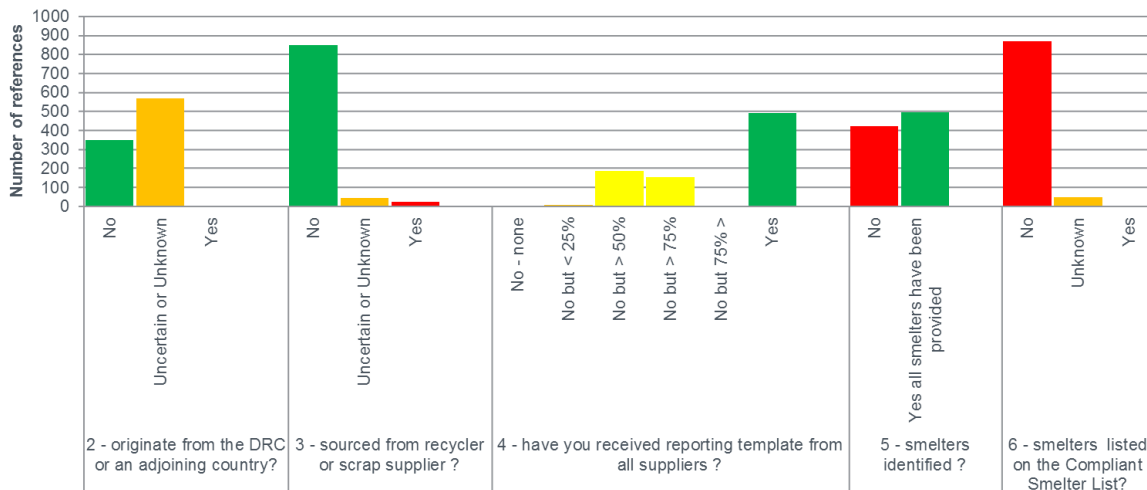
no suppliers declared Tungsten originate from DRC or adjoining country ; however , 61,8% declare uncertain or unknown origin.

GOLD (Au)

37,6 % of suppliers declared to use Gold in their production, based mainly on company level answers.
The detailed answers concerning Gold (Au) (eg. When answer to question 1 is « yes » for Gold) are as follow :
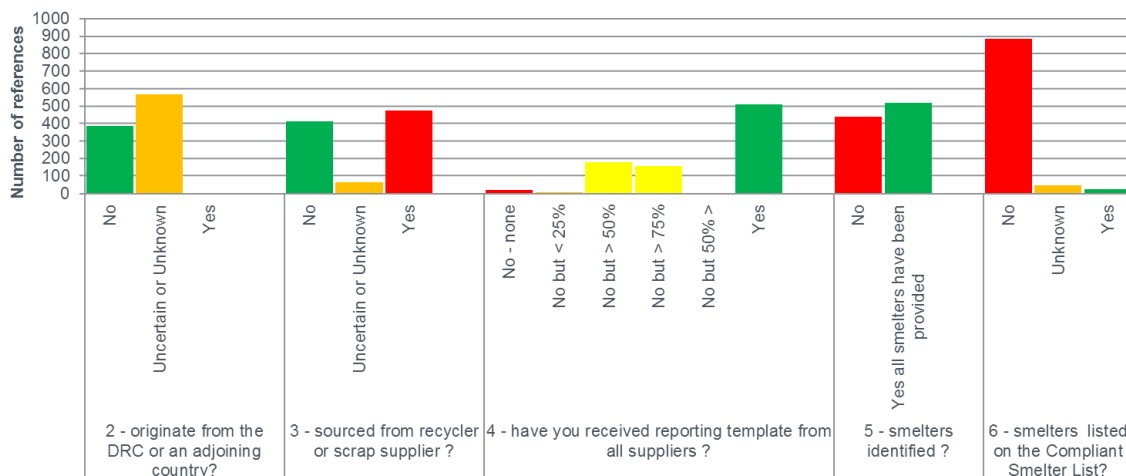
no suppliers declared Gold originate from DRC or adjoining country ; however , 59,4% declare uncertain or unknown origin.

4.3. Transport

The optimization of transport is a key point of reducing the environmental impact of an organization. This optimization requires :
- better organization,
- timeliness of design and manufacturing to meet the time to market
- improving forecasts and production schedules

All this to avoid emergency of finished goods by air transport. Indeed, if the aircraft is only about 12% of tons / kilometers transported, it is responsible for 98% of the carbon footprint.

Action put in place end of 2012 / beginning of 2013 have allowed to decrease the long-distance transport impact by 46% (56 230 tons eqCO2).

Air / Sea transportation impact 2012 / 2013
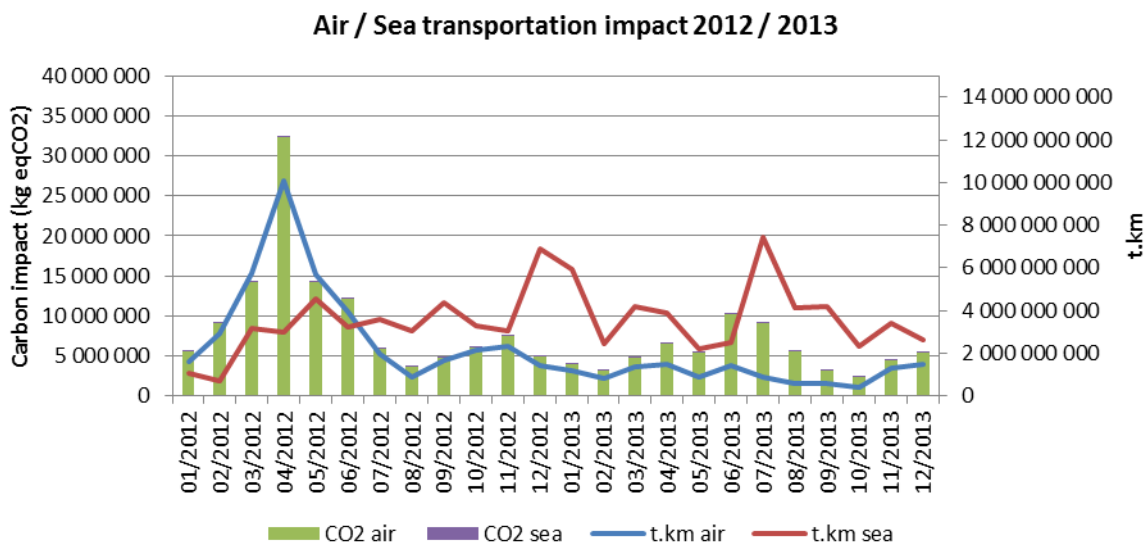
4.4.   environmental management

Since ten years, Sagemcom policy is to have certified environmental management system for its most important operational sites. The ISO 14001 standard prescribes the requirements for an environmental management system allowing organizations to formulate policies and objectives in view of regulatory requirements and information relating to significant environmental impact.

Sagemcom, in accordance with national laws and regulations, especially those relating to classified installations, controls environmental aspects such as:
- soil, water & air pollution
- sound pollution
- waste production
- Consumption of water, etc.
- controlling dangerous substances

These provisions are implemented in our centers by environmental officers, under the responsibility of the respective Site Directors, according to continuous improvement processes.
Certified sites are presented on the map hereunder. They include the heard quarter, R&D, and manufacturing plant. Non certified sites benefit from existing procedures built in the other premises and participate in the definition of ecodesign actions.
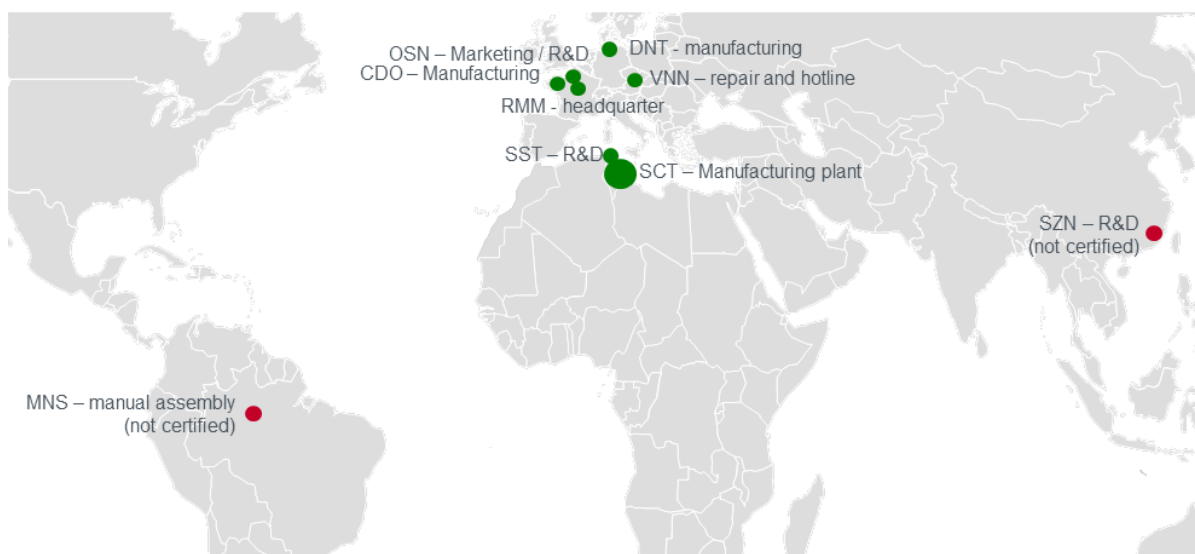
4.4.1. Gas

