

SAGEMCOM

2014/2015 CSR REPORT



THE SAGEMCOM GROUP

€1.3 BILLION OF TURNOVER

30% OWNED BY EMPLOYEES



SAGEMCOM DESIGNS, MANUFACTURES AND SHIPS MORE THAN 22 MILLION TERMINALS WORLDWIDE EVERY 4 YEAR

4,200 EMPLOYEES IN MORE THAN 40 COUNTRIES

MORE THAN €75 MILLION INVESTED IN R&D

Sagemcom is a French Group and European leader on the high added-value smart terminals market (set-top boxes, internet boxes, electricity meters, etc.), meeting the essential needs of the world that surrounds us.

Group turnover totals €1.3 billion, the headcount of 4,200 employees works in more than 40 countries, with about 30% of them working in France, and the Group has been profitable since it was created. We operate on three major markets: Broadband, Smart Cities and the Internet of Things. Sagemcom designs, manufactures and ships more than 22 million terminals worldwide every year

The employees, more than 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, and is the Group's nerve centre and home

to its R&D operations, manned by more than 500 dedicated employees. The Sagemcom group invested more than €75 million in R&D in 2014.

Sagemcom is also present in Tunisia, where it operates a manufacturing site in Ben Arous (2,000 employees), dedicated to the production of set-top boxes, internet boxes and smart meters, and a 250-strong R&D centre in Mégrine.

Sagemcom pays close attention to the economic, societal and environmental issues related to its activities on a daily basis, and has been implementing concrete action plans in these areas for many years. Quality, ethics, safety and protection of the environment are at the heart of our fundamental values.

OUR CORPORATE VALUES

EFFICIENCY

AGILITY

CREATIVITY

CLIENT
CENTRIC

TEAM POWER

Sagemcom's ambition is to remain a world leader in high added-value smart terminals by addressing dynamic markets: Broadband, Smart Cities and the Internet of Things. We achieve this by remaining faithful to our brand image: to be the first to offer our customers personalised products featuring the latest technological breakthroughs.

We protect our competitive edge by calling on our know-how to respond to the expectations and needs of our customers, thanks to a common culture of innovation, technological breakthroughs, high added value and time-to-market.

and subcontractors, employees, the unions, NGOs and charities. The Group is engaged in permanent dialogue with all of these stakeholders, all along its value chain.

DIALOGUE ALL ALONG OUR VALUE CHAIN

Sagemcom meets the demands of its markets by establishing permanent dialogue with the stakeholders who form its ecosystem: customers, suppliers

OUR VALUES

"At the start of every project there is an idea. Ingenious, insightful, brilliant, but also sometimes offbeat, incongruous or bizarre. Next the idea is tested, enhanced, crafted, modified, formalized, translated into technical know-how, distilled into the very essence of its existence: its manifestation in a product. At Sagemcom, it's thanks to the creativity of our people that ideas are born. And it's thanks to the agility and performance of our teams that these ideas become products, created for high performance and to anticipate what our clients need.

European leaders on the market for smart terminals with extra added value, Sagemcom's people continue to reinvent themselves and to push back the limits of invention in order to discover, today, the ideas that will make the products of tomorrow.

To accompany our customers toward the future.

To make the finest innovations possible.

To invent the connected home of tomorrow."

Sagemcom - Ideas & More

SAGEMCOM'S COMMITMENTS TO SUSTAINABLE DEVELOPMENT

We aim to satisfy our customers by anticipating their needs and protecting their interests, while securing our competitive edge through accelerated growth and profitability. We call on our management systems over five aspects of continuous improvement:

1 - The efficiency of our processes. ISO 9001 is our guide to:

- offering the very best of Sagemcom to our customers, through innovative products that produce growth and profitability for all,
- developing our capacity to adapt, through an effective and customer-oriented organisation,
- guaranteeing business continuity.

2 - Protecting our information system, in accordance with ISO 27001, by:

- supplying solutions to our customers that meet the very highest standards of security and protection of their investments,
- protecting the information assets managed by Sagemcom, its personnel, its customers, its partners and suppliers against all deliberate or accidental threats, from inside or outside the Group,
- applying criteria to the assessment and management of the risks inherent in our activities.

3 - Management of environmental aspects according to ISO 14001, by:

- limiting and controlling the impacts of our sites on the environment, by preventing pollution and pursuing continuous improvement through an ISO 14001-certified environmental management policy,
- designing and distributing products and services with a reduced environmental impact, through the universal adoption of ecodesign practices and the acquisition of eco-labels,
- extending best environmental practices to our suppliers.

4 - Obeying ethical rules, guided by the United Nations' Global Compact programme, in order to deploy our sustainable development initiative both internally and with our partners.

5 - Protecting the health and safety of our employees through the OHSAS 18001 health and safety at work initiative, in order to guarantee the safety of our facilities and protect the health of the men and women who contribute to our activities.

Sagemcom signed up to the United Nations Global Compact Initiative in January 2011, confirming its commitment to ethical standards, the promotion of human rights and obeying the rules of the International Labour Organisation, both in the Group and with its suppliers.

Sagemcom signed the Voluntary Industry Agreement to improve the energy consumption of Complex Set-Top Boxes within the EU in 2011.

Sagemcom is taking part in French experiments to display the environmental characteristics of electronic products.

Sagemcom is assessed and identified by EcoVadis.



CERTIFICATIONS

Sagemcom pursues an active certification policy for all of its activities and sites. The Group has been awarded the following certifications:

- ISO 27 001, for our information security management system, obtained in June 2014 for R&D (TV set-top boxes and smart meters) and support services.
- ISO 9001, for the industrial processes on our sites. R&D France was the first entity to be certified in 1998. The success of this initiative was then propagated to the other R&D sites in Shenzhen (2008) and Mégrine (2010), the manufacturing sites in Ben Arous (2008) and the new site in Dinan (2015), in a demonstration of the efficient workings of internal operations.
- ISO 14 001, for our R&D sites in Rueil-Malmaison (France) and Mégrine (Tunisia), and for 75% of our production sites.
- The Ben Arous site was also ISO 50001-certified in October 2015 for its particularly efficient management of energy.
- OHSAS 18 001, for obeying Health and Safety rules.



	1998	2004	2008	2010	2014	2015	2016
ISO 9001 Quality	R&D France		Ben Arous/ Shenzhen R&D	Mégrine R&D		Sagemcom MEI	New version
ISO 14001 Environment		Entities in France	Ben Arous	Mégrine R&D		Sagemcom MEI	New version
OHSAS 18001 Health and safety			Ben Arous			Sagemcom MEI	
ISO 27001 Information security					Set-top box and Energy R&D; Mégrine R&D	Sagemcom MEI	Ben Arous currently being certified
ISO 50001 Energy management						Ben Arous	
ISO 17025 Calibration and test laboratories						Ben Arous	
MID Legal metrology						Ben Arous	
ATEX Manufacture of products used in explosive atmospheres						Ben Arous	

SAGEMCOM REWARDED BY THE BETTER FUTURE SUPPLIER FORUM (BFSF)

Sagemcom was one of the first companies to join the BFSF, set up by British Telecom to promote innovation in its worldwide supply chain.



In 2013, Sagemcom won the BT Game-Changing Challenge for innovation and also received the Better Future Supplier Forum's Silver Award.



SAGEMCOM HAS DEVELOPED ITS OWN RISK MANAGEMENT STRATEGY

A RISK ASSESSMENT AND MANAGEMENT SYSTEM

Managing risks and opportunities is an integral part of Sagemcom's strategy. It enables us to anticipate possible risks that could impact the Group's results, strategy and image. Sagemcom has drawn up its own risk management strategy that enables the Group to better anticipate and manage the risks incurred by its activities and international ambitions.

The Group has drawn up its own risk map that concretely identifies, monitors and controls risks. The associated crisis management tools enable the Group to react pragmatically in the event of a crisis.

The risks incurred by Sagemcom's activities

Right from the start, Sagemcom has implemented a strategy review process. This annual process is continuous, and allows business plans and maps of the potential risks affecting the Group's commercial activities to be drawn up. It is also an opportunity for the Group to structure its strategy for new business and new market segments, as well as its industrial strategy. As part of this process, regular meetings are held to analyse risks as closely as possible to the reality of the Group's activity.

More than 100 employees attend the strategy reviews to actively take part in the definition of the Group's strategy.

The risks to Sagemcom's image

The Group has written a "crisis communications manual" that defines all the processes to be implemented in the event of a crisis, and a step-by-step methodology, from the formation of the crisis team, to the end of the crisis. Risks to Sagemcom's image are managed by Communications and Marketing.

In 2015, a crisis simulation exercise was organised to enable every member of the team to take the full measure of their role and to apply all the measures laid out in the crisis communications manual.

Environmental risks

Sagemcom is exposed to environmental risks by its industrial activities and the ecological footprint of its different sites. Preventive actions are taken on the sites to minimise the occurrence of these risks: thermal views of electrical facilities (fire prevention), limited stocks of raw materials, multiple platforms or just-in-time processes.

Third parties (APAVE, CEP, infrastructure maintenance) also conduct regular inspections.

Finally, Sagemcom's operational sites meet the standards ISO 9001 – Quality (global) and ISO 14001 – Environment.

