

2016 CSR REPORT



THE SAGEMCOM GROUP

€1.5 BILLION IN TURNOVER

30% OWNED BY EMPLOYEES

SAGEMCOM DESIGNS, MANUFACTURES AND SHIPS MORE THAN 25 MILLION TERMINALS WORLDWIDE EVERY YEAR

4,000 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, multi-energy smart meters, etc.), meeting the essential needs of the world that surrounds us.

Group turnover totals €1.5 billion and has a headcount of 4,000 employees working in more than 40 countries, some 30% of whom work in France, such that the Group has been profitable ever 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 25 million terminals worldwide every year.

The employees hold a 30% stake in the Group, which 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.

In 2016, Sagemcom's majority shareholder changed as part of a third LBO. Charterhouse becomes the Group's majority shareholder, the remaining 30% still being held by employees (including 60% of French employees).

The head office of Sagemcom is located in Rueil-Malmaison (92), 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 €70 million in R&D in 2016.

Sagemcom is also present in Tunisia, where it operates a manufacturing site dedicated to the production of set-top boxes, internet boxes and smart meters in Ben Arous (2,000 employees), and a 400-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 for many years has been implementing concrete action plans to take these issues into account. Quality, ethics, safety and protection of the environment are at the heart of our fundamental values.

OUR 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.

engaged in permanent dialogue with all of these stakeholders, all along its value chain.

EMPLOYEE SHARE OWNERSHIP AT THE VERY CORE OF OUR DNA

Employee share ownership is a core value of the Sagemcom Group. Since its creation in 2008, the Group's capital has always been based on an employee ownership scheme of around 30%. Further to its third LBO, more than 60% of its French employees are now Sagemcom shareholders.

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 and subcontractors, employees, trade unions, NGOs and charities. The Group is

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



2016 POLICY

CONSOLIDATE SAGEMCOM'S GROWTH

- Continue to attract new customers – especially internationally
- Develop the products and services catalogue
- Boost high-added-value innovation
- Support our customers in their own international development
- Secure profitable growth

CUSTOMERS SATISFACTION

- Anticipate the needs and meet the expectations of our customers
- Honour delivery commitments
- Improve the resolution of customer complaints and capitalisation on experience
- Master "Fast Quality Loops" with our customers and after-sales service partners

CONTROL OF PRODUCTS AND SERVICES

- Strengthen the control of projects by product teams, through risk analyses in particular
- Consolidate the multi-site industrial strategy
- Continue DFM (design for manufacturing) measures
- Manage and capitalise on knowledge

INFORMATION SECURITY

- Extend the scope of ISO 27001 certification
- Enhance the protection of our products' safety data
- Secure our infrastructures and our sensitive data

HUMAN RESOURCES

- Match the skills of teams to our current and future needs and implement a professional structure for change coaching
- Safeguard our human capital by applying the principles of OHSAS 18001
- Improve the integration of new employees
- Pursue the implementation of our social road-maps
- Promote multicultural interaction

CORPORATE SOCIAL RESPONSIBILITY

- Reduce the environmental impact of our products, particularly their energy consumption in use
- Promote the use of the least polluting modes of transportation
- Promote our eco-design approach with our customers
- Continue the deployment of our ethical practices
- Extend ethical monitoring and support our partners

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. Our management systems are backed by five continuous improvement initiatives:

1 - Ensuring the efficiency of our processes, ISO 9001 being 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 - Securing 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,
- defining criteria to assess and manage the risks inherent to our activities.

3 - Managing environmental issues in accordance with 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 widespread use of Ecodesign practices and Ecolabelling,
- 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 occupational health and safety 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.



The United Nations Global Compact is part of a strategic policy initiative aimed at businesses, inciting them to commit to respect ten universal principles related to: human rights, labour rights, and environmental law as well as the fight against corruption.

As a signatory to the Global Compact, the Sagemcom Group is committed

to respecting and encouraging these principles. The Group also invites its suppliers, partners and subcontractors to adopt, support and apply these fundamental values in their respective fields of action.

CERTIFICATIONS

Sagemcom pursues an active certification policy for all of its activities and sites.

In this sense, 2016 was a pivotal year for Sagemcom in terms of certifications with:

- The launch of a 3-year project certifying the main business units in Africa

- The application of an ISO 50001 certified energy management system in the Ben Arous plant,

- The ISO 9001 and 14001 standards having been updated in 2015, upstream preparation is needed to ensure the success of our re-certification in 2017. Today, Sagemcom holds the following certifications:

- ISO 9001, which ensures quality management.

- ISO 14001, which concerns the environmental management of the R&D sites of Rueil-Malmaison (France) and Megrine (Tunisia), as well as for 75% of our production sites and the ecodesign of products.