The headquarter only is consuming gas in a significant manner, for the heating system. Its consumption is followed monthly and compared with the previous years, by analysis it with a DJU factor (e.g. linked to temperature to have a common basis of comparison).
Several actions put in place in 2013 allowed to enhance the efficiency of the system by 5% compared to 2012. (44,4 tons eq.CO2).
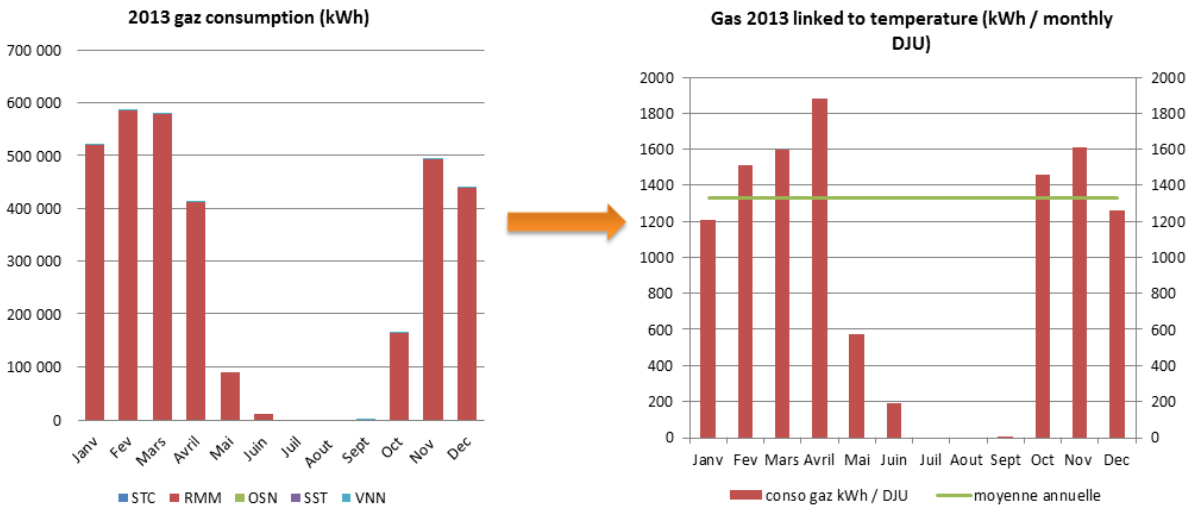

4.4.2. Electricity

Electricity consumption is measured monthly and compared via their carbon factor (depending on local Energy Mix. 998MWh have been saved between 2012 and 2013 (406,9 tons eq.CO2).

La synthèse des consommations est présentée ci-dessous.
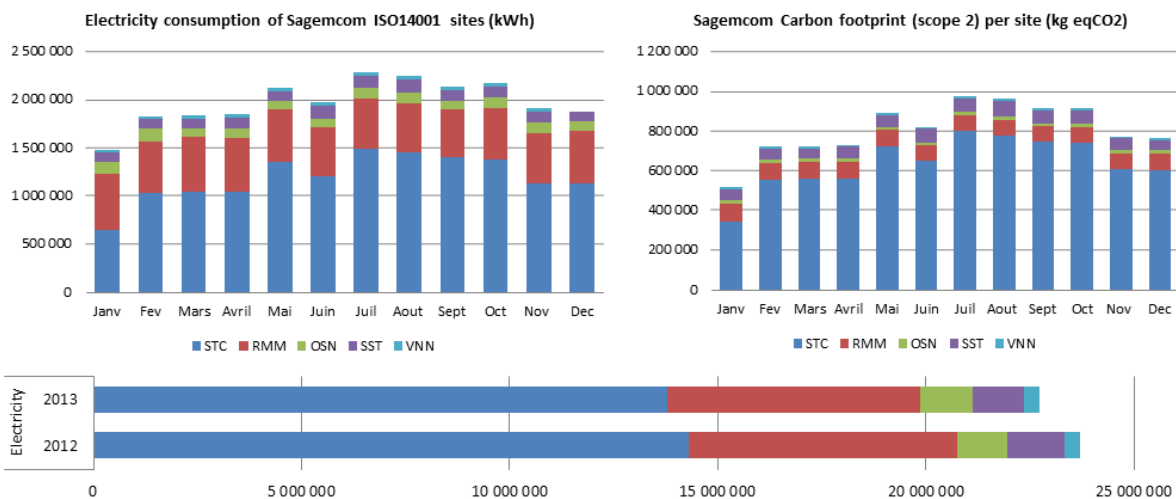
4.4.3. Water

Water consumption is measured monthly and compared via their carbon impact.
3600 m^3 have been saved between 2012 and 2013.

2013 water consumption per site (m3)

**2013 carbon impact of water consumption (kg eqCO2)**
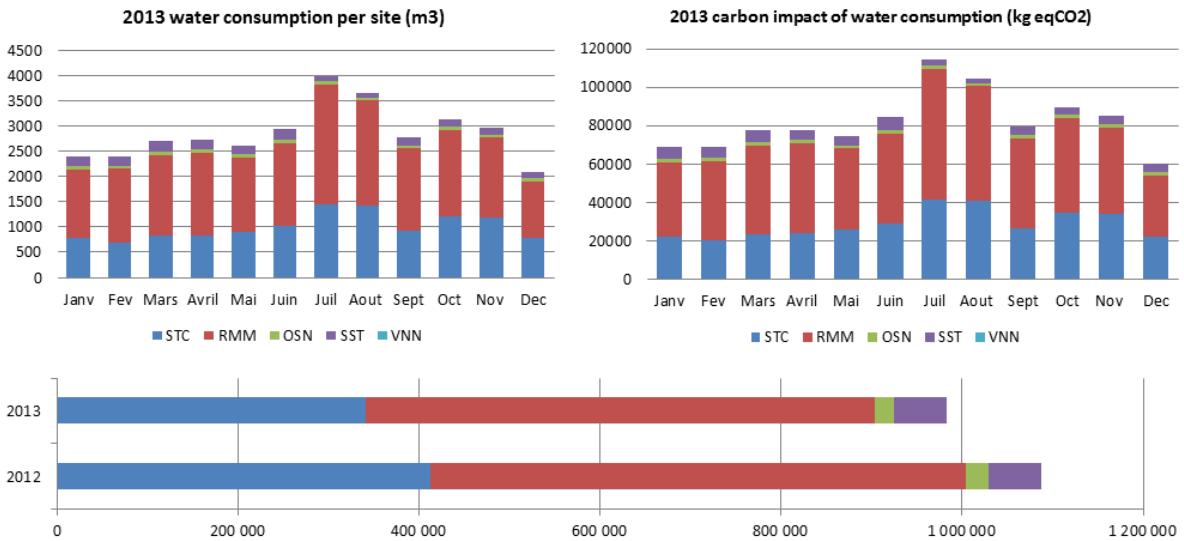
4.4.4. Wastes

Wastes are sorted to enhance the recycling. Each site has its own objectives, based on its activity. The follow-up of quantities is illustrated hereunder.

Monthly follow-up of wastes per type (kg) at group level
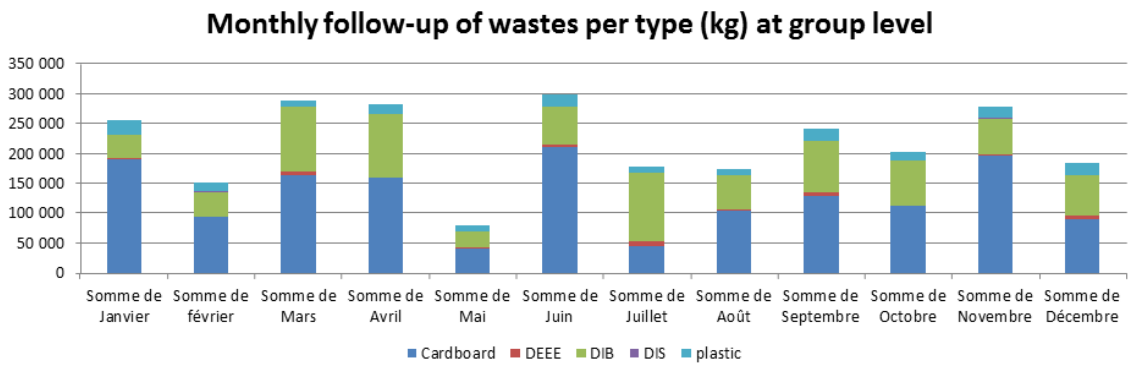
4.4.5. GLOBAL EVALUATION