Risks related to products

The Group continually takes product-oriented preventive actions. The compliance certification processes (CE, RoHS, REACH, etc.) include systematic and periodic testing to make sure that no non-compliant products reach the market.

Risks related to suppliers

Supplier-related risks are managed by Group Purchasing. Measures are applied to assess suppliers and to monitor all of these risks, whether they are related to manufacturing, logistics, quality or the solvency of suppliers.

In addition to the preventive policy implemented before establishing relations with a supplier, inspection, monitoring and audit procedures have also been developed.

Risks related to information technology and information security

Sagemcom IT Departments (ITD) manages the risks related to information technology. The risks are identified and action plans are developed to guarantee the continuity of the Group's activity under all circumstances.

In 2014 and 2015, part of Sagemcom's industrial and R&D activities also obtained ISO 27001 certification. All of the Group's employees regularly

receive information in order to avoid the risks related to cyber-security.

Risks related to intellectual property

Sagemcom has an intellectual property management system. A department belonging to Legal is tasked with managing the risks related to intellectual property. The Group also pursues an active policy covering the management of and application for patents. In 2015, the Group filed applications for 53 patents.

Industrial risks

Sagemcom's industrial sites are established in accordance with its growth strategy, while taking any possible risks of instability into consideration and including such risks in a global industrial approach. In 2014 and 2015, Sagemcom's main production site was the Ben Arous factory, which benefits from a business continuity plan. This plan includes different scenarios, including the total/partial loss of the site, the shutdown of infrastructures, the shutdown of the IT system, the failure of the means of production, etc.

A crisis team has been formed and prepared for each scenario. This team documents and manages the operational management conditions (operations base, contacts, etc.), the actions, the owners and deadlines to solve the crisis, and the possibility of transferring production to industrial partners if the site is completely lost.

Sagemcom has entered industrial partnership agreements with various subcontractors that are in a position to manufacture its components or certain products, in the event of a major problem.

Monetary and financial risks

A high proportion of the Sagemcom group's sales are made on export markets. Consequently, the group is exposed to exchange rate risks. This risk is centralised and monitored by Group Administration and Finance.

The Sagemcom group covers most of the risks of non-payment for its international business activities with two preferred types of coverage:

letters of credit and bank guarantees, confirmed by reputable banks, and credit insurance guarantees. Customer and/or country risks that are not covered are regularly monitored by Administration and Finance.

Health and working conditions risks

Just like every other field of activity, Sagemcom is exposed to the risk of accidents. Sagemcom implements processes to manage health and safety at work in order to optimally prevent the risks to which the Group may be exposed.

Sagemcom has set up an "Industrial Protection and Health and Safety at Work" unit to address the risks related to working conditions and to support every one of the Group's activities in the implementation of preventive measures and the improvement of working conditions. This unit also keeps an eye on the obligations applying to health and safety at work.

Sagemcom has also launched a Health and Safety at Work initiative, based on OHSAS 18001, on the Group's manufacturing sites.

In addition to meeting these obligations, Sagemcom has also opted to offer every employee coverage for the reimbursement of medical costs, so that they can remain in a good state of health, irrespective of their geographical location. In addition to the initiatives and the training in our activities and the associated risks, preventive actions are also regularly taken every year.

THE GROUP HAS DRAWN UP ITS OWN RISK MAP THAT CONCRETELY IDENTIFIES RISKS.





ETHICS AND ECONOMICS

Sagemcom's purchasing policy obeys five fundamental principles that are shared by the Group's suppliers and subcontractors: quality, price, deadlines, innovation and ethics. These fundamental principles determine all the actions taken by Group Purchasing.

PROMOTING THE ETHICAL BEHAVIOUR OF OUR SUPPLIERS

In 2006, Purchasing launched the Suppliers Ethics initiative, which is applicable to all our suppliers and is formally defined in an ethical charter, as part of a long-term drive for progress.

Every new supplier must adopt this approach. Before joining our supplier portfolio, every new supplier must sign Sagemcom's ethical charter and complete a self-assessment questionnaire. The supplier is approved, or an approval plan is deployed for the supplier, depending on the score of the self-assessment questionnaire.

The Sagemcom Group's ethical charter is based on the international labour conventions of the International Labour Organisation (ILO), the universal declaration of human rights and the UN convention on the rights of the child.

Suppliers must agree to accept audits scheduled by Sagemcom of the proper application of the ethical charter.

INVENTORY AND TRACEABILITY OF THE CHEMICALS USED IN OUR COMPONENTS

We have set up a very thorough chemicals management system in order to guarantee the compliance of our products with European Directives, and in particular with the REACH directive (1907/2006) and the RoHS directive (2001/65/EU). Our action starts with a global inventory of all the substances we use in our manufacturing plants and in the components that we use.

A dedicated traceability system has been introduced to determine the content of SVHCs (Substances of Very High Concern) in our products. Sagemcom uses this tool to ask its suppliers to provide information on the SVHC content of the materials they use. Since the list of SVHCs is updated every six months by the ECHA (European Chemicals Agency), our suppliers are questioned on a regular basis. We ask them to send us complete physical-chemical descriptions that contain all the substances present in the components. This information is then compiled in a database. In this way, we can know the status of each product. These research measures cover our entire supply chain, which is made up of hundreds of suppliers and tens of thousands of components.

In line with the EICC (Electronic Industry Citizenship Coalition) and the GeSI (Global e-Sustainability Initiative), Sagemcom seeks to establish the traceability of four sensitive minerals, the "3TG": tin, tungsten, tantalum and gold. We demand that our suppliers complete the CFSI reporting template, which must be provided before the launch of the mass production of chipsets, tantalum capacitors, printed circuits, plastics and welds. In particular, this measure improves our knowledge of the supply chain of every type of mineral.

In 2015, 300 suppliers were questioned about more than 38,000 component references. More than 75% of the founders in the supply chain have been identified for the various minerals.

TRAINING AND ASSESSMENT OF OUR SUPPLIERS

All year round, "ethical" auditors take awareness-raising and training actions with our suppliers in order to promote this approach.

FIEV and Quality audits, which include inspections of environment aspects, health and safety, and ethics, are also conducted to detect any high-risk suppliers. Since 2007, almost 800 Quality audits have been completed, including 120 ethical audits. Sagemcom also conducts ethical and control audits to check that the rules it imposes in this field are complied with. These audits are made on the basis of a matrix defined by Sagemcom using the various existing international standards.

AUDIT FOLLOW-UP

Once the audit has been completed, the auditors draw up a comprehensive report for the supplier. In the event of non-compliance, Sagemcom demands a corrective action plan and proceeds with the necessary follow-up audits. If the supplier does not respond within three months, a follow-up audit is systematically conducted. If the corrective actions are deemed to be insufficient, another audit takes place. If the instances of non-compliance are prohibited (child labour, forced labour or working conditions that put the lives of employees in danger), and no corrective actions are taken immediately, Sagemcom puts an end to all its business dealings with the supplier. The supplier is then struck off and blacklisted by Sagemcom.

CLOSE-UP ON THE SUPPLIERS' DAYS

Once a year, Sagemcom invites all its suppliers to a presentation of the Group strategy, its results and its outlook, in terms of business and technological developments. These discussions offer an opportunity for suppliers to become involved at the earliest possible stage and to be informed of the Group's strategy. Every year, more than 700 people attend the Suppliers' Days in Rueil-Malmaison and Shenzhen, which

TO SECURE SAGEMCOM GROWTH

- To continue to win new worldwide customers
- To develop the product and service catalog

- To consolidate supplier management
- To amplify high added value innovation

CUSTOMER SATISFACTION

- To anticipate the needs and satisfy our customer expectations
- To respect delivery commitments

- To improve the resolution of customer claims and the capitalization of the solutions
- To control the "Quick Feedback Loop" with our customers and after sales service

PRODUCT & SERVICE MANAGEMENT

- To reinforce the project control by the product teams
- To enhance the use of approval reviews
- To increase the control of our ODM / EMS
- To consolidate the multi-site industrial strategy
- To reinforce our patent portfolio

INFORMATION SECURITY

- To deploy Security Certifications for our most sensitive products
- To reduce the risks of compromised security data for our products
- To reinforce the protection of our sensitive data

HUMAN RESOURCES

- To adapt teams competences to the current and future needs and professionalize the change management
- To boost staff involvement by developing and deploying recognition process
- To preserve our human capital by applying the OHSAS 18001 principles
- To improve the integration process of new staff

CORPORATE SOCIAL RESPONSIBILITY

- To reduce the environmental impact of our products - at each step of the life cycle
- using less polluting transport modes
- To continue the deployment of our ethical rules
- To ensure the ethical follow-up and support beside our suppliers in a partnership approach

have become a cornerstone of durable relations with every one of them!

AWARENESS-RAISING AND TRAINING IN ETHICS

Our teams regularly organise training sessions, in particular for our employees in contact with the supply chain (mainly Quality and Purchasing). These one-day sessions address the most frequently encountered problems, the execution of audits and points of vigilance for subjects outside their usual scope of activity (e.g., supplier visits). If necessary, the Ethics Committee is informed of any situations deemed to be abnormal. 130 new recruits in these departments have been trained since 2006.