- OHSAS 18001, which involves occupational health and safety management systems for production staff.

- IISO 27001, which guarantees that our management system for information security is reliable. Obtained in June 2014, it concerns R&D activities and support services.

In addition, certain specialised functions within Sagemcom are certified for their scope of activity:

- Sagemcom's internal laboratory is ISO 17025 certified (both in France and Tunisia).

- Our factories are MID (metrology) and ATEX certified as part of the production of electricity and gas meters.

EXTERNAL RECOGNITION

The Sagemcom Group is regularly assessed by independent organisations mandated by our customers.



Sagemcom has obtained Gold certification from Ecovadis

- ACESIA rating by Afnor with a final score of 81/100



PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT	
HUMAN RIGHTS	Internationally support and respect human rights.
	Ensure no violation of human rights
WORK	Confirm the freedom of association and the right to collective bargaining.
	Confirm the suppression of any form of compulsory or forced labour.
	Confirm the abolition of child labour.
ENVIRONMENT	Confirm the elimination of discrimination for employment.
	Support an environmental approach.
	Undertake initiatives to promote more environmental responsibility.
ANTI-CORRUPTION	Encourage the development and spread of environmentally-friendly technologies.
	Fight against corruption in all of its forms, including extortion.

				R&D		Manufacturing			African Subsidiaries under 3 years		
	Sagemcom Broadband	Sagemcom Energy & Telecom	NSOs	SST	Shenzhen	Ben Arous	MEI	Manaus	Sagemcom Ivory Coast	Sagemcom Tanzania	Sagemcom DRC
ISO 9001 Quality	•	•	•	•	•	•	•	•	•	•	•
ISO 14001 Environment	•	•		•		•	•		•	•	•
ISO 27001 Information security	•	•	•	•		•	•				
ISO 50001 Energy management						•					
OHSAS 18001 Health and safety						•	•		•		•

MANAGING RISKS AND OPPORTUNITIES IS AN INTEGRAL PART OF SAGEMCOM'S

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 tangibly 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 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 measures 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 meets the ISO 9001 - Quality (global) and ISO 14001 - Environment standards.

Risks related to products

The Group continually takes product-oriented preventive measures. 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 Information Systems (DSI) 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 2016, Sagemcom continued the ISO 27001 certification of its industrial and R&D activities. 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 established 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 2016, the Group filed applications for 50 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. Sagemcom's main production site is the Ben Arous plant in Tunisia, which benefits from a business continuity plan. This plan includes different scenarios, including the total/partial loss of the site, the shut-down of infrastructures, the shut-down 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 measures, 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

As an industrial group, a high proportion of Sagemcom 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.

In order to better understand the risks related to working conditions, Sagemcom 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.

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 measures are also regularly taken every year.

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ETHICS **AND ECONOMY**

Sagemcom's purchasing policy is driven by five fundamental principles and is shared by the Group's suppliers and subcontractors. These are: quality, price, lead-times, innovation and ethics. These fundamental principles determine all the measures taken by Group Purchasing in accordance with its policy.

**SUPPLIERS MUST
agree to accept
audits scheduled by
SAGEMCOM of the
proper application of
the ethical charter**

"Purchasing responsiveness is essential to best meet the needs of our customers. This includes setting-up a long-term relationship with our suppliers, based on trust and high standards" Jean-Claude Barberan, Group Purchasing Director.

**A LONG-TERM
APPROACH**

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.

ETHICAL CHARTER

The Sagemcom Group's ethical charter is based, among others, 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.

AUDITS

Each year, "ethical" auditors take awareness-raising and training measures 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. In 2016, 200 Quality audits were completed, including 40 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 measures 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 measures are taken immediately, Sagemcom puts an end to all its business dealings with the supplier. The latter is then de-listed and "black listed" within Sagemcom.

FOCUS ON 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 have become a cornerstone of durable relations with every one of them! Sagemcom is committed to building a long-term partner relationship with all of its main suppliers.



**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, audit procedures and watch-points for issues outside their usual scope of activity (supplier visits for example). If necessary, the Ethics Committee is

informed of any situations deemed to be abnormal. 130 new recruits have been trained in these departments since 2006.



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**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 any type of work that, by its nature or its conditions, involves 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.
- The 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.

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, including 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 2016, a special emphasis was placed on minerals from conflict zones, thanks to the enhancement of the traceability and reporting system in our supply chain.

Although at this stage the Group cannot commit to products with 0% raw materials from conflict zones, it guarantees to give all the information in its possession to its customers when requested.