All these data are aggregated and correlated to calculate the environmental impact of the group. This balance sheet is presented below; accumulated consumption and emissions in 2013 to decline by 4% compared to 2012, 465 tonnes CO_2-e (mainly due to electricity savings).
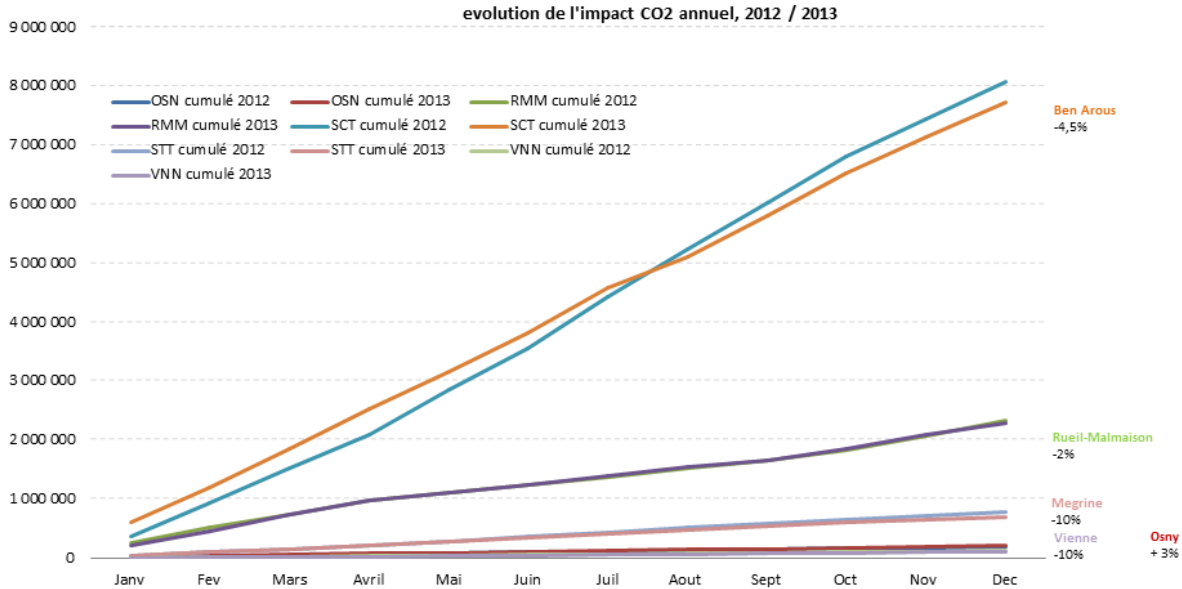
4.4.6. Manufacturing partners

Sagemcom works, in addition to its own centers, with different partners in manufacturing finished products around the world. All the partners are ISO 14001 certified and are subject to regular inspections by third party auditors. In 2014 their consumption will be a monitored more closely to assess the effectiveness of the manufacturing process. This process was conducted with a large partner in 2013, highlighting a significant difference in efficiency between the two business models. This will also identify and deploy best practices across the supply chain.
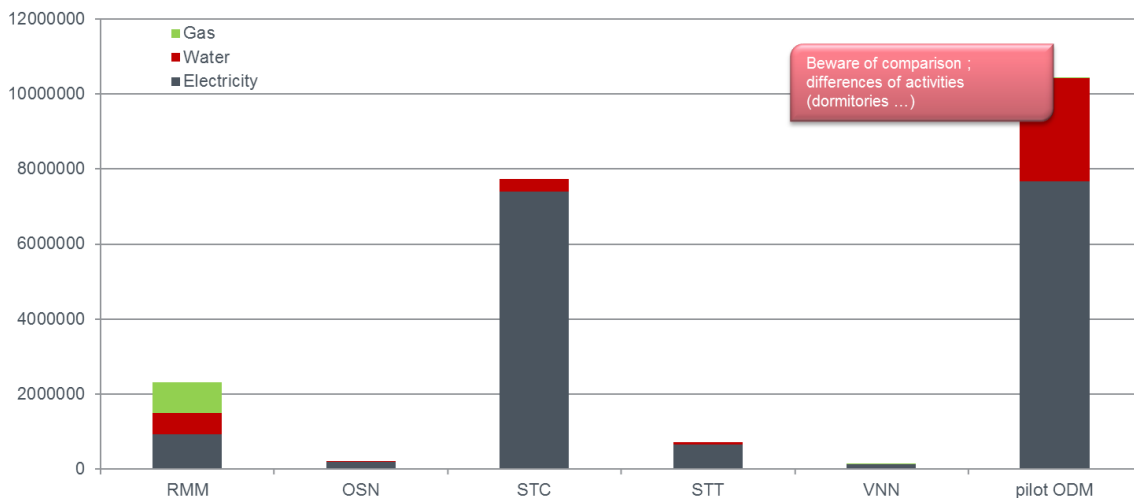
4.5. End of Life

Sagemcom commits to the recycling of all of its products.

4.5.1. Electrical & electronic equipment

European Directive 2002/96/CE (known as WEEE) regulates the management of Electric and Electronic products at their end-of-life. Producers are responsible for the recycling of their products. Sagemcom is one of the founders of the eco-organization Ecologic, a company approved by the French government for the management of WEEE.
(www.ecologic-france.com)

4.5.2. Packaging

Sagemcom packaging satisfies the requirements of applicable regulations (European directive 94/62/CE):
- No heavy metal content
- Optimized volume of raw materials used
- Materials are identified to optimize recycling

We finance the collection and recycling of our packages via eco-packaging systems. In addition to meet its obligations, Sagemcom permanently attempts to reduce packaging quantities. To give an example, changing the range of thermal transfer fax products reduced volume by 26%. Individual packaging is thus optimized as well as transport as an equivalent quantity of products can be carried by fewer trucks. Materials incomings being also an important question, we deploy recycled packaging in cardboard or certified, printed with vegetal inks.

4.5.3. Batteries and accumulators

Batteries and accumulators can represent a danger for the environment during elimination due to the dangerous substances they contain. The European directive 2006/66/EC prohibits the marketing of the least eco-friendly batteries and accumulators (limits for lead, mercury and cadmium content). It makes collection and recycling mandatory to ensure that elimination is controlled and to encourage less use of raw materials. Sagemcom contributes to the collection and recycling of batteries, particularly via its membership of eco organizations.

4.5.4. enhancing recycling : Dismantling sheets

To ensure the correct recycling of its former products, Sagemcom provides recyclers with a dismantling sheet at request. This sheet contains all the information required to properly dismantle the product & recycle products in an optimum manner.
To give an example of the information on the sheet:
- A summary of the material used (metals, plastics, electronic boards, etc.)
- Location of the components to be separated (according to the WEEE directive)
- Dismantling instructions
- Potential risks for recycling operators (sharp metal edges, etc.)

4.5.5. <u>Our approach : customer service for a lower environmental impact</u>

In addition to recycling household products and professional via Ecologic, Sagemcom has implemented a strategy of repair & refurbish for its customers.
Having full control over its repair network has undeniable benefits for a group such as ours, as a client service (from the supply of the product to complete life-cycle management), but also as feedback. Our R&D and Quality services particularly appreciate this point. The study of NFF (No Fault Found) indeed appears to be the best means of ensuring that our products are constantly more reliable, effective and easy-to-use.