Note: a guide to proper business conduct, which will apply to all Group employees, is currently under preparation

the verification
audit matrix
defines 183
checkpoints
almost 800
quality audits have
been conducted
since 2007,
including 120
ethical audits.

1,000 SUPPLIERS
€1 billion of
PURCHASES each year

SAGEMCOM'S ETHICAL CHARTER IS BASED ON 11 KEY PRINCIPLES:

- The prohibition of child labour under the legal age in force in the country, unless authorised by the ILO.
- The prohibition of all forms of compulsory or forced labour.
- The elimination of all forms of labour that, by their nature or conditions, represent an immediate danger or could compromise health and safety.
- The promotion and respect of the protection of human rights recognised on an international scale.
- The refusal of any complicity in violations of human rights.
- Respect for the freedom of association and the effective recognition of the right to collective bargaining.
- Elimination of all forms of employment or professional discrimination.
- The application of a precautionary approach to problems affecting the environment.
- Initiatives that promote increased responsibility with regard to the environment.
- Favouring the development and spread of environmentally-friendly technologies.
- Acting against all forms of corruption, including extortion and bribery.

By signing this charter, suppliers agree to promote and respect the above principles, and to incite their own subcontractors and suppliers to do likewise.

CLOSE-UP ON: SAGEMCOM MEI

32 RETRAINED EMPLOYEES

24% OF PAYROLL INVESTED IN TRAINING
IN 2015

4,858 HOURS OF TRAINING RELATED TO THE PROJECT

OR **151** HOURS OF TRAINING PER EMPLOYEE ON AVERAGE

In 2014, Sagemcom won a contract to manufacture several million multi-energy smart meters for the French market: Gazpar for GrDF and Linky for ErDF.

These production volumes enabled the Group to make plans for the transformation of its manufacturing plant in Dinan, France. Sagemcom has been present in Dinan since 1971, and until last March it still occupied part of its long-standing site in the Quévert industrial park, where it produced consumables for fax machines and photo printers. As part of its conversion to multi-energy smart meters, Sagemcom MEI needed a manufacturing site that meets its new needs in terms of surface area, streams and security management. Sagemcom decided to move to a new industrial site in the neighbouring Taden business park, just 1.3 km away from the former site. Previously dedicated to after-sales operations, the new site was not quite "ready-to-use", but had great potential to be rearranged and extended. Some work was necessary to adapt the site: installing a dedicated high-voltage transformer to meet our energy needs, new buildings, fencing off the site, etc.

An investment of €1.5 million and a total of more than 12 months of work! Several phases of works will be necessary to complete the final site by April 2016. The current site measures 15,000 m² and includes two production buildings, each measuring almost 2000 m². The first

phase of works took place in March 2015. It included the fitting out of one of the two production buildings to manufacture the first meters in the last quarter of 2015.

The conversion project, which started in September 2014, enabled 32 employees to be retrained in 2014 and will open the way for more than 80 new hires by 2018.

The conversion of the site has also brought about changes demanding support measures for the employees, who will have to adapt to their new working environment. A major change management plan was set up to help the existing teams to successfully adapt and, ultimately, to provide a solid basis to welcome and induct new recruits.

An ergonomics engineer took part in the definition of the production processes and the design of the workstations. In an effort to keep these skills within the company, Sagemcom MEI's employees followed training in the fundamentals of ergonomics analysis.



HEALTH, SAFETY AND WELL-BEING AT WORK

The men and women who work at Sagemcom are essential factors of our success. It is essential to provide them with a working environment that protects their health, safety and well-being. This is critical to the development of our activities and of our employees, and, therefore, to our success.

OUR ACTIONS GO FAR BEYOND THE STRICT REGULATORY REQUIREMENTS

HEALTH AND SAFETY: A PROCESS OF CONTINUOUS IMPROVEMENT

The health and safety of our employees is an absolute priority, and our actions go far beyond the strict regulatory requirements.

The Group has set up an "Industrial Protection and Health & Safety at Work" unit that is tasked with helping the business lines to take preventive measures and steps to improve working conditions. This unit also keeps an eye on the obligations applying to health and safety at work.

OHSAS 18001

Our goal is to reduce the number and the seriousness of accidents on our sites exposed to risks every year, and to eventually reach zero accidents. We achieve this by deploying the Health and Safety at Work initiative, based on the OHSAS 18001 standard, in our manufacturing centres.

OHSAS 18001 aims to prevent the risks to which people are exposed inside the company and, along the same lines

of ISO 14001 for the environment, contributes to the overall improvement of the management of our activities. The core of the system comprises risk analysis (systematic identification of hazardous substances and preparations, assessment of machinery, etc.), the continuous updating and improvement of processes and constant compliance checks.

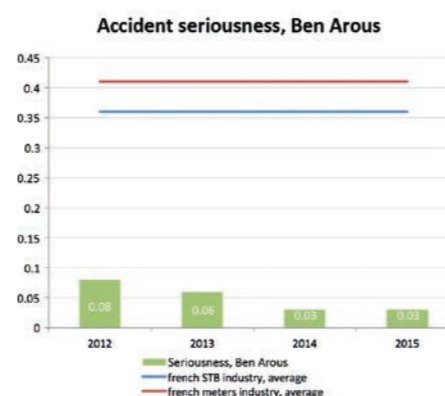
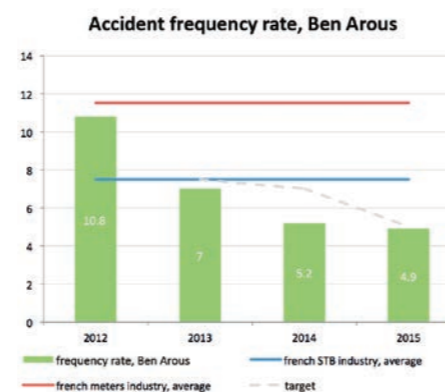
Every incident is investigated in depth in order to break the chain of causes at the origin of the accident.

At the end of 2015, our manufacturing site in Dinan, which is currently being converted, obtained AFAQ AFNOR certification, with specially close attention being paid to the health and safety aspects of the automation of the means of production.

Our plant in Tunisia, which employs about 2,600 people and produces almost 10 million terminals per year, has been AFAQ AFNOR certified since 2008.

THE PERFORMANCE OF OUR COMMITMENTS

The 2015 indicators reveal a significant drop in the number of accidents requiring time off work, and a decrease in their seriousness.



The frequency rate is dropping constantly, and is now below the average in France in this type of industry. The seriousness rate is about seven times lower than the French average.

ANTICIPATING BY INVOLVING "THE RIGHT PEOPLE"

It seemed quite obvious that questions of health and safety at work needed to be included in the development of the new manufacturing processes at the earliest possible stage of the conversion of the industrial site in Dinan. The new machines and tools were designed on the basis of a risk analysis in order to provide the safety measures necessary to prevent all types of accidents and to best protect our employees.

The movements and postures of every job were studied and the new workstations developed with the support of an ergonomics engineer.

At the same time, a working group of directly affected employees was set up to develop the models and prototypes, which were then tested in real-life situations, before their definitive installation.

In addition to achieving our primary objective of preventing damage to health by accidents or illness (musculoskeletal disorders, etc.), this approach also enabled us to collect all the necessary information directly from the people affected, in order to improve the general working conditions on a daily basis.

Finally, after concentrating on the technical aspects and procedures, our efforts are now focused on the behaviour of every single employee, and the adoption of the right gestures, day after day.

TAKING PREVENTION EVEN FURTHER

We go beyond our regulatory obligations by offering every employee, irrespective of their geographical location outside France, coverage that reimburses their medical expenses, so that they and, where appropriate, their family, can remain in a good state of health.



And in addition to the initiatives and training dedicated to our activities and the risks they incur, preventive actions are regularly taken each year, such as the prevention of seasonal illnesses, national breast cancer screening plans or the fight against certain pathologies or addictions (tobacco, etc.).

WELL-BEING AT WORK IS AT THE HEART OF OUR CONCERNS

As technologies and the jobs they impact continue to change rapidly, we are developing a policy to promote a professional framework that encourages mobilisation and, consequently, improves the Group's performance.

In 2009, all staff members working in Greater Paris were relocated to the main site in Rueil-Malmaison, as part of a significant change at Sagemcom that attempted to strike a balance between its employees' private and working lives. Since time is a critical and essential value, especially in view of our employees' responsibilities at home and at work, a number of solutions were implemented: variable working hours, shuttle services, concierge services, easier access to child care, co-funding of home help vouchers, additional

Average time savings per user of the "bien-être à la carte" concierge service in 2014: 1h58 per month



**75 managers
FOLLOWED A
management
course**

leave, time savings accounts, child care time savings accounts, etc.

The effectiveness of these measures is verified on a regular basis in order to find new paths of progress that will help to strike the right balance between employees' well-being and the organisation of our activities. In 2014 and 2015, the concierge and home help voucher schemes were improved to provide our employees with better support in the management of their everyday activities.

**IN 2014 AND 2015,
MORE THAN ONE HALF
OF RMM'S EMPLOYEES
USED THE CONCIERGE
SERVICE.**

Sagemcom has also drawn up a formal action plan to prevent psychosocial risks. An initial quantitative and qualitative diagnosis by an external consultant provided a basis for the development of the first plan for the period between 2012 and 2015, together with the Steering Committee that included members of management, staff representatives and the occupational health authorities. Collective measures to avoid risks at the earliest possible stage were set as

the top priority. Six focus areas were defined that resulted in the deployment of specific measures. Their state of progress and the assessment of their effects are submitted once a year to a dedicated joint commission and the staff representative bodies.