The SUPPLY chain is represented below. TO date, 35,000 COMPONENTS are covered by sagemcom.

CONFLICT MINERALS - TYPE OF RESPONSE IN NUMBERS OF COMPONENT REFERENCES

Declaration 1954



CMRT 35205



Are 3TGs essential for your company's production and contained in the finished product that your company manufactures or has manufactured?

Does one of the foundries in your supply chain source 3TG from the countries covered?

Do you have data / information for each of the 3TGs from all relevant suppliers?

Have you identified all the foundries that supply the 3TG to your supply chain?

Is 100% of the 3TG (necessary for the operation or manufacturing of your products) from recycled sources?



MAXIME LARO, MAYOR OF ANDOVORANTO

"Before, we had no access to electricity in the village. The villagers lit their homes with candles, kerosene lamps or with batteries. Sometimes they equipped themselves with a mini-photovoltaic power plant, which provided just the energy needed to light a home or listen to the radio. The municipality has fully approved this project to build a solar power plant for our village and supported Sagemcom to carry out its field survey. We organised an information meeting in the room and distributed survey cards to fill in at home. Door-to-door canvassing was also necessary to reach all of the households.

Since the installation of our solar power station, the living conditions of the inhabitants have improved significantly. At last, they can use a refrigerator and connect several electrical appliances, such as a computer, a TV or DVD player. The school, the town hall, the gendarmerie and the shops also have more power available, which allows everyone to work in better conditions.

We also benefit from public lighting and we can even organise festivities for our inhabitants on Saturday evenings. It's important for life in the village! "

CLOSE-UP ON: THE SMART VILLAGE, AN ETHICAL PROJECT

Our first rural electrification project was launched in 2016 in Madagascar. In the village of Andovoranto, Sagemcom created an end-to-end electrical network, from the production site to the consumer. An innovative concept, central to the ethic of the Corporate social responsibility initiative backed by our Group.

In Andovoranto, the foundations of the solar production site were laid in December 2016. A few weeks later, it was already providing electricity to the subscribers of this isolated village. The promise of an efficient, reliable electricity service was kept and living conditions improved.

a "Mobile Money" prepayment system. It is a banking service associated with the subscriber's mobile phone number, widely used in Africa as an alternative solution to bank cards in Europe.

Rural electrification involves providing electricity for people that are mostly low-income. As a first step, it provides electricity to isolated dwellings for basic needs, such as lighting, mobile phone charging, radio or TV operation, or for some users, even a refrigerator. The planned solution must therefore:

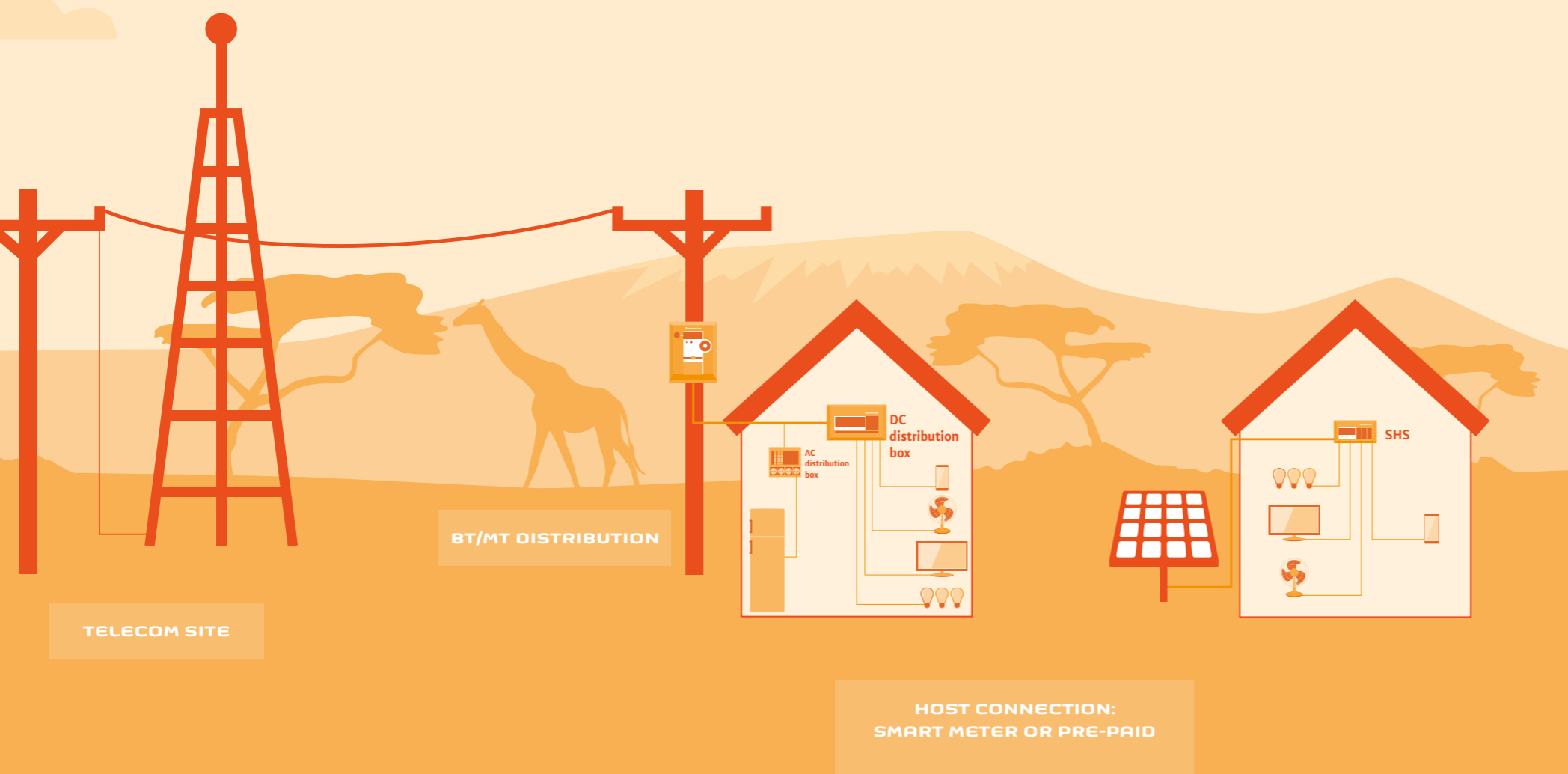
To carry out Andovoranto's pilot project, Sagemcom made a point of maintaining long-term relationships with the local population. For example, a field survey was carried out to target the real needs of the inhabitants and estimate the scale of facilities needed.