<u>Repair staff around the Globe</u>
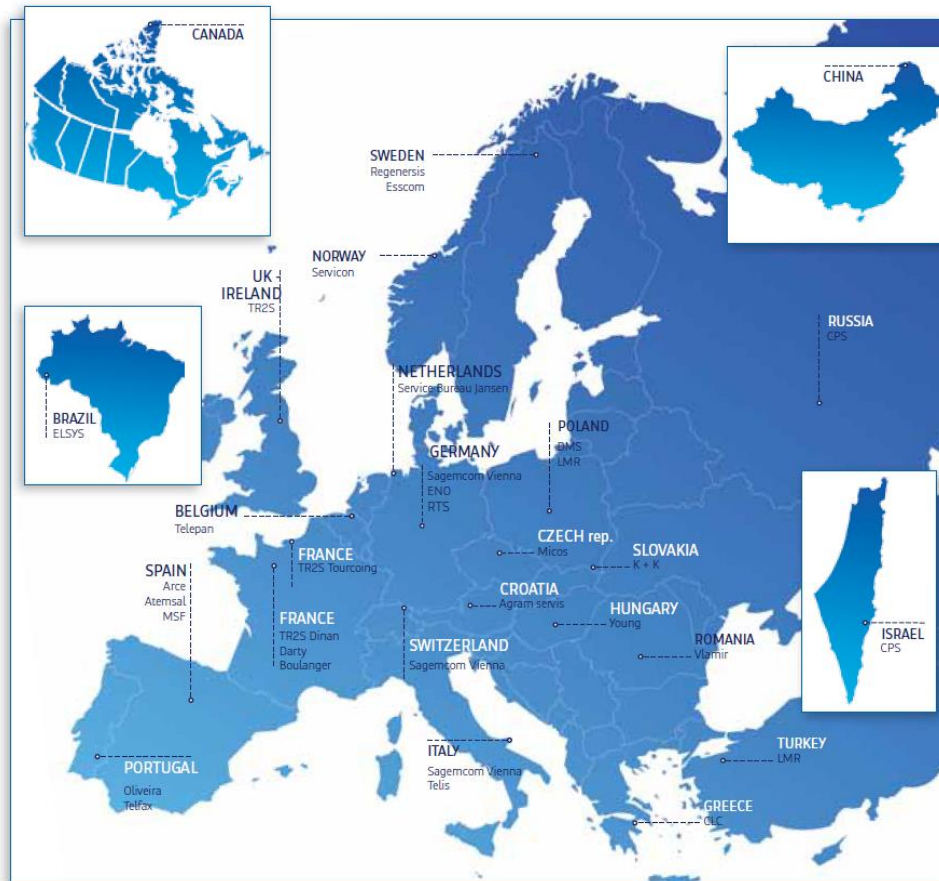
ASC (Authorized Service Center) feedback on user tips - which our operators know backwards and forwards - allows our call centre to assist clients while avoiding tedious and expensive product returns for repairs. Sales staffs are not forgotten: our refurbish lines are equipped to process thousands of products returned from a Telecommunications operator in view of serving a new subscriber. Large ASC are comparable to fully-fledged production plants as they include their own reception/acceptance units, production lines, quality control, dispatch, and purchasing services, etc. Operations are therefore similar, however, one detail differs, an ASC is unaware of which products the service will need to process in advance (products are processed when they fail and cannot therefore be forecast by definition) and the aim is to ensure a rapid repair: a client is waiting for every failed product! For small ASC, the challenges mentioned above are combined with the wide range of products handled, as the Sagemcom portfolio is vast. One single operator could therefore repair set-top boxes on a morning, continue with Picopix and end the day with a few DECT. And all this time, the quality of the repair must be guaranteed, as our aim is to return a product in full working order to the client. Repair sites match the deployment of Sagemcom products to ensure effective international coverage. On this basis, Fax and Imaging products can be found in China, STB products in Brazil and Turkey, and other HGW in Brazil, Canada and Israel. Several centers are clearly set up in Europe, ranging from Sweden to Italy and from Portugal to Russia.
Before concluding that the product has failed, every action is taken to ensure that our clients receive an adequate

response in real-time. Our customers can access our support site, films and forums, and an on-line chat 24 hours a day, and what's more, our telephone operators are there to provide assistance. And if no solution is found despite all our efforts, our ASC will take action to ensure repair as rapidly as possible.

A few figures for the client service:
- **49** : number of ASC spread over 29 countries
- **461,000** : number of repairs carried out
- **1,130** : number of Sagemcom product references processed in ASC
- **500,000**: number of calls received on our hotline
- **27,000** number of support site pages (having generated almost **3 million** pages viewed)
- **40,000** : number of e-mails received and processed
- **36,000**: visits to the "get satisfaction" forum with **22,000** educational films viewed over **7,000** on-line chat sessions

This approach allows the reuse of a maximum of products; depending on products types, up to 85% can put repaired and have a second life on the market. (Remaining products are non-repairable). The environmental impact is considerably reduced.

4.1. Voluntary approaches

4.1.1. European Voluntary Industry agreement for complex Set Top Boxes

The industry Voluntary Agreement seeks to contribute to the achievement of the EU Action Plan on Energy Efficiency and in particular of the Eco design Directive 2009/125/EC, by reducing the potential environmental impact of Complex Set-top-Boxes (CSTBs), which will ultimately be beneficial to consumers and other end users.

Its overall objective is to reduce the energy consumption of CSTBs in accordance with energy consumption targets and time frame, with a view to maximise the environmental benefits from improved design.

The Voluntary Agreement delivers an industry-wide commitment to reduce the potential environmental impact of CSTBs. It goes beyond a "business as usual" scenario and provides for quick progress by means of rapid and cost-effective implementation, while allowing for flexible and appropriate adaptation to technological options and market sensitivities. This Voluntary Agreement sets out the means by which the Signatories, which are drawn from across the spectrum of the CSTB industry, will commit to achieve such rapid and effective implementation while continuing to invest in and develop sustainable and appropriate "best of class" CSTB products.

Signatories engage in having more than 90% compliant products put on the market each year.
Sagemcom Broadband SAS signed the voluntary agreement as it reflects our eco design policy.

4.1.1. Environmental labelling of DECT products

Sagemcom is a stakeholder in the French experiment about disclosure of environmental information related to electronic products.

In particular, the DECT phones environmental characteristics are disclosed by a French telecommunication operator in its shops & website. It includes a simplified carbon footprint of the product, and various information about raw material depletion, Eco design, …

4.1.   Recognition from our customers

4.1.1.   Sagemcom member of the Better Futur Supplier Forum

To promote innovation in its global supply chain, British Telecom created the Better Future Supplier Forum (BFSF). This is a collaborative forum for learning and development that brings together all providers sharing this strategy.

Sagemcom was one of the first companies to join the BFSF and committed in the final case study proposed by British Telecom.

Ultimately, Sagemcom was elected winner of the 2013 BT Game Changing Innovation Challenge and has also been awarded the Silver Award under the Better Future Supplier Forum.

Sagemcom is proving to be a truly reliable partner for BT, which provides innovative and attractive products with low environmental impact, to meet its end customers.

Notably, the BT Home Hub 5 is expected to save 13,000 tons CO2 equivalent per year for all customers in the supply Infinity (Fiber) compared to products already in place, while improving service quality.

SILVER

Better Future Supplier Forum

Sagemcom

has been approved and rated Silver
for its commitment to sustainability
January 2014

BT

WINNER

Better Future Supplier Forum

Sagemcom

Winner of the
2013 BT Better Future Supplier Forum
Game Changing Challenge

BT

4.1.2. Ecovadis evaluation

EcoVadis operates the 1st collaborative platform allowing companies to assess the environmental and social performance of their suppliers on a global basis. EcoVadis combines technology and Corporate Social Responsibility (CSR) expertise to deliver simple and reliable supplier scorecards, covering 150 purchasing categories and 21 CSR criteria.

The EcoVadis methodology framework assesses the policies and measures put in place as well as the reporting published by companies with regards to environmental, labor practices & human rights, fair business practices and sustainable procurement issues. The assessment conducted by CSR experts is made on the basis of the company answers to a survey which is dynamically adapted to their country, sector and size, on the basis of supporting documentation, and on public and stakeholder (NGOs, trade unions, press) information

Sagemcom has been evaluated and identified as a company having a confirmed approach to CSR.

SOCIAL RESPONSIBILITY
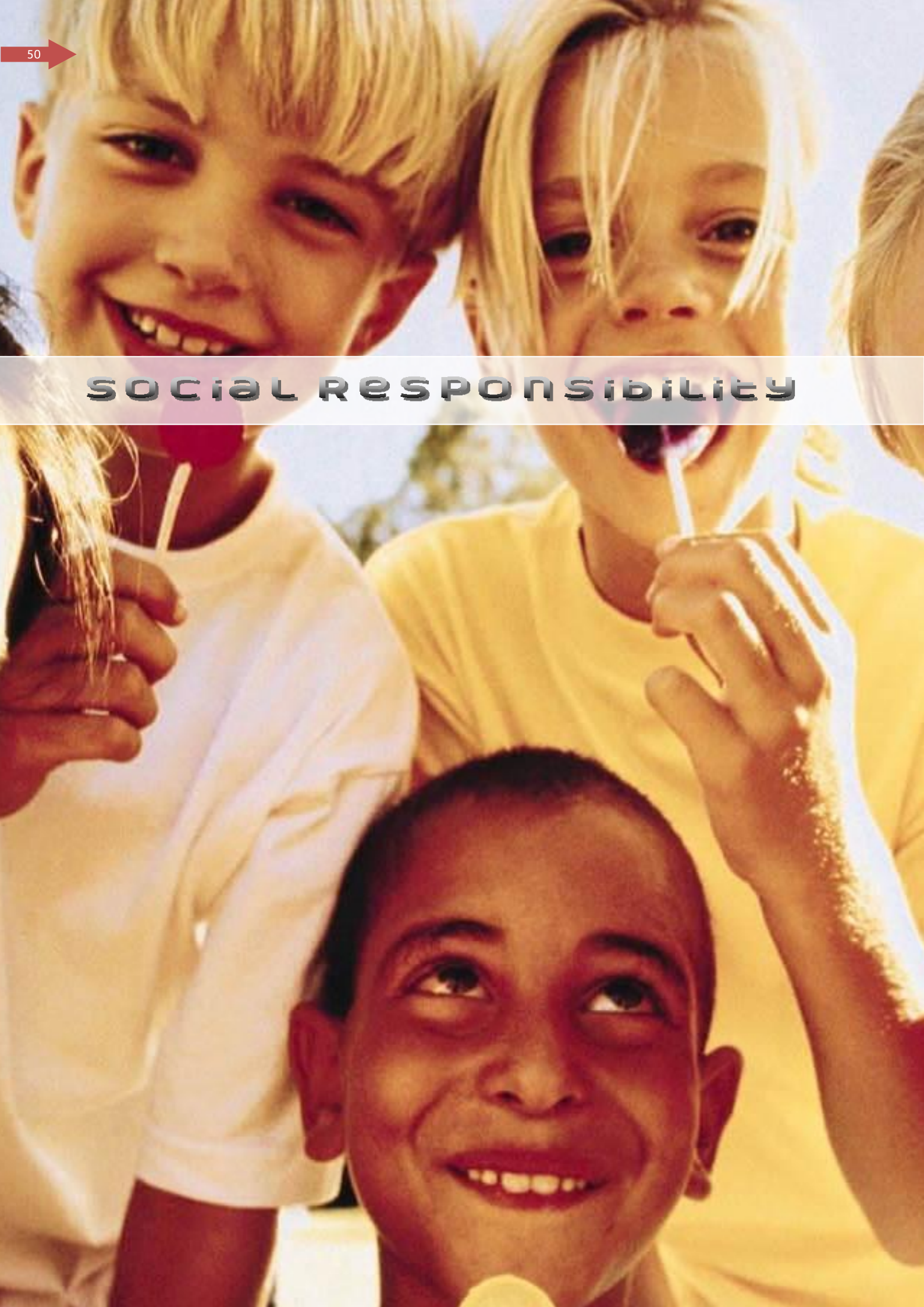
5. our social responsibility