At the end of the 2012-2015 psychosocial risks plan: 90% of Group and subsidiary ExCom members have been trained in the prevention of psychosocial risks.

As part of these measures, 75 managers followed a management course based on the company's values and multidisciplinary modules covering communications, management, the social environment, psychosocial risks, best practices and annual reviews.

Eight projects were selected to deploy specific change management support: merging of retail activities, deployment of an IT charter, replacement of the time management software, conversion of the Dinan site, etc.

FROM CDO TO SAGEMCOM MEI.

THE TALE GOES ON!

SUPPORTING THE CONVERSION OF THE DINAN MANUFACTURING SITE

Further to the signing of a contract with two of its customers, the Sagemcom group confirmed the conversion of its Dinan site, where jobs were under threat, to integrate and finalise smart metering terminals. In September 2014, a major project was organised to look into the implementation of a change management system adapted to the conversion project, including in particular:

- The aspects of health and safety at work in the design of the machines and the new workstations.
- The adaptation of employees to their new working environment, and in particular to their new job.

Regular meetings were held with staff representatives and employees to make sure that they were closely involved in the project.

In order for employees to adapt to their new jobs, the plan includes:

- Professional training actions, mainly for operators, with a view to obtaining the CPQM qualification certificate at the end of the training. The certifications took place on the Linky project workstations in October/November 2015.
- Training actions for the support functions in order to adapt skills to the new activity.

The goal is to provide the current teams with the best possible support in this conversion process and, ultimately, to welcome and induct the new recruits in 2016 on a solid basis. The overall change management system provides for:

- the participation of 202 trainees,
- a total of 6,359 hours of training,

or an investment of more than 30% of the site's 2015 payroll.

SIX FLAGSHIP ACTIONS

VALUES

THE CHALLENGE: Share a common identity.

ACTION: Identifying the Group's values and culture is a fundamental and unifying project that will be conducted on a participative basis.

CHANGE MANAGEMENT

THE CHALLENGE: Consider the human dimension in every project for change.

ACTION: A Steering Committee will be set up for every major and durable change in the company. The migration of Sagemcom's office tools, managed by our own teams, is a perfect example.

PROFESSIONAL DEVELOPMENT

THE CHALLENGE: To support employees in the construction of their career path.

ACTION: Guarantee that every single performance review is held, and analyse the collected data on overall assessment, training and professional development.

COMMUNICATION

THE CHALLENGE: Promote the communication of information to employees.

ACTION: Regular presentations (March-October) in the subsidiaries by the BU Directors, in addition to the President's twice-yearly presentations (January-July).

COLLABORATIVE MODE

THE CHALLENGE: Reinforce collaboration in project mode.


ACTION: Involve the R&D teams in the preparation of calls for tender and the definition of schedules by organising project meetings before the projects are launched.

FOLLOW-UP

THE CHALLENGE: Include the action plan in a durable policy.

ACTION: Together with the trade unions that sign the agreement on the method, the implementation of the action plan will be followed up by a joint commission on an annual basis.





IN 2014, **49** APPLICATIONS FOR PATENTS
WERE MADE, **74** PROPOSALS IN 2015

CLOSE-UP ON: OUR R&D

One of the biggest R&D centres in France is located at the very heart of our Group, in Rueil-Malmaison. Every day, more than 500 people research and develop the products that will become part of our everyday lives a few months later.

25 EXPERTS

AN R&D CENTRE IN RUEIL-MALMAISON, AND OFFSHORE CENTRES ALL OVER THE WORLD:

Three major functions are directly involved in the development of our products: The "mechanical" function is tasked with the physical development of our products: the design, the position of the components, the integration of the product's operational imperatives (buttons, screen, thermal constraints, etc.) are just some of the tasks of this activity. The "electronic" function is in charge of the design of the electronic circuit boards. Its tasks include the definition, the outline and the list of the components, the development of the electronic circuits and the installation of the components on the boards. Finally, the "software" function designs and assembles the software building blocks. These building blocks bring our products to life, by fulfilling one or more functions that have to communicate with one another (metering energy, distributing video streams, transmitting over a Wi-Fi connection, etc.).

The R&D centre in Rueil-Malmaison works hand in hand with the offshore R&D teams, located in Tunisia, where more than 300 developers work on the Group's products, or in China.

EXPERT CAREERS

An Experts unit was set up in our Group in 2011 in order to promote the career opportunities in R&D. The unit identifies

technical and strategic talents, defines the company's demands and motivates employees by offering visible and recognised career prospects in expert assessment, along the same lines as in the managerial functions. The expert's role is to direct innovation, to advise and approve, to build on knowledge, to transfer experience and to represent the company on a national or international level. There are three levels of expertise (Expert / Senior Expert / Expert Emeritus), each of which corresponds to a recognised status. The annual inventory has so far enabled the Sagemcom group to identify 25 Experts.

INTELLECTUAL PROPERTY MANAGEMENT

Sagemcom has established an intellectual property management system. A department belonging to R&T is tasked with managing the risks related to intellectual property. The Group also pursues an active policy covering the management of and application for patents. In 2014, the Group filed applications for 49 patents, and almost 55 in 2015. This amounts to 18 applications per 100 engineers: a new Group record!

53 PATENT REQUESTS, OR 18
APPLICATIONS FOR EVERY 100 ENGINEERS.
AN INCREASE OF 50% IN TWO YEARS

600 DEVELOPERS AT RUEIL-MALMAISON, 500
WORLDWIDE, OF WHICH 300 IN TUNISIA



DIVERSITY AND EQUAL OPPORTUNITIES

With almost 4,000 employees in more than 40 countries, cultural diversity is an everyday reality at Sagemcom.

We pursue a determined policy in the realms of diversity of gender, generation and origin, because encouraging diversity also encourages equal opportunities.

an inter-cultural
forum that
creates durable
operational
synergies and
complementarity

A SOCIAL POLICY OPEN TO ALL

In the countries where we have a strong presence, every three years we draw up a "social road map" that is closely correlated with our support for the Group's projects and the strategy of the business lines. The goal of this road map is to define a structured and dynamic approach to our human resources policies, which aim to exceed the local standards.

We pay very close attention to the remuneration of our employees. We also place a strong emphasis on actions that mobilise our people. By way of example, in 2014, we offered the possibility to benefit from the coverage of healthcare expenses to our permanent employees in Tunisia and their families.

BUILDING ON OUR CULTURAL DIVERSITY

Sagemcom is an international group that employs almost 4,000 people from very different cultural backgrounds. While everyone shares the common core of values that the Group represents, building on our cultural differences is essential to our performance. We are convinced that an inter-cultural forum creates durable operational synergies and complementarity. It is a source of innovation and progress for individuals, teams and the Group.

But teams made up of different cultures are not automatically efficient, because their members do not always have the same points of reference. The same attitude or behaviour can be perceived and decoded in different

ways, from one country and from one party to another. Therefore, we must invest in the development of mutual understanding and enrichment between our employees.

We provide support in the form of special training that helps them to decipher and understand the ways in which everyone behaves, so that collaboration between the members of multi-cultural teams can be optimised. In 2014 and 2015, 56 trainees followed this type of training.