Cooperation with the local administrations was essential to reach the 800 homes of the village to be powered. A survey of 300 homes was carried out to identify the needs of each in terms of electricity.

- be robust, because we are in rural areas with users who unfamiliar with electricity,
- be scalable to accommodate growth in subscriptions and consumption,
- be easy to maintain, because of the remoteness of the villages and the low level of local skills,
- inexpensive to facilitate an economic balance, which is sometimes difficult to achieve
- be secure, to deal with cases of theft or non-payment. So, to secure electricity distribution in rural areas, we have installed STS meters with

Today the Anovovanto pilot plant has been sized to serve around 100 people and has been designed to increase energy production if the needs of the villagers change: the promise of an efficient and reliable electricity service has been kept and living conditions have improved.

A project central to our CSR initiative, in which ethic rhymes with economic!





H EALTH, SAFETY AND WELL-BEING AT WORK

The labour policy carried out in 2016 extends the positive and effective initiatives already underway, and also introduced a new trend of increased investment in prevention, both to improve working conditions and to promote an environment conducive to the development of our employees and our business activities.

The safety of our employees is subject to a risk analysis for each business line.

Our responsibility is to create the conditions that guarantee the physical integrity and health of all those present at our sites, and beyond that, a framework that promotes quality of life at work.

Reducing risks, occupational diseases, serious accidents and the most frequent accidents, all have top priority. Our goal is to reach the "0 accident". While this objective represents a challenge, it remains the only one that is feasible with regard to the issues at stake and requires the involvement and concerted effort of everyone at every level.

TAKING ACTION TO ENSURE SAFETY AT WORK

The safety of our employees is subject to a risk analysis for each business line. This allows us to anticipate risks as much as possible through preventive and protective measures, both individual and collective. This analysis is reviewed and updated each year but also every time a new activity or process is created. At the heart of our concerns, fire safety and protection against exposure to chemicals. Various procedures have been established to manage the risks to the health and safety of employees:

- Risk assessment
- Legal requirements
- Validation of equipment
- Accident recording
- Preventive and/or corrective measures
- Management of dangerous products
- Treatment of dangerous products
- ...

All of our employees are trained in occupational safety from the recruitment process onwards, and throughout their career within the Group. In order to minimise the risks, personal protection equipment is made available to everyone.

In addition, employees are also involved in the definition of safety instructions: this is essential to ensure that the instructions and the associated equipment (gloves, glasses, etc.) are compatible with their daily lives!