5.1. training

The Sagemcom Group strongly believes in its role within the society, through its employees, customers and suppliers.
We are conducting a very active policy both internally and externally to ensure the best possible monitoring of our social responsibility.

Consideration of ethical issues by suppliers begins with an understanding of these issues by people in contact with the supply chain (mainly Quality and Purchasing services).

Ethical training (1 day) presents the problems most commonly encountered and how an audit is conducted; it allows our employees to have a watchful eye on matters outside their usual scope when visiting a supplier. They can, if necessary, inform the ethics committee if they consider a situation to be abnormal.

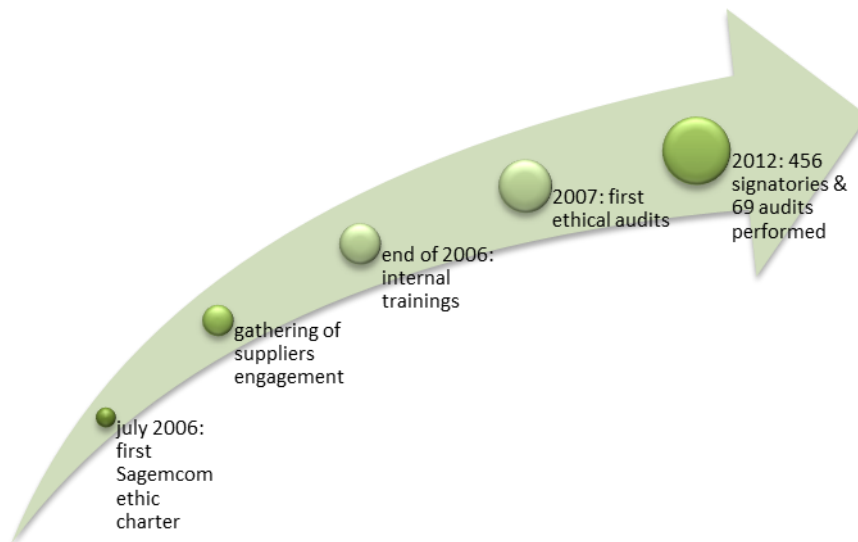Since 2007, 130 people were trained at the option of hiring within these services.

Ethical training - trained people since 2006
(purchasing & quality)
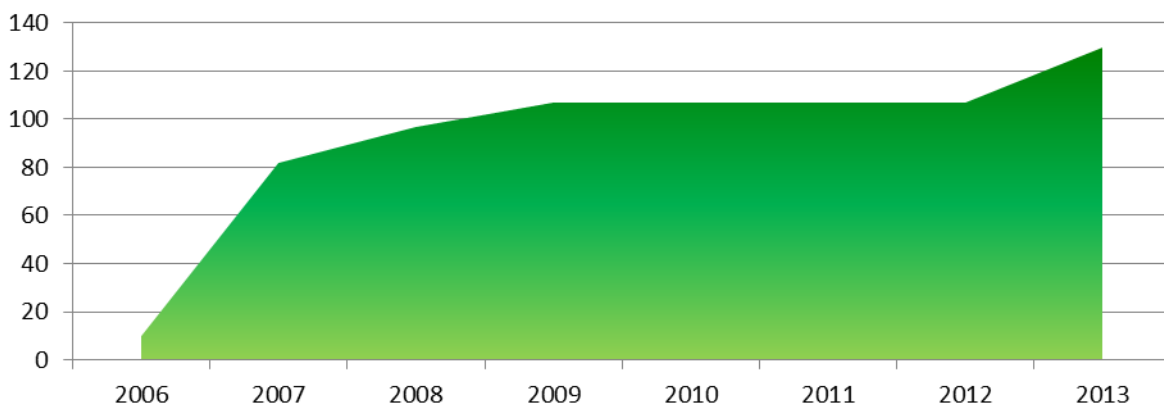
Each new supplier must be associated with this approach. Before ordering a new supplier, it must sign the Code of Ethics Sagemcom (or provide an equivalent charter) and complete the self-assessment questionnaire.

5.2. Ethical approach toward the supply chain

The Ethical Approach of Sagemcom has been initiated in 2006 by the purchasing department, and is part of an improvement process in the long term. It is one of five keys (with the quality, price, time, innovation) of our purchasing policy. It is based, among other things, on the work of the International Labor Organization, the Universal Declaration of Human Rights international conventions, as well as the UN Convention on the Rights of the Child.

july 2006: first Sagemcom ethic charter

gathering of suppliers engagement

end of 2006: internal trainings

2007: first ethical audits

2012: 456 signatories & 69 audits performed

It includes 4 major principles :

Human Rights
- Child labor
- Force labor
- Discrimination
- Freedom of association & Right to collective bargaining

Working rules
- Health and safety
- Working hours
- Payment/Remuneration
- Disciplinary practices
- Accommodation
- Individual conduct (bribery & corruption)

Environment respect

Bribery and corruption

Action is taken within the company to promote this approach. Internal awareness sessions are planned throughout the year, as well as training sessions for "ethical" auditors.

In view of promoting and extending its ethical approach, Sagemcom requires its suppliers to make commitments:
- by adhering to its ethical charter (in annex 5)
- by filling out the Sagemcom self-assessment questionnaire

- by accepting to be audited on the correct application of the ethical approach of Sagemcom

5.2.1. <u>Suppliers evaluation and validation</u>

Each year, Sagemcom is planning ethical audits in order to check the respect of the ethical rules, in addition to the follow-up audits. The suppliers' selection, to be audited, is done by the Ethical committee (purchasing, quality & environmental departments), according to the profile of the supplier (Activity, Manual process, uses of chemical or toxic substance ...). All the actions are coordinated by the Sagemcom Suppliers Quality Manager with the ethical audits third party.

FIEV audits and quality audits also include environmental and safety checkpoints in order to detect deviations (127 quality audits in 2013)
Ethical audits are realised based on a template defined by Sagemcom with the help of the various international standards. It has been updated in january 2014 and now includes 183 checkpoints.

LABOR	A1 – Freely Chosen Employment
	A2 – Child Labour
	A3 – Working Hours
	A4 – Wages and Benefits
	A5. Human Treatment
	A6. Non-Discrimination
	A7. Freedom of Association
Health and Safety	B1 – Health and Safety
	B2– Emergency Preparedness
	B3-Occupational Injury and Illness
	B4-Industrial Hygiene
	B5-Physically Demanding Work
	B6-Machine Safeguarding
	B7-Food, Sanitation and Housing
Environmental	C1-Environmental Permits and Reporting
	C2. Pollution Prevention and Resource Reduction
	C3-Hazardous Substances
	C4-Wastewater and Solid Waste
	C5-Air Emissions
	C6-Product Content Restrictions
Management system	D1-Company Commitment
	D2-Management Accountability and Responsibility
	D3-Legal, Customer Requirements, Suppliers Management and Subcontracting: Identification, monitoring and understanding of applicable laws, regulations and customer requirements.
Ethic Business	E2-No Improper Advantage
	E3-Disclosure of Information
	E4-Intellectual Property
	E5-Fair Business, Advertising and Competition
	E6-Protection of Identity
	E7-Business Integrity

Once the audit is realised, the service provider send an audit report.