PROMOTING EVERY ASPECT OF DIVERSITY

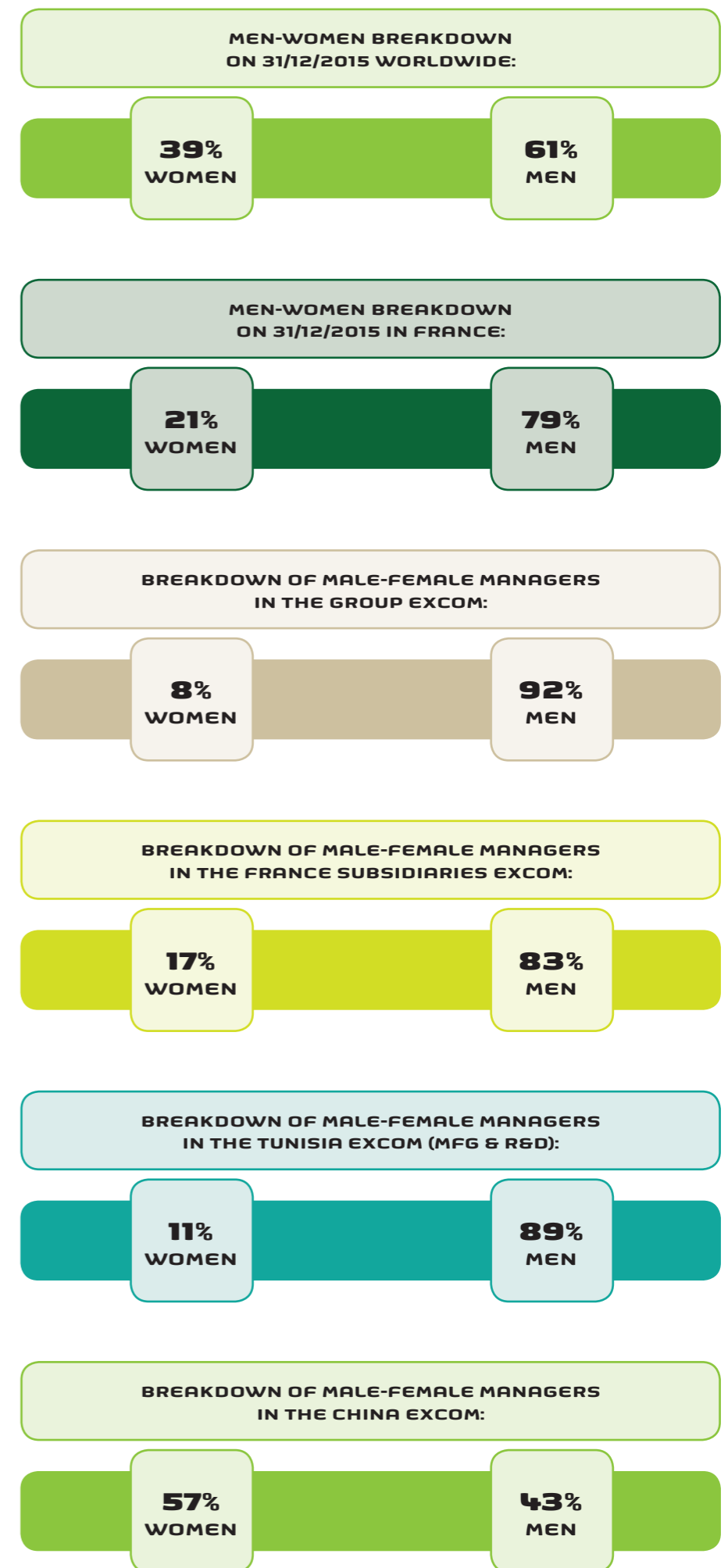
In addition to the local initiatives taken in our centres abroad, Sagemcom has decided to promote every aspect of diversity by generating a global impetus in France through the various agreements covering the period between 2012 and 2015.

One of the main challenges in the realm of diversity is professional equality between men and women. Our field of activity remains widely influenced by societal disparities, stereotypes and the choices made by female students. Less than 20% of female students opt for the scientific and technical subjects that meet our needs. This fact influences the structure of our personnel, which remains predominantly masculine.

Therefore, we are continuing our action in this field through initiatives to raise awareness amongst our employees and in the academic world, so that mindsets change across the board. In 2014 and 2015, Sagemcom employees, both male and female, took part in campaigns in schools. Theatre shows were organised internally to address the issues of diversity – seniors, ethnicity, gender, disability – in a practical and concrete manner.

At the same time, management is acutely aware of the issues of diversity, of the tools that can be used to manage it, and of the best management practices for mixed teams.

At Sagemcom, reconciling work and private life is important, which is why the question of striking this balance is



PORTRAIT OF A LADY: JOËLLE BÉLARD



TELL US ABOUT YOUR BACKGROUND.

First of all, it's hardly typical. I went from medicine to finance. A graduate from the IAE Paris 1-Sorbonne, I also hold a Master's in Finance. It was by pure chance that I ended up in Treasury after noticing a posting... and it has become a vocation that I am trying to transmit as a teacher at the IAE Paris 1-Sorbonne! I belong to the first generation of treasurers for whom the profession was generally assimilated with a rather rigid accounting function. Over time and with the opening of the financial markets, the tools used by Treasury have become considerably more sophisticated. I assisted with the professionalisation and extension of the profession which has truly become a company management and steering tool, which was a true appraisal mission.

AT SAGEMCOM?

I've navigated within the same Group for several years. Starting with the treasury, I've also worked in credit management and financial engineering before finally coming back to Treasury. "Once a Treasurer, always a Treasurer!". Since it is a function that encompasses so many fields and is constantly evolving, there's room to grow... and see new places! In fact, the profession mobilises varied skills such as cash management, financing, investments, trading, or even project management, not to mention organisation, control and financial securities. It requires knowledge of specialised techniques, putting strategies in place as well as lots of contacts. The only thing "routine" about it is staying on your toes at all times!

CAN YOU DESCRIBE A TYPICAL DAY FOR US?

A typical day is different from the previous one and leaves us wondering what tomorrow will bring. Unpredictable bursts of adrenaline figure prominently on the schedule. Daily work often consists of maintaining Group liquidity, optimising funds available, covering risks, and ensuring there is adequate funding.

IS IT DIFFERENT BEING A WOMAN IN YOUR PROFESSION?

Now that's a deep subject! We're similar and yet different. Everyone is special in their own way and, without wanting to look through the lense of sexist stereotypes or prejudices, I prefer to think that, given identical skills, women display a keener sense of organisation. With her added rigour, she also brings her sensitivity, her humanism, and a bit of kindness to this, "Man's World"!

always addressed in every employee's annual review.

With almost 25% of senior employees in France, Sagemcom has pursued a policy to integrate and keep older people in work for a long time.

IN 2012 AND 2013, SAGEMCOM SIGNED TWO THREE-YEAR AGREEMENTS:

1 - an agreement to promote professional equality between men and women. The gender parity targets include access to work, pay, career development and support for a good balance between work and private life.

2 - an inter-generational agreement in favour of the employment of young people and senior employees.

Since both agreements set targets, they require monitoring and measurement indicators, or even corrective actions.

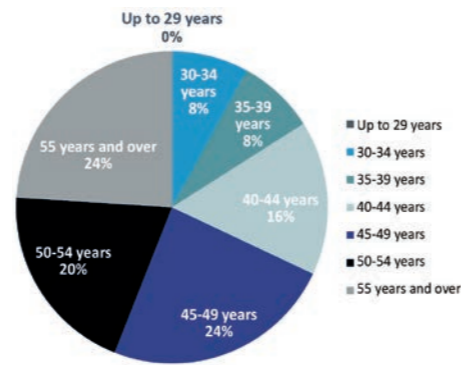
"ENCOURAGING diversity Favours equal OPPORTUNITIES."

Sagemcom provides its senior employees with support throughout their careers (more than 52% of the "senior" population followed training in 2014) and has taken measures to help them in the transition towards retirement. If they want to, these senior employees can work part time, while paying the same contributions into their pension fund, so that their new situation does not affect their future projects.

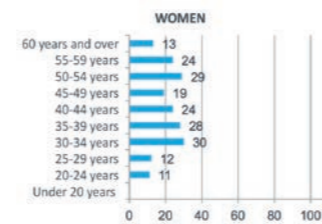
At the same time, our measures to identify talents and transfer skills and know-how calls on our population of "experts", which in 2014 and 2015 included 24% of experts aged over 55 and 20% of employees aged between 50 and 54.

In 2014 and 2015, the integration of young employees was one of our priority actions. Young recruits accounted for almost 35% of new hires in 2014, and 63% in 2015.

Breakdown of experts by age



Age pyramid on 30/06/2015



Integrating workers with disabilities and keeping them in work is another major issue. But our poor performance compared with our ambitions regarding the employment of workers with disabilities reflects the shortage of qualified and professionally trained people with disabilities on a national scale. 80% of workers with disabilities have not passed the baccalaureate, compared with 56% in the population as a whole.

A PURCHASING POLICY THAT TAKES ACCOUNT OF DISABILITY

Purchasing naturally works alongside Human Resources in the challenge to improve the integration of employees with disabilities. In the field, Purchasing adds value by dealing with organisations that employ workers with disabilities.

Like any other company in the high-technology sector, we are directly penalised by this situation, and, due to the insufficient number of qualified candidates, we cannot reach the targets we have set ourselves. Nevertheless, the Group's disability unit implements an active policy to raise awareness and overcome any obstacles to the employment of workers with disabilities. We regularly take part in dedicated recruitment forums (Handi2day and the ADAPT forum) and our job offers are open to candidates with disabilities and are posted on specialised sites. Unfortunately, our results in 2014 and 2015 fell well short of our commitments.

Awareness-raising campaigns are regularly launched to reach the widest audience possible. In addition to the plays on diversity, which includes disability, a booklet describing all the initiatives we have taken was distributed to employees, and table mats addressing the question of disability were handed out in the company canteen.