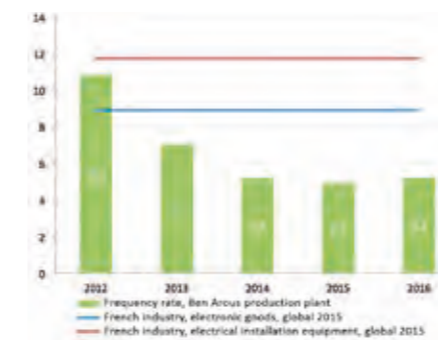
We also take into account the

technological developments affecting our production tools (for example the integration of automated lines) in the mapping and management of new risks. Safety analyses in every situation (including maintenance) are carried out, and specific rules are laid down. They are complemented by operator training sessions, and of course by the provision of suitable equipment.

The Group has therefore set up all the necessary means and equipment to detect and deal with emergency situations. These situations are tested annually or more frequently, depending on their impacts.

The results are then reported each month by the local management. An overview is held mid-year to verify that the actual results are in line with the objectives. Corrective measures are set up if this is not the case. The annual results are finally presented and analysed by the Executive Management. Our results for 2016 are presented below:

Change in accident frequency rate (Ben Arous plant)



Change in accident frequency rate (Ben Arous plant)



Frequency: number of accidents per days worked * 1,000,000 / number of hours worked.

Severity rate: number of days worked * 1,000 / number of hours worked.

TAKING CARE OF OUR EMPLOYEES

Sagemcom does not intend to limit its commitment to safety, but wishes to apply it to health as well by involving

the right people at the right levels in an accident prevention initiative: occupational medicine, health services, ergonomists, but also the employees themselves, the first people concerned...

With this objective in mind, in 2016 the Group set up action plans along several lines:

- Develop preventive and ergonomic procedures in the design of new tools and premises or the preparation before taking over a workstation and thus reducing the risks including the onset of Musculoskeletal Disorders (MSD). After the design of the new workstations for the Taden plant resulting from long-term teamwork between the employees and an ergonomist, Sagemcom examined the project to extend the premises of its Ben Arous plant. This project, which should come to fruition in 2017, already involves anticipatory work to streamline traffic lanes in the plant. In Manaus, Brazil, the first 20 minutes of the working day are devoted to flexibility exercises before starting a job, to prevent MSDs.

- Involve Occupational Health and Occupational Health Services, beyond medical surveillance, by providing advice designed to have employees participate in the process of preventing occupational risks (hardship, travel, etc.) but more generally to encourage employees to adopt healthy lifestyles. The advice is given either individually or during collective information and awareness



sessions, as in France or China, as part of information campaigns or visits to workshops and offices, or organising specific work modes such as night work on the Taden site.



SAGEMCOM DOES NOT INTEND TO LIMIT ITS COMMITMENT TO SAFETY, BUT WISHES TO APPLY IT TO HEALTH AS WELL

OHSAS 18001 CERTIFICATION

Sagemcom's safety policy is based on OHSAS 18001 certification, particularly for production sites. For example, our Tunisian production site, where the vast majority of our manufacturing is located, has been OHSAS 18001 certified by AFNOR since 2008.



**PARTICULAR
attention is given
to job organisation
and workloads
as well as their
potential impact
on employees'
lives**

• Promote access to a high level of healthcare and welfare coverage for every employee: regardless of their geographical location, Sagemcom provides its employees with reimbursement coverage for medical care, thus enabling them to preserve their health and, if necessary, that of their family. In 2016, Sagemcom worked for its employees based in Tunisia on the implementation of a new common social protection scheme to cover the risks of illness, disability and death. This work provided an opportunity to harmonise all of the employment contracts but also to offer employees better protection by ensuring a high level of coverage and enhanced services while ensuring the sustainability of the system.

**WELL-BEING AT WORK,
ONE OF OUR CENTRAL
CONCERNS**

We pay special attention to the quality of life at work. For this reason, we are developing initiatives to offer employees a working environment conducive to their development and the reconciliation of their professional and personal lives, which also helps to develop our corporate performance.

The well-being of employees is dependent on the organisation of the company, its mode of operation, its management and dimensions such as the quality of interpersonal relations and personal guidance.

**COMPLEMENTARY
PROCESSES**

In addition to the measures taken for production, processes have also been set up for teams handling electrical or gas products: as a result, even without certification, the same rules are applied to them. For example, every employee who works near an electrical product or machine must take training to become a qualified electrical worker. At the end of this training, and subject to passing the final exam, an electrical qualification certificate is then given. Protective measures against electric shocks, fires and explosions have also been implemented in our laboratories, for example, with the ATEX standard for gas meters.