In the case where non conformities have been identified:
- If the non-conformities are prohibitive (under-aged labor, all forms of obligatory or forced labor and all kind of labor, which, by its nature or its conditions, presents an immediate danger or would be likely to endanger the employees' health and safety) and without quick corrective actions, Sagemcom would stop all business with the supplier. The supplier would be classified as Forbidden.
- For the other cases, Sagemcom will ask the supplier to implement corrective actions and if necessary a follow-up audit will be requested.
- Without any feedback from the supplier within 3 months, a follow-up audit will be conducted by our third party auditor. In the same way, if the corrective actions are no sufficient, a follow-up audit will be done too.
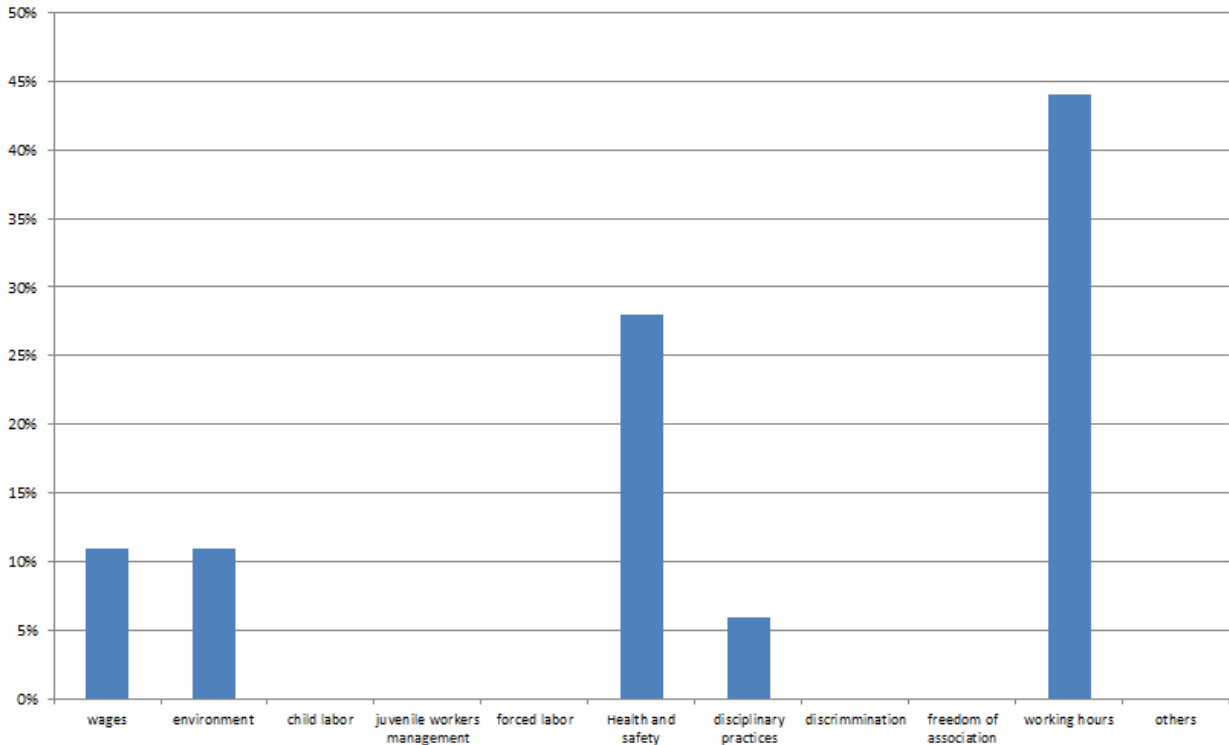
5.2.2.   Audits results

Since 2007, 72 audits have been done.
The audited suppliers are mainly strategic partners for high added value components, ODM partners, and critical components suppliers. Main issues during these audits were:
- Working hours
- Health and safety
- Juvenile workers management
- Payment and remuneration
- Environment

main non compliances detected

Action plans have been built with the suppliers to correct these problems, and follow-up audits have been set up.

5.3.   Anti- Corruption

Company employees may under no circumstance damage its reputation, the integrity of its assets and its information systems. Paid work of any type that personnel may have outside their job must not cause conflicts of interest with their duties inside the company. Similarly, considerable caution is required with regard to the purchase of shares, directly or via an intermediary, in companies doing business with the company. Such restrictions do not apply to listed companies, unless confidential information is used which may be construed as insider trading.

Under no circumstances may Company employees accept gifts or benefits, unless of a symbolic nature, from suppliers. Similarly, no one may propose or award such gifts or benefits with a view to obtaining a contract. No one should display the slightest indulgence with respect to active or passive corruption

Based on the corporate decision, the following countries are forbidden to deal with :

Broad general Embargo
Trading with these countries is strictly forbidden without any exception
- Iran
- Cuba
- Sudan
- Syria

Limited economic sanctions
This limited Economic sanctions are more targeted in nature and often cover individuals (SDN : Specially Designated Nationals) and property associated with current or former government regimes
- Iraq
- North Korea
- Zimbabwe
- Liberia
- Balkans
- Belarus
- Democratic Republic of Congo
- Ivory cost
- Lebanon
- Somalia
- Libya
- Myanmar (Burma)
- Yemen
- Russia : Magnitsky sanctions
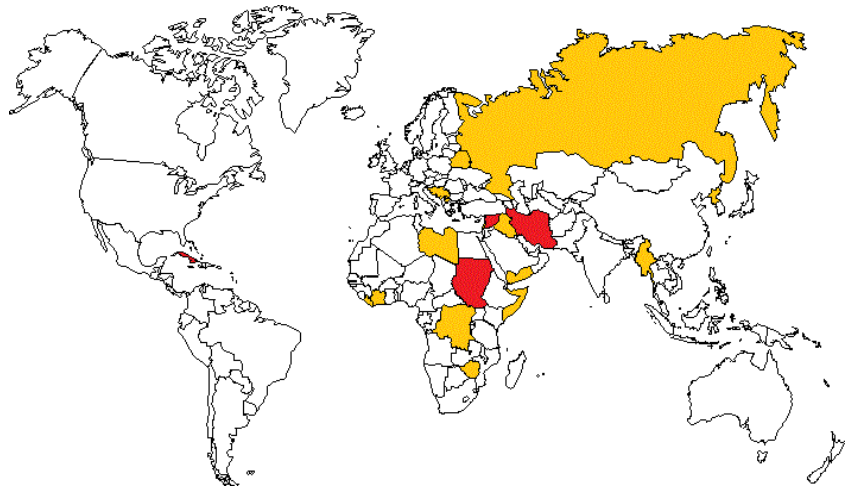
5.4. Culture

As part of the exhibition "The Treasure of Naples - The jewels of San Gennaro," presented at the Maillol Museum (Paris) from 19 March to 20 July 2014, Screeneos® were put at the museum's disposal to cover the walls of the major places of the exhibition: the Chapel. Four Screeneos display Chapel images, allowing visitors to dive out in an atmosphere close to its original.

Finally, a video room destined to display historical films, is also equipped with a Screeneo® to immerse the audience in this important part of the Neapolitan history.
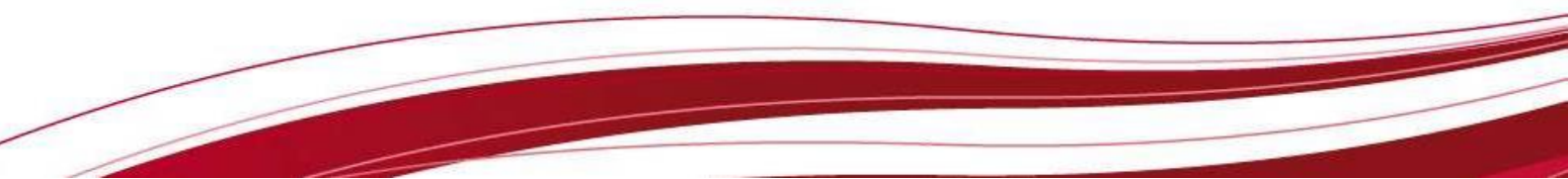
industrial risk management

6.   Risk Prevention

6.1.   Business Continuity

Sagemcom defines on a yearly basis (except in case of major change of context) a business continuity plan of its different activities.
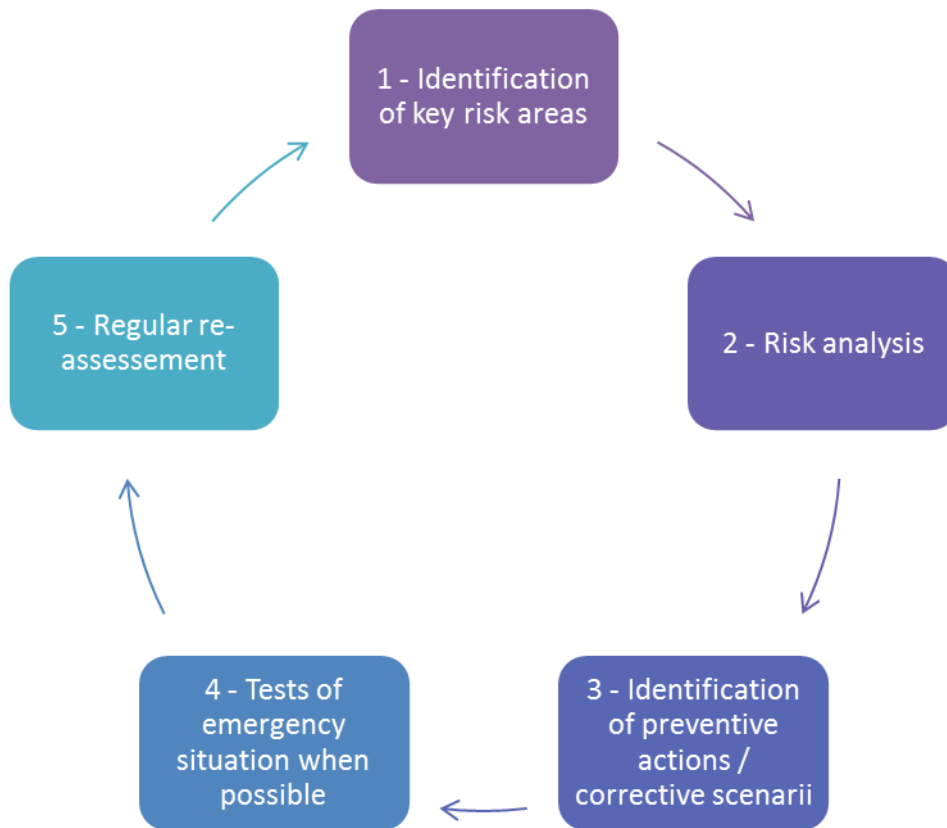
The four activities of Sagemcom have been mapped from a risk perspective and business continuity plans are established following 3 key principles :