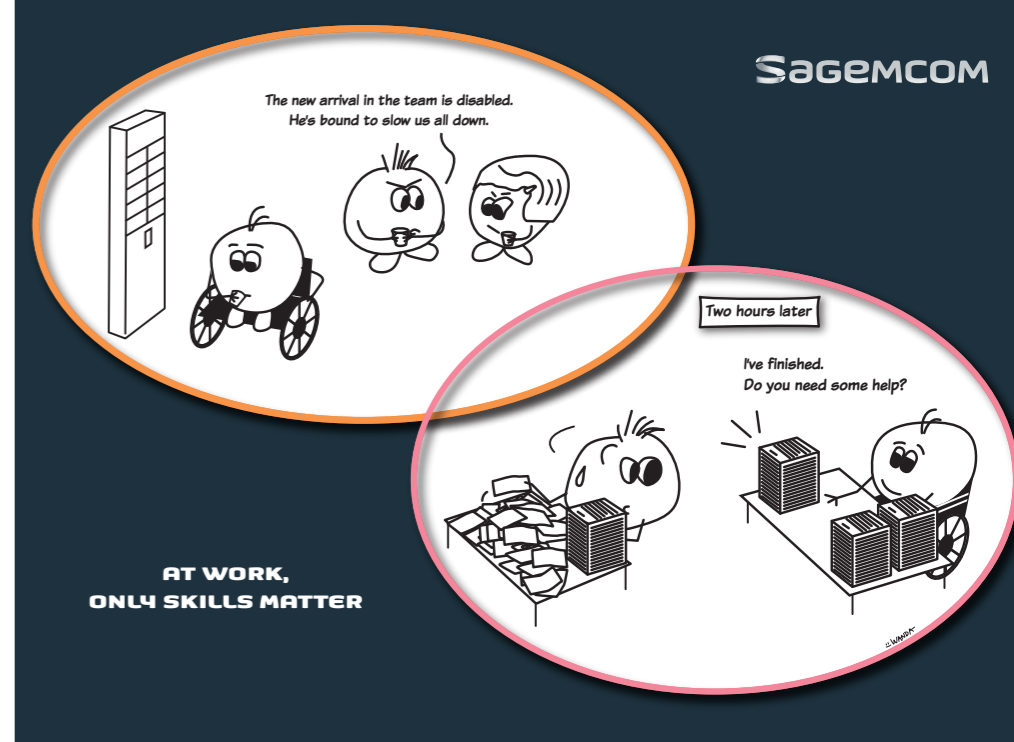
We also analyse solutions to keep employees with disabilities in work on a case-by-case basis, so that they contribute fully to the global performance of the company.

Finally, we also pay very close attention to avoiding processes that could result in illness or disability as part of our safety policy.

We also support our employees in their everyday lives, whether they have disabilities themselves, or have a child with disabilities: co-funding of home help vouchers, additional holiday entitlement to accomplish all the formalities made necessary by their situation, etc.

SAGEMCOM SUPPORTS PASSEPORT AVENIR

Founded in 2005, Passeport Avenir is an NGO that promotes the professional integration of young people from underprivileged backgrounds. It promotes employment abroad and provides support to fund studies and professional integration. Sagemcom has been one of the organisation's main partners since 2010, alongside



SFR, Orange, Alcatel Lucent and Nokia.

The 2013-2014 and 2014-2015 intake mobilised 23 tutors at Sagemcom. They supported the young students following varied curricula. 24 days were dedicated to specialist workshops, simulations of interviews or project juries.

The 2013-2014 and 2014-2015 intake mobilised 23 tutors at sagemcom





SUPPLIERS' DAYS

CLOSE-UP ON: OUR HUMAN ASSETS



INTERNAL SEMINARS / TEAM BUILDING

Global headcount:
39% women / 69% men

Young recruits in France:
35% of new hires

R&D:
1,000 developers worldwide

Senior employees in France:
25% of the headcount



PLAYS: GENDER EQUALITY

UNIFYING ACTIONS

Every year, Sagemcom organises numerous events to raise the Group employees' awareness of essential issues, such as diversity, disability or solidarity. Unifying events are also organised to illustrate one of the Group's fundamental values: team power!

REGULARLY SHARING THE GROUP'S STRATEGY

Sagemcom is actively engaged with its employees to enable them to better understand the Group's strategy and its top priorities. Events are organised on a regular basis to enable the widest audience to understand the major challenges facing the Group.

Projection of the football World Cup

The Solidarity Tie campaign

Awareness-raising campaign in the company canteen

The President's twice-yearly presentation

Strategy review

Presentations by the heads of departments or activities

Purchasing Day

In-house magazine with employee portraits

Daily information on ComOn

EMPLOYEE SHAREHOLDERS

The Group's employees hold a significant share of the Group's capital. At the time of the latest change of main shareholder in 2011, more than 50% of employees became shareholders in the Group. They represent almost 30% of shareholders. Employee shareholding is a distinctive characteristic that continues the tradition of the group from which Sagemcom originated.



BARBECUE



SUPPORT FOR EMPLOYEES

Supporting our employees in their own development boosts their motivation and improves their professional skills that drive the growth of our activities.

DEVELOPING AND VALUING

The individual development and progress review is one of the fundamental cornerstones of our human resources policy. These interviews are held every year and are optimised in every Group activity, irrespective of the country. In the 2014-2015 campaign, 94% of employees in France were interviewed.



These reviews have four main objectives, with the common goal of achieving individual and collective progress.

The review must define concrete actions that will contribute to the employee's development, to be taken and measured in the course of the year, in the form of training, individual action plans or professional evolution. The actions are regularly monitored to make sure that they are effective.

In view of their importance, the achievement of the targets regarding the completion of these reviews by managers with the employees in their teams directly determines a part of their variable compensation.

Sagemcom also considers training to be a strategic investment that is necessary to support its employees and to grow its activities. Almost 3% of payroll is allocated to the training budget every year, and in certain projects, like the conversion of the manufacturing centre in Dinan, almost 30% of payroll was allocated to professional training, mainly of operators with a view to obtaining the CQPM qualification certification.

We also value different curricula that do not follow the more traditional paths of management and project management. In 2010, the Group set up the "Experts" function in order to recognise expertise and the acquisition by its employees of proven and specific skills in a particular field.

ATTRACT AND RETAIN

We are working on increasing our capacity to attract, develop and retain the best skills required by our strategy.

In 2014 and 2015, our actions focused on renewing our image as an employer and improving the induction and support of new arrivals through a clearly marked out path based on the best practices that exist in the Group's departments (induction booklet, creation of a "Class of 2014" that includes all the new hires of the year, etc.).

We build employee loyalty by proposing careers that are interesting and rewarding. Many of the Group's employees, at every level, have changed jobs several times and enjoyed a varied career path. All vacancies are open to internal candidates and are published on our vacancies site, which can be accessed by every employee. In 2015, more than 40% of our vacancies were filled in this way.

The policy that we have been pursuing for several years has favoured the sense of belonging amongst Sagemcom's employees. A fact that is demonstrated by the average length of service in the Group: 17 years.

Finally, the Group's employees hold a significant share of the Group's capital. At the time of the latest change of main shareholder in 2011, more than 50% of employees became shareholders in the Group. They represent almost 30% of shareholders. Employee shareholding is a distinctive characteristic that continues the tradition of the group from which Sagemcom originated.

SHARING AND EXCHANGING

Throughout the year, Sagemcom organises events or initiatives that bring our employees together, so that they can exchange and become more closely involved in the life of the Group.

In 2014 and 2015, Sagemcom organised and promoted numerous festive events, from the barbecue party at Rueil-Malmaison, to Women's Day in China or the broadcasting of the football matches during the World Cup in Brazil, as well as actions for charity, such as "Solidarity Tie", which reflect our commitments and our values.

Sagemcom also takes measures that facilitate the sharing and the understanding of the Group's activities by all of its employees, in an effort to encourage every one of them to engage in the implementation of our strategy: annual reviews, kick-off meetings, Techdays, meetings with members of the ExCom, twice-yearly presentations of our activities, their results and their main short- and long-term targets, etc.



All these meetings are an opportunity to share our vision of the future of our activities and our business with all our employees.

Employee portraits are regularly published so that everyone can become better acquainted with the men and the women who contribute to the development of our activities.

sagemcom organised and promoted numerous events in 2014 and 2015

CLOSE-UP OF THE GROUP'S EXPERTS



The creation of the Experts function has helped to:

- Identify and develop the key fields in line with the Group's strategy

- Recognise technical experts by offering them development opportunities in fields other than the traditional disciplines of management and project management,
- Promote the sharing and transfer of knowledge.

The expert's role:

- To guide innovation
- To build on knowledge and transfer experience
- To advise and approve
- To represent the company