Sagemcom implemented several initiatives on these themes in 2016:

• Particular attention is given to job organisation and workloads as well as their potential impact on employees' lives: in 2016, the implementation of night work, necessary for the development of the Taden plant in the light of production issues, was on a voluntary basis. In Tunisia, in the Ben Arous plant, a 4th team was set up in agreement with the staff representatives to better distribute the variations in workloads to a larger number of people. In addition, the annual interview system allows every employee to indicate their feelings about the workload, organisation and the balance between work and personal life, irrespective of the employee's work mode (counted in hours, days or with no reference to working hours) or their geographical location.

• Seeking to optimise the quality of life at work is also part of a process to prevent psychosocial risks. In France, the 2nd three-year prevention plan was rolled out in 2016. This 2nd plan, like the 1st, serves as a framework for our preventive approach and strives first and foremost to reduce the

risks at the source in order to obtain deep and lasting improvements. The effects of the implementation of this policy are assessed every year, and the measures, if necessary, are updated within the framework of a Monitoring Committee in conjunction with the Staff Representatives and Occupational Medicine. In parallel, other measures are being taken in other countries, such as China, to provide time and space for employees to decompress after the working day, with the organisation of daily sports sessions (tennis, basketball, etc.).

• The question of the balance between the different times of life is addressed through a number of specific measures. In France, the signature in 2016 of the 2nd triennial agreement on the promotion of professional equality between women and men has made it possible to renew and reinforce the facilities enabling each of them to reconcile the demands of work and those of their personal lives. In addition to the existing outreach services at the Rueil-Malmaison site (concierge service, transport shuttle, etc.), Sagemcom's goal in this second agreement was to better understand and support parenting in all its forms, given the latter is now lifelong (from wanting a child to being a carer for one's own ageing parents). The improved integration of the issues related to parenthood has also been extended to other countries, such as China, where further measures to organise working time have been taken to help new parents.

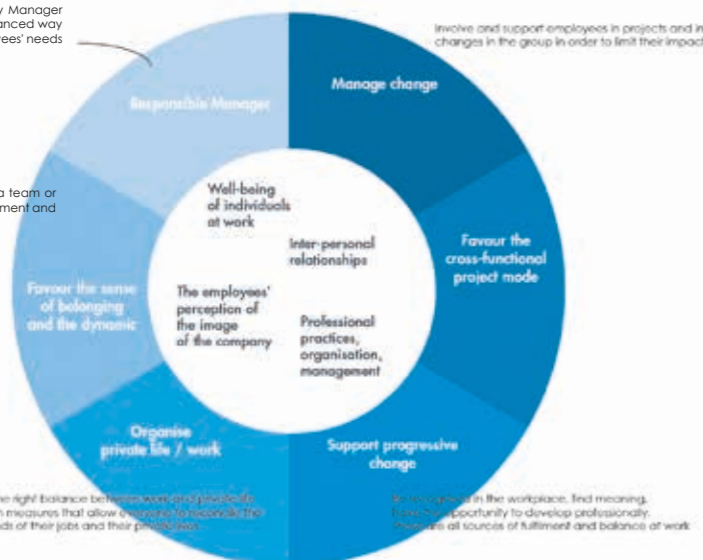
But over and above these aspects, Sagemcom is committed to saving time for all its employees, whatever their personal situation. For example, in France, in addition to the negotiations on the right to disconnect that will take place in 2017, Sagemcom has committed to take specific measures concerning frequent and long-distance business trips and time management.



**SAGEMCOM HAS
COMMITTED TO TAKE
SPECIFIC MEASURES
CONCERNING
FREQUENT AND LONG-
DISTANCE BUSINESS
TRIPS AND TIME
MANAGEMENT**

This means developing the capacity of every Manager to manage their teams and activities in a balanced way between expected performance and employees' needs

Feeling you are informed and a member of a team or group is a primary condition for personal investment and interest in work





SUPPLIERS' DAYS

CLOSE-UP ON: OUR HUMAN ASSETS



INTERNAL SEMINARS / TEAM BUILDING

COHESIVE MEASURES

Every year, Sagemcom organises numerous events worldwide to raise the Group employees' awareness of essential issues, such as diversity, disability or solidarity. Over and above the cohesive events regularly organised in France and abroad, Sagemcom is highly involved in two initiatives. The first, Passeport Avenir, is an association in which Sagemcom is a founding member, designed to support the professional integration of young people from disadvantaged backgrounds; the second, Science Factor, promotes science through a competition for girls in secondary school and college. Initiatives that echo a fundamental value of the Group: team power!

REGULAR SHARING OF GROUP 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 so that as many staff as possible understand the major challenges facing the Group. This regular sharing of the strategy also applies to the Group's main partners. Every year the "Suppliers' Days" are organised in France and in Asia, allowing Sagemcom's main suppliers to clearly understand the Group's expectations and objectives for the coming year, as well as how to improve their support for the Group's strategy!