Resilience
- critical business functions and the supporting infrastructure are designed and engineered in such a way that they are materially unaffected by most disruptions, for example through the use of redundancy and spare capacity

Recovery
- arrangements are made to recover or restore critical and less critical business functions that fail for some reason

Contingency
- the organization establishes a generalized capability and readiness to cope effectively with whatever major incidents and disasters occur, including those that were not, and perhaps could not, have been foreseen. Contingency preparations constitute a last-resort response if resilience and recovery arrangements should prove inadequate in practice

Risk identification examples

- **Internal risk**
    - **Project based (technological point of view)**
    - **People based (key people, resources, social disruptions ...)**
    - **Financial**
    - **Information system**
- **Production risk (premises)**
    - **Partial / full destruction of production plant**
    - **Partial / full destruction of raw materials stocks**
    - **Partial / full destruction of infrastructure**
- **Supply chain risk**
    - **Strategic components**
    - **Geographical risks**
    - **Geopolitical risks**
    - **Ethical risks**
    - **Key manufacturing partners**
- **...**

Risk evaluation methodology

Risks are evaluated based on frequency and impact on organization, associated to its ability to control the risk

This approach allows to set priorities in terms of preventive actions
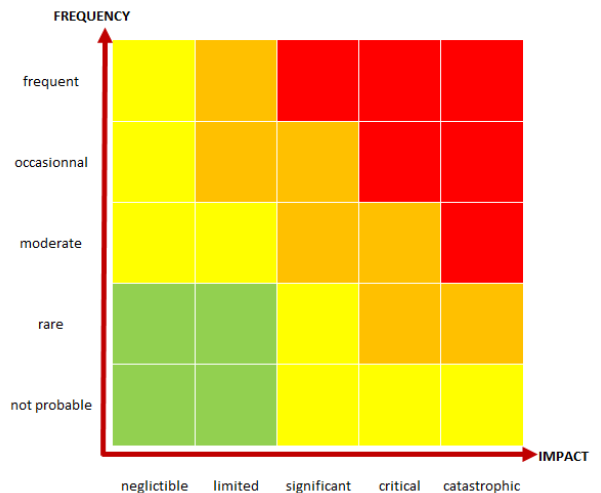
Preventive Actions – products oriented
- Compliance certification process (CE, ROHS, REACh, ...)
    - Strong control process ensuring that no non-compliant product is put on the market
    - Systematic tests
    - Periodical tests

- Management of intellectual property
    - Sagemcom Patents management
    - Freewares
    - Suppliers contracts

- PSIP
    - Management & archive of elements

Preventive actions – sites oriented
- Regular control by third parties (APAVE, CEP – maintenance of infrastructures)
- Thermal view of infrastructures (fire prevention)
- No use of aero cooling tower (legionela prevention)
- Stocks limitation in premises

- Advanced stocks, VMI stocks
- Flat stocks
- Multiple platforms
- « milk run»
- Just In Time (associated with lean, 5S ...)
- ISO Certified management
- ISO 9001 – Quality
- ISO 14001 – Environnement
- ISO 27001 – Information Security
- OHSAS 18001 – Health and Safety
-

Continuity plan

In addition to preventive actions, the plant prepared a continuity plan to ensure the business continuity in case of disruption.

The continuity plan of the tunisian production plant includes :

- Scenarii of disruption
  - Partial / full loss of premises (Production tool / stocks / administration)
  - Failure of infrastructures (Electricity, water, nitrogen, ...)
  - Failure of informatic system (servers ...)
  - Failure of production tools (SMD, wave soldering ...)
  - Failure of logistic (accident, strikes ...)
  - Human resources (strikes, shortage ...)
  - ...
- Crisis team for each scenario is defined and documented with contacts & operation base inside / outside the company
  - Action plan with schedule & responsibility
- The continuity plan is confidential but can be consulted on site during audit
- Partnerships with EMS manufacturers to switch production location in case of full loss of premises

multi sites approach

- In addition to its various partnerships with EMS manufacturers, Sagemcom Energy & Telecom is creating an excellence manufacturing plant for smart meters in Dinan (France) which is a major asset to deal with a potential loss of the Tunisian plant.
- press release :

SAGEMCOM PLANS TO CONVERT ITS DINAN'S PLANT INTO MULTI-ENERGY SMART GRID

April 15TH, 2014

THE MANUFACTURING CENTER OF DINAN WOULD BE CONVERTED INTO MULTI-ENERGY SMART METERS, DESTINED TO FRANCE AND EXPORT.

A significant volume of Linky meters, in addition to the volume of Gazpar meters recently gained, would allow Sagemcom to consider the conversion of Dinan's plant to multi-energy smart meters in 2015. The site would grow from 32 employees in 2014 to over 140 in 2018, aiming first at 2 million manufactured meters per year by 2017 (20% destined to export).

This conversion, representing an investment of € 5 million, would create, besides a job potential for Dinan area, an opportunity for the whole Brittany region with almost 250 indirect jobs involved. All skills required to convert and run the plant are indeed located very close (automation integrators, plastic injectors, manufacturers of mechanical parts or test interfaces, carriers, etc).

Dinan

6.2. Information security

Management of information security protects the heritage of the organization and creates value for it and its stakeholders:

- Confidence of the Customers and Partners
- Confidence of shareholders,
- Reliability of the brand,
- Availability of SI and therefore reliability of production,
- Confidentiality and integrity of Data Protection
- Business continuity in the event of an incident or of a major disaster
- Regulatory compliance (transparency, legal compliance, compliance with sectoral obligations) ….
- ISO / IEC 27001/27002 is a worldwide recognized benchmark
- Certification is external evidence of Sagemcom commitment

ISO27001 certification has been granted mid 2014 for R&D activities for Set top Boxes and smart meters.

ANNEXES
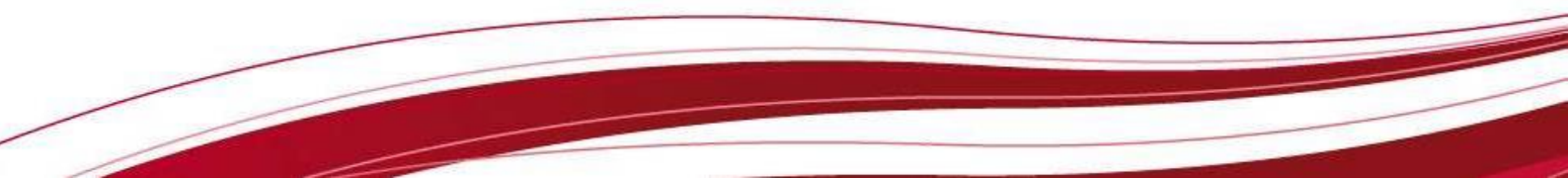
Annexe 1 –Sagemcom engagements

SAGEMCOM

Our SAGEMCOM commitments

Sagemcom is witnessing significant change in its markets, characterised by a significant acceleration in the growth of our offer and of our communication terminal solutions with added value, in relation to the constant development of the implemented technologies.

Our aim is to satisfy our customers by anticipating their needs and protecting their interests, by securing our precious and desirable business assets, in order to do better than our competitors and further accelerate our growth while maintaining profitability.

To do this, our management systems rely on five continuous improvement axes:

- The efficiency of our procedures, with ISO 9001 standard as a guide:
    - To offer the best of Sagemcom to our customers, with innovative products to bring growth and profitability,
    - To develop our ability to adapt into a high-performance, customer-oriented organisation,
    - To manage business continuity.

- The security of our information systems, in accordance with ISO 27001 standard :
    - To ensure our customers providing solutions that meet the highest levels of security requirements and protection of their investments,
    - To protect against all threats, whether internal or external, deliberate or accidental, information assets managed by Sagemcom, its staff, its customers, partners and suppliers,
    - To establish criteria for assessing and controlling the risks involved in our operations.

- The management of our environmental :
    - To limit and control our site impacts on the environment by preventing pollutions, based on continuous improvement through an ISO 14001 certified environmental management system,
    - To design and distribute products and services with the lowest environmental impact by spreading Eco-design practices and obtaining Eco-labels,
    - To propagate best environmental practices among our suppliers.