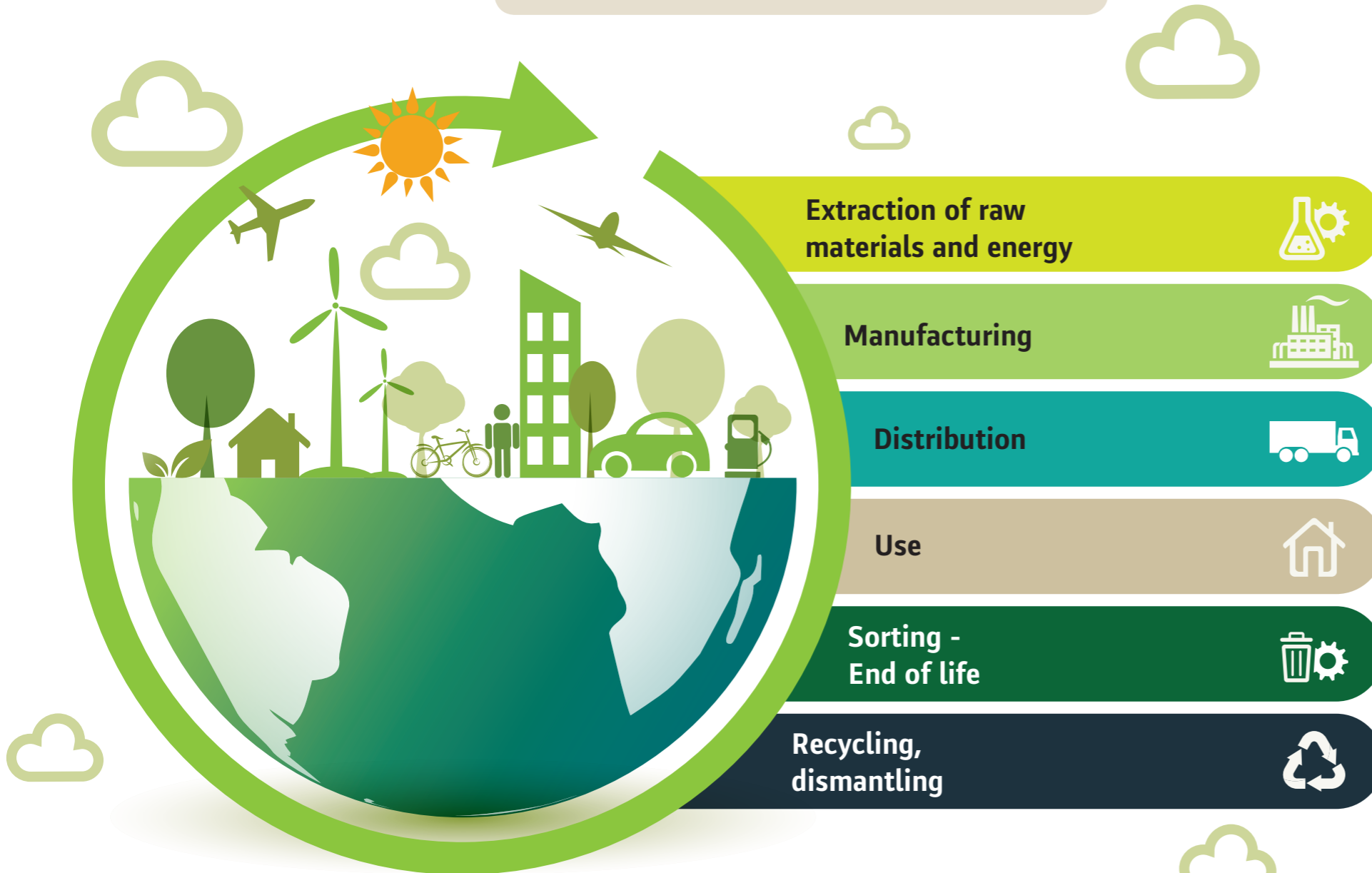
The network of Experts holds regular meetings, has its own dedicated Intranet site (document library, forums, etc.) and, most importantly, organises Techdays intended to share their knowledge.



CONSUMPTION OF ELECTRICITY: REDUCTION OF OUR CARBON FOOTPRINT BY 7%

675 TONNES OF CO₂e_q SAVED IN 2015

CLOSE-UP ON: ECODSIGN



56% OF PRODUCTS SOLD ANALYSED BY EIME SOFTWARE

From the extraction of the raw materials used to make them, to their design and end of life, Sagemcom is committed to developing products with a low environmental impact throughout their life cycle.

To achieve this ambition, Sagemcom has opted for ecodesign in partnership with its suppliers and customers. Sagemcom's residential gateways, set-top boxes and smart meters are products that demand faultless quality and low environmental impact. The Group relies measuring tools, such as life cycle analysis (LCA). This decision-support tool measures the ecological impact of a product through its entire life cycle, from the extraction of raw materials, to its use by the consumer and end of life.

The first step of the ecodesign of a product consists of choosing the materials used to make it. Sagemcom takes care to choose materials that are compatible in the recycling phases. This is the reason why every plastic part is marked in order to facilitate quality recycling.

Sagemcom also looks at alternatives to plastic before introducing them into the composition of its products. Their content of recycled materials (post-consumption) or bioplastics is measured, as well as their capacity to reach the standard of quality expected of our products.

Sagemcom acts as a responsible producer when it comes to the end of life of its products. As soon as a product stops

working, it can be sent to a recycling centre with a dismantling form that will be used to disassemble it and retrieve the reusable materials. Sagemcom has further reduced the environmental impact of its end-of-life products by setting up a worldwide network of approved repair centres. This approach maximises the reuse of products, making real environmental gains, because the impact of a refurbished product is much lower than that of a new product. Sagemcom also pays constant attention to the quantity of its packaging materials.

So, as you can see, Sagemcom strives to design products that remain ecological throughout their lifetime, from the substances and the components used to make them, through the reduction of their energy consumption to their end-of-life recycling.

Eco-design is therefore a key subject, on which numerous people at Sagemcom, in addition to the quality teams, work every day: R&D, Purchasing, Manufacturing, the teams in charge of transport, packaging, and even customer service!



ENVIRONMENT

At Sagemcom, acting to protect the environment firstly means designing products and services that contribute to preserving the planet's ecological balance. But it also means limiting the impact of its activities on the local ecosystems by taking the environmental and economic situations of different markets into consideration.

“We have opted to integrate the environment in our design and development process.”

We have opted for ecodesign, in partnership with our customers and our suppliers. Our teams work on every aspect of the equipment’s life cycle, from the choice of raw materials, to the control of waste, energy consumption during use and end-of-life management. Because innovation must be a source of improvement, our teams constantly look for product functions that encourage eco-friendly behaviour and, to improve performance, they also propose automatic features. We have implemented an environmental management system on our sites that allows us to measure our footprint and to take corrective actions that cut our emissions and consumption. Our main operational sites have all been ISO 14001-certified for more than 10 years.

THE CHOICE OF A GLOBAL APPROACH: THE LIFE CYCLE

Life cycle analysis, which Sagemcom adopted several years ago, takes all the environmental impacts of a product into consideration, from the design phase and throughout its lifespan.

Reducing energy consumption is one of our top priorities. This objective is achieved by meeting strict consumption criteria in the various operating modes, by constantly innovating (programmable

Sagemcom has signed the Voluntary Industry Agreement to improve the energy consumption of Complex Set-Top Boxes within the EU. The goal of this voluntary agreement is to contribute to the results of the European energy efficiency action plan, and more particularly to the ecodesign directive (2009/125/EU), by reducing the potential environmental impact of complex set-top boxes (CSTB). The global objective is to reduce the energy consumption of CSTBs, according to jointly defined targets and deadlines, in order to maximise the environmental benefits. The signatories have committed to marketing more than 90% of compliant products each year. It also represents a global commitment by the industry to reduce the impact of CSTBs.

The environmental performance of Sagemcom’s set-top boxes (low consumption) has resulted in savings of more than 74,000 tonnes of CO₂eq.

standby mode, smart standby mode, etc.) and by working continually to raise awareness amongst users.

LIFE CYCLE ANALYSIS

To identify opportunities for improvement, we analyse our legacy products from both a qualitative (means of assembly, etc.) and a quantitative perspective, by modelling the product lines with a simplified life cycle analysis tool: EIME software, developed by CODDE Bureau Veritas. These analyses guide our strategic development options in order to reduce energy consumption, because it is the phase when the product is in use that has the greatest impact on our products’ life cycles, no matter where they are used.

This expert knowledge also enables us to make preliminary life cycle analyses in an advanced operation, that is conducted during call for tender phases. The goal is to estimate the environmental impact of a product, in order to help our customers to choose between several possible scenarios, particularly regarding the logistical phase and the choice of

materials. It also enables us to decide on the communications mechanisms between products and networks in advance, in order to anticipate cases where one of them would prevent the other one from switching to standby mode.

The integration of functionality in 2015 resulted in a spectacular reduction in the environmental impact of more than 155,000 tonnes of CO₂eq for this product reference alone.

56% of the products sold worldwide in 2015 were analysed by Sagemcom using EIME software.

FACILITATING THE RECYCLING OF OUR PRODUCTS

The first step affecting the recycling of our products is the choice of the materials used to build them. Combinations of different types of materials can impact the capacity of the product to be recycled. Sagemcom takes care to choose materials that are compatible in the recycling phases. By way of example, PC and ABS plastics are rarely combined, because they cannot be recycled together.

Our products are then assembled in a way that facilitates their deconstruction and the separation of the various components.

The different materials, and the plastic parts in particular, are marked to improve the quality and the efficiency of the recycling phase. The marking criteria include the type of plastic (ABS, PC, PU, etc.), the presence of flame retardants (FR) and the nature of the retardant.

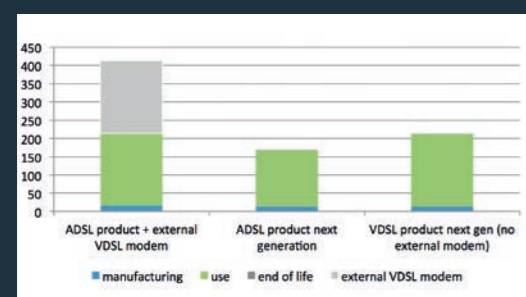


OUR ECODSIGN PROCESS

Ecodesign is a process in its own right that is described in Sagemcom’s project management documents. Each phase of a project, from the kick-off, to design, qualification and the market launch, is subject to a series of checks applying to the ecodesign of the product.

56% OF THE PRODUCTS SOLD WORLDWIDE IN 2015 WERE ANALYSED BY SAGEMCOM USING EIME SOFTWARE.