SOLIDARITY RACE

- Partner of the "Science Factor" contest
- Inter-company solidarity race "Special Olympics"
- Awareness-raising campaign in the company canteen
- The President's twice-yearly presentation
- Strategy review
- Presentations by the heads of departments or activities
- Suppliers' Days
- Quarterly in-house magazine with employee portraits
- Daily information on the Group's Intranet "ComOn"
- Founding member of the association "Passeport Avenir"

EMPLOYEE SHAREHOLDERS

The Group's employees hold a significant share of its capital. At the time of the latest change of main shareholder in 2016, more than 60% of the Group's employees became shareholders, representing almost 30% of its capital ownership. Employee shareholding is a distinctive characteristic that continues the tradition of the group from which Sagemcom originated.



HIDDEN TALENT CONTEST



DIVERSITY AND EQUAL OPPORTUNITIES

Central to our ethical principles, openness provides the focus for our HR policy and the measures taken in favour of diversity, inclusiveness and equal opportunities. Our aim is to ensure friendliness within teams, encourage individual development and innovation, while ensuring respect for personal differences.

**SAGEMCOM HAS
NEARLY 4,000
EMPLOYEES AROUND
THE WORLD, ALL WITH
DIFFERENT CULTURES**

**BUILDING ON OUR
CULTURAL DIVERSITY**

The mixing of origins and experiences is an integral part of the Sagemcom corporate culture. Whatever the country, our subsidiaries aim to have their teams reflect the diversity of the societies in which they work.

Sagemcom has nearly 4,000 employees around the world, all with different cultures. The multiculturalism of the Group's workforce is a real lever for the diversity of talents, innovation, cooperation and competitiveness on which Sagemcom can capitalise. Although we share the Group's common values, we strive to continue to support our employees by setting up special training courses to pass on the keys for mutual understanding and the ways to optimise cooperation between the members of our multicultural teams. Since 2014, around 100 trainees have taken part in these training courses, applied according to the main countries in which the Group operates (Brazil, China, Germany and Tunisia).

**NURTURE AND
ENCOURAGE
DIVERSITY IN ALL ITS
FORMS**

The diversity of our employees is a source of innovation, enrichment and efficiency. For our employees, working in an environment that encourages diversity and inclusion allows everyone to realise their full potential while actively contributing to the Group's performance.

One of our main challenges in diversity is professional equality between men and women. In our traditionally male sector (the rate of feminisation in the scientific or technical sectors that we need is generally no greater than 20%), the purpose is to make diversity a reality at every level in the company. Even though the rate of feminisation of our international workforce has increased and now stands at 44%, it is essential that the share of women, especially in our more technically advanced or managerial jobs, improves and balances with that of men, especially in the subsidiaries where

this imbalance is the most pressing.

Considering that professional equality between women and men is a vector for collective performance, in 2016 Sagemcom continued these awareness-raising measures designed to change the attitude and behaviour of all our male and female employees, students, trainers, etc.

For several years, the Group has implemented a proactive policy for professional equality between women and men. This policy is based in particular on dialogue between management and labour and the signing of company agreements. In 2016, Sagemcom reasserted its commitment in this respect by signing a second agreement in favour of professional equality between women and men. It covers 5 types of measures: the sustainable integration of professional equality in the culture of the Sagemcom Group, access to employment (hiring and internal mobility), remuneration policy and equal pay, careers (training, professional promotion) and the search for a balance between professional activity and personal life.

Internal communication is also a means for promoting professional

Good practices in favour of professional equality are not limited to the commitments made in this agreement, since our R&D site in Tunisia (SS&T) was awarded the FACE* award for universal initiative for recruiting young women graduates looking for a job and taking measures in favour of gender equality in the company.



*FACE, an association created in 2012 working in the fields of youth employment, gender equality and women's economic empowerment in rural areas

equality. For example, each ComIn, the internal magazine distributed quarterly within the Group, contains portraits of female employees. Some issues are also written from the point of view of professional equality by developing certain themes such as job desegregation and diversity.

Sagemcom also believes that a policy of promoting diversity must also help to prevent and fight against all forms of discrimination, to make diversity one of the levers of its performance. This policy includes the objectification of human resources management processes (recruitment, training, career, etc.). It also involves promoting positive measures designed to ensure similar working and career conditions for all.

The age mix within the Group is also a major issue. With 25% of senior staff in French companies, we must prepare for employment and generational changes. This being said, the challenge will not be met to the detriment of older employees, since Sagemcom intends to continue its policy of maintaining and developing the jobs of these employees. In 2016, for instance, more than 15% of the training effort was devoted to senior employees.