- The respect of ethical rules, with the United Nations "Global Compact" program as a guide to deploy our sustainable development approach internally and with our partners

- The respect of health and safety of our employees (OHSAS 18001) to provide safe facilities and look after the health of everybody who contributes to our business.

I support the Sagemcom Quality Director, acting in close collaboration with the Quality Activity Directors and Managers of the various entities, with monitoring the provisions set out in the present document. I ask them to propose any development they deem necessary for permanent improvement of our management system and to take into account new legal and other requirements which may become applicable to our professionals and businesses.

I personally commit myself:

- To make understood all the policies and objectives that we regularly define together ,
- To oversee the continuous improvement of the efficiency of the involved procedures, as consistent with Sagemcom Strategy, Policy and Objectives, in particular through carrying out Management Reviews,
- To provide the resources and skills necessary for the implementation of the Management System and the full usage of feedback.

In addition to these principles, the implementation of the company's values by everyone is the key to our success.

Patrick SEVIAN
President

Document Sagemcom Ref : 24037696-D – 25/02/2013

Annexe 2 –ISO 14001 Certificat

afaq
AFNOR CERTIFICATION

Certificat
Certificate

N° 2008/31032.6

AFNOR Certification certifie que le système de management mis en place par :
AFNOR Certification certifies that the management system implemented by:

SAGEMCOM SAS

pour les activités suivantes :
for the following activities:

CONCEPTION, PRODUCTION ET SERVICES AUX CLIENTS :
- DE PRODUITS DE TELECOMMUNICATION,
- ET AUTRES EQUIPEMENTS ELECTRONIQUES
(A L'EXCLUSION DES CHANTIERS D'INSTALLATION HORS EUROPE).

DESIGN AND PRODUCTION OF:
- TELECOMMUNICATIONS PRODUCTS,
- AND OTHER ELECTRONIC EQUIPMENT
(EXCLUDING NON-EUROPEAN INSTALLATION SITES).
RELATED CUSTOMER SERVICE.

a été évalué et jugé conforme aux exigences requises par :
has been assessed and found to meet the requirements of:

ISO 14001 : 2004

et est déployé sur les sites suivants :
and is developed on the following locations:

250, Route de l'Empereur   FR-92848 RUEIL MALMAISON CEDEX

(Liste des sites certifiés en annexe n° 1)
(List of certified locations on appendix n° 1)

Ce certificat est valable à compter du (année/mois/jour)
This certificate is valid from (year/month/day)   **2013-12-31**   Jusqu'au *until*   **2016-12-31**

Directrice Générale d'AFNOR Certification
Managing Director of AFNOR Certification

F. MÉAUX

Seul le certificat électronique, consultable sur www.afnor.org, fait foi en temps réel de la certification de l'organisme. The electronic certificate only, available at www.afnor.org, attests in real-time that the company is certified. Accréditation COFRAC n°4-0001, Certification de Systèmes de Management. Portée disponible sur www.cofrac.fr. COFRAC accreditation n°4-0001, Management Systems Certification, Scope available on www.cofrac.fr. AFAQ est une marque déposée.   AFAQ is a registered trademark - CERTI.F 0956.6/02-2013

11 rue Francis de Pressensé - 93571 La Plaine Saint-Denis Cedex - France - T. +33 (0)1 41 62 80 00 - F. +33 (0)1 49 17 90 00
SAS au capital de 18 187 000 € - 479 076 002 RCS Bobigny - www.afnor.org

afnor
CERTIFICATION

100552 • 02/2012

Annexe 3 –ISO 9001 Certificat

Annexe 4 –OHSAS 18001 Certificat

afaq
AFNOR CERTIFICATION

Certificat
Certificate

N° 2008/33339.3

AFNOR Certification certifie que le système de management mis en place par :
AFNOR Certification certifies that the management system implemented by:

SAGEMCOM SAS

pour les activités suivantes :
for the following activities:

**FABRICATION DE CARTES ET DE TERMINAUX ELECTRONIQUES
ET DE CONSOMMABLES FAX.**

*MANUFACTURING OF BOARDS, ELECTRONIC TERMINALS
AND FAX COMSUMABLES.*

a été évalué et jugé conforme aux exigences requises par :
has been assessed and found to meet the requirements of:

OHSAS 18001 : 2007

et est déployé sur les sites suivants :
and is developed on the following locations:

ZI Borj Ghordel Yasminet   TN 2013 BEN AROUS

Ce certificat est valable à compter du (année/mois/jour)   **2013-12-31**   Jusqu'au   **2016-12-31**
This certificate is valid from (year/month/day)   *until*

Directrice Générale d'AFNOR Certification
Managing Director of AFNOR Certification

F. MÉAUX

Seul le certificat électronique, consultable sur www.afnor.org, fait foi en temps réel de la certification de l'organisme. *The electronic certificate only, available at www.afnor.org, attests in real-time that the company is certified.* AFAQ est une marque déposée.   *AFAQ is a registered trademark* - CERTI F 0956.6./02-2013

11 rue Francis de Pressensé - 93571 La Plaine Saint-Denis Cedex - France - T. +33 (0)1 41 62 80 00 - F. +33 (0)1 49 17 90 00
SAS au capital de 18 187 000 € - 479 076 002 RCS Bobigny - www.afnor.org

afnor
CERTIFICATION

100552 • 02/2012

Annexe 5 –ISO 27001 Certificat

BUREAU VERITAS
Certification

SAGEMCOM SAS

Head Office: 250 Route de l'Empereur, F - 92848 Rueil Malmaison Cedex
SST: 34 Avenue de Paris, TN - 2033 Megrine

Bureau Veritas Certification certify that the Management System of the
above organisation has been audited and found to be in accordance
with the requirements of the management system standards detailed below

Standards

ISO/IEC 27001:2013

Scope of certification

**Information Security Management System supporting
the R&D activities related to ADT (Activity Decoder TV) products
(including all support services)**

**and the R&D activities related to Smart Meter products
(including all support services)**

Statement of Applicability v3.0

Certification cycle start date: **15 June 2014**

Subject to the continued satisfactory operation of the organisation's Management
System, this certificate expires on: **14 June 2017**

Original certification date: **15 June 2014**

Certificate No. IND14.2110
File No. 6039735

Version 1, Revision date: 15 June 2014

Jacques Matillon - Managing Director

Certification body address: Brandon House, 180 Borough High Street, London SE1 1LB, United Kingdom
Local office: Bureau Veritas Certification France, 60, avenue du Général de Gaulle
92046 Paris La Défense

Further clarifications regarding the scope of this certificate and the applicability of the management
system requirements may be obtained by consulting the organisation.
To check this certificate validity please call: + 33(0) 1 41 97 00 60.

Page 1 of 1

Annexe 6 – ethical charter

SAGEMCOM

Suppliers Ethic Charter

Sagemcom, invites its Suppliers and subcontractors [named after «Supplier(s)»] to adopt, support and apply, in their area of concern, all the fundamental values hereafter "Principles" in terms of Human Rights (Universal Declaration of Human Rights), working rules (ILO), environment, and struggle against corruption :

- To prohibit, systematically, under-aged labour (lower than the legal age in force into the country), except ILO clause;

- To prohibit all forms of obligatory or forced labour;

- To prohibit all kind of labour, which, by its nature or its conditions, presents an immediate danger or would be likely to endanger their health and safety;

- To promote and respect the International Human Rights;

- To insure that Human Rights principles are not violated;

- To respect the freedom of association among workers and to take into account the right to do collective bargaining;

- To practice an all-equal opportunity employer attitude, during hiring process and, vis-à-vis his workers, whilst on job;

- To apply a careful approach towards environmental problems;

- To undertake some initiatives in order to promote environmental aspect awareness;

- To encourage the utilisation of nature-respecting technologies during product development;

- To act against all kinds of corruption, including money extortion and bribes;

The Supplier commits himself to promote the above-mentioned Principles, besides respecting them and ensuring his own Suppliers and subcontractors do respect them as well.

The Supplier commits himself to respect all current international treaties with regards to the environmental protection. Upon Sagemcom request, necessary documents correlated to the eco-conception view and to his durable development programmes must be provided by the Supplier.

Upon Sagemcom request, the Supplier will communicate duly without any restriction, all necessary documents allowing Sagemcom to verify if Suppliers and other second party respect the above-stated Principles. Prior to verification, Sagemcom should be given free access by all its Suppliers and subcontractors to their premises during audit-related process via internal auditors or external auditors, approved by Sagemcom.

Illicit labour by under-aged workers, obligatory or forced labour, as well as an immediate risk for the safety of the employees constitutes a crippling element with any trade of Sagemcom with the supplier. Generally, Sagemcom will take care to help the supplier to improve his standards of satisfaction. Without any improvement of the supplier, the supplier will see himself also private of any trade with Sagemcom.

Drawn up in two originals

For Sagemcom,   For the Supplier, "Company name "(+company sealing)
Rueil-Malmaison on,   "place" on, "date"

Jean-Claude Barberan,   "Name"
VP Purchasing Managing Director   "Title"