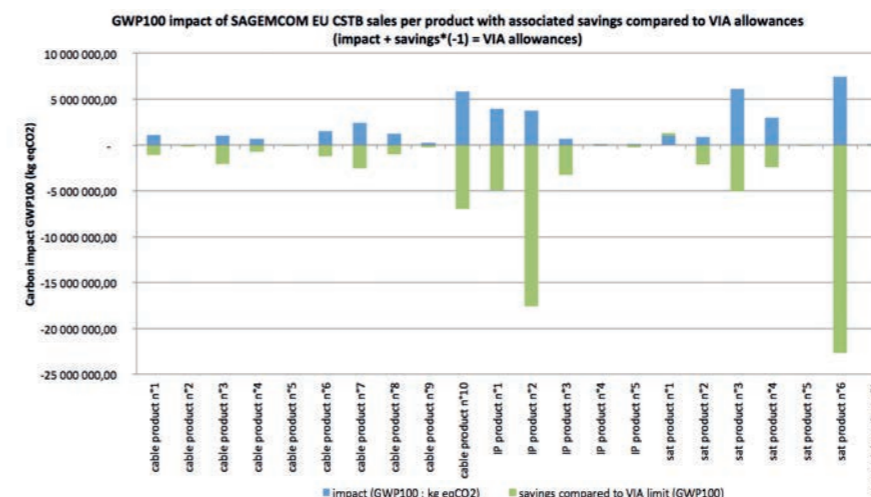
EXAMPLE OF THE OPTIMISATION OF THE USE OF A RESIDENTIAL GATEWAY:



Located at the heart of the home digital network, residential gateways, or internet boxes, are crammed with more and more functionality. Their main environmental impact is due to the consumption of energy. This is the reason why we worked on the usage

phase, by installing automatic functions to reduce consumption and a dynamic standby mode, determined by the user’s behaviour.

The electronic components were also optimised to improve the overall efficiency of the products. Conventional gateways are connected to a fibre network by an ONT (Optical Network Termination), which consumes almost as much as the gateway itself. The ONT functionality has been integrated in the new platforms, which means that the hardware can be shared and the user’s overall electricity consumption can be reduced. Doing away with the ONT has reduced the carbon impact by 42% (example based on a UK energy mix).



thanks to its repair and refurbishment services, up to **85%** of Sagemcom's products can be repaired and reused

USING ALTERNATIVE MATERIALS

For us, using alternative materials is a permanent source of progress. As well as characterising the environmental impact of our materials, we also try to qualify alternative materials based on plastics with a high recycled content (post-consumption) and bioplastics. These materials are assessed from the environmental and technical perspectives, because certain materials with a positive environmental effect may be technically difficult to use or insufficient in terms of quality.

END-OF-LIFE MANAGEMENT OF OUR PRODUCTS

Sagemcom is committed to facilitating the recycling of all its products. The European Directive 2002/96/EC, known as the WEEE directive, applies the 'polluter pays' principle to the management of waste of electrical and electronic equipment. Producers are held responsible for the end of life of their products. Sagemcom is one of the founders of the Ecologic eco-organisation, which is certified by the French State for the management of WEEE. (www.ecologic-france.com).

Packaging

In addition to meeting its obligations, Sagemcom constantly strives to reduce quantities of packaging. Individual packaging is optimised to reduce transportation at equivalent quantities. We also prefer packaging made of recycled or PEFC cardboard, printed with vegetable-based inks.

The replacement of our pallets with a lighter structure, guaranteeing the same performance during transportation, has reduced the environmental impact of one pallet by more than 22 kg of CO₂eq, making global savings in 2015 of 675 tonnes of CO₂eq.

Batteries

Batteries can represent a danger to the environment when they are disposed of, due to the hazardous substances they contain. We abide by the European

Directive 2006/66/EC, which banned the most polluting batteries (limits on lead, mercury and cadmium).

Dismantling guides for easier recycling

On request, Sagemcom provides recycling operators with dismantling guides in a bid to encourage the recycling of its old products. These guides contain all the information required to optimally recycle and reuse the machines:

- a bill of materials (metals, plastics, electronic circuit boards, etc.)
- the location of the components to be separated (as per the WEEE directive)
- the dismantling steps
- the potential risks to recycling operators (sharp metal edges, etc.)

Repairs and refurbishment services: worldwide coverage to reduce our environmental impact

The Sagemcom group has developed an approach to maximise the reuse of its products. This approach makes real environmental gains, because the impact of a refurbished product is much lower than that of a new product.

If a problem cannot be solved by the staff in our call centres, the products are repaired in our approved repair centres. These centres are equipped with production lines for product refurbishments. The largest approved repair centres can be compared with genuine production plants, because they have their own acceptance areas, production lines, quality control departments, goods out, purchasing, etc.

REDUCING CONSUMPTION AND EMISSIONS ON OUR SITES

Our site environmental management system

Sagemcom established a policy to obtain ISO 14001 certification for its main operational sites over 10 years ago. Therefore, in accordance with regulations, and especially those applying to classified facilities, we strive to control environmental aspects, such as air, water and soil pollution, noise levels, the production of waste and the consumption of water and energy, and to control the use of hazardous substances. These measures are taken on our sites under the supervision of the Directors of the Establishments, with the

OUR REPAIR NETWORK IS A GOLDMINE OF INFORMATION!

Our repair network is a source of precious information and feedback, from the delivery of the product to the complete management of its life cycle. An asset that is particularly appreciated by our R&D and Quality departments. Analysing cases of NFF (No Fault Found) is a good way to make our products even more reliable and efficient, and easier to use.

collaboration of environmental experts and in accordance with our continuous improvement processes.

Electricity

Electricity consumption of the sites is measured monthly. The actions taken in 2013 and 2014 have cut annual consumption by 998MWh (406.9 tonnes of CO₂eq) and have stabilised consumption in 2014 and 2015. Between 2014 and 2015, our carbon footprint was reduced by 7%:

- 2014: 7.42 g CO₂eq / € for electricity consumption
- 2015: 6.90 g CO₂eq / € for electricity consumption

Water

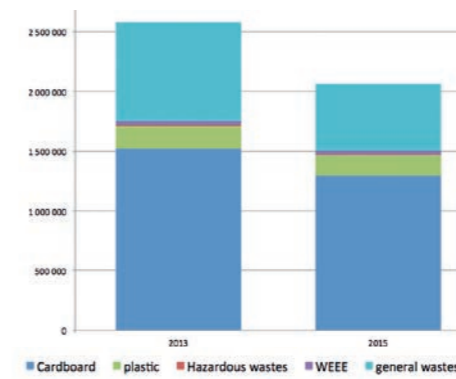
Water consumption of the sites is measured monthly. The actions taken in 2013 and 2014 have optimised water consumption:

- 2014: 0.96 g CO₂eq / € for water consumption
- 2015: 0.91 g CO₂eq / € for water consumption

Waste

Waste is sorted into materials that are compatible for recycling. Each site has its own targets, based on its activity. The monitoring of the recycled quantities is illustrated below.

Between 2013 and 2015, the production of global waste dropped by 20%. Specific workshops have been set up for the transportation of components and the reduction of packaging waste in our factories. Compared with 2013, more than 527 tonnes of waste were avoided in 2015.



Looking beyond its own sites, Sagemcom also works with partners who manufacture finished products all over the world. All these partners are ISO 14001 certified and are regularly audited by third parties.

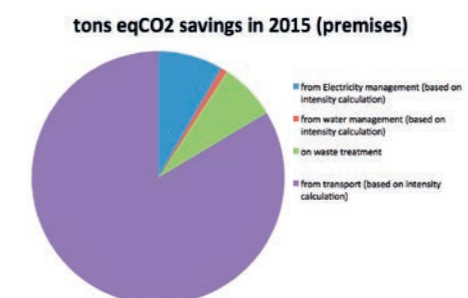
Transport

Transport is a major source of greenhouse gas emissions. And for urgent deliveries, the transportation of our finished products by air weighs heavily in the carbon balance. While aircraft only represent about 12% of the tonne-kilometres transported, they are responsible for 98% of the logistical carbon footprint. We try to avoid these situations by improving our forecasting processes and the corresponding manufacturing schedules.

The actions we have taken (business travel, optimisation of meetings by videoconference or Lync, optimisation of component packaging, etc.) reduced the impact of transport by 6,353 tonnes of CO₂eq between 2014 and 2015.

GLOBAL ASSESSMENT

All this data is collected and correlated to calculate the Group's environmental impact. The chart below illustrates these findings. Overall consumption and waste in 2015 dropped by 8,277 tonnes of CO₂eq (mainly due to electricity savings, relative to turnover), without taking the efforts to reduce the impact of our products into account.



Overall consumption and waste in 2015 dropped by **8,277** tonnes of CO₂eq

SAGEMCOM CUSTOMER SERVICE IN FIGURES:

- 49 approved repair centres worldwide
- 461,000 repairs made per year
- 1,130 Sagemcom product references processed in the repair centres
- 500,000 calls taken on our hotline
- 27,000 pages on the support website (almost 3 million pages visited)
- 40,000 e-mails received and processed
- 36,000 visits to the "get satisfaction" forum, with 22,000 tutorial videos viewed and more than 7,000 online chats

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