At the same time, our talent identification and knowledge and skills transfer systems are based on our "Experts" pathway.

Integrating workers with disabilities and keeping their jobs is another major issue. But our poor performance compared with our ambitions regarding the employment of workers

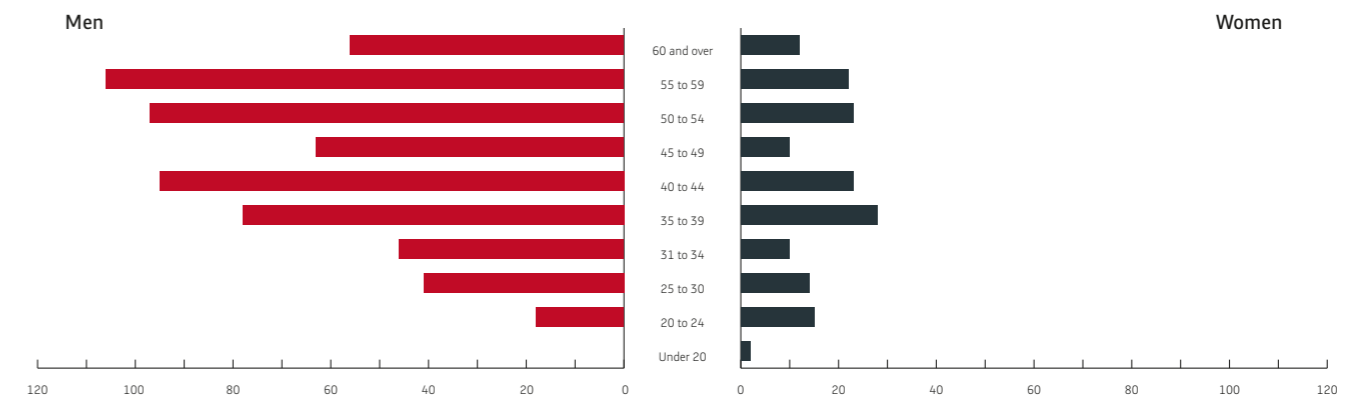
with disabilities reflects the shortage of qualified and professionally trained people with disabilities on a national scale. 80% of the workers with disabilities have not graduated from high school, compared with 56% in the population as a whole.

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, cannot reach the targets we have set ourselves. Nevertheless, the Group's disability unit implements an active policy to raise awareness and overcome any employment obstacles of workers with disabilities. We regularly take part in special recruitment forums (Handi2day and the ADAPT forum), and our job offers are open to candidates with disabilities and posted on specialised sites. Unfortunately, our results in 2016 fell well short of our commitments. That is why, in 2016, with the trades unions and employers' organisations the Executive Management has undertaken to launch new negotiations in 2017 on this specific topic.

In parallel, awareness-raising campaigns are regularly launched to reach the widest audience possible. For example, on 1 February 2016, Sagemcom took part in the "Live Coaching" programme on the VivreFM radio channel, which is designed to help and support people with disabilities in their job search. 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.



**SAGEMCOM
SUPPORTS
PASSEPORT Avenir,
AN ASSOCIATION
THAT PROMOTES
THE VOCATIONAL
INTEGRATION OF
YOUNG PEOPLE FROM
DISADVANTAGED**



Age pyramid 31/12/16 (scope: Economic and Social Policy Unit)

SAGEMCOM HAS ALSO BEEN ACTIVELY INVOLVED IN A PARTNERSHIP WITH SCIENCE FACTOR TO PROMOTE SCIENTIFIC STUDIES FOR GIRLS IN SECONDARY SCHOOL AND COLLEGE

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

Over and above these measures, 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 employment vouchers, solidarity savings accounts, etc.

SPARKING VOCATIONS AND SUPPORTING EQUAL OPPORTUNITIES

A large number of initiatives are being taken locally to forge links between the world of education and work, in order to promote diversity and equal opportunities and to expand the age mix within the Group.

For example, Sagemcom supports Passeport Avenir, an NGO that promotes the occupational integration of young people from underprivileged backgrounds. It promotes employment abroad and provides support to fund studies and integration through employment. Sagemcom has been one of the organisation's main partners since 2010, alongside SFR, Orange, Alcatel Lucent and Nokia.

it also makes it possible to act in favour of raising the awareness of young girls about scientific studies, a population group that is under-represented in the engineering schools we covet to attract the best skills and promote diversity.

Finally, Sagemcom intends to continue its commitment to facilitate the integration of young people into the professional world by recruiting International Volunteers in Business (IVB). Rich and individualised career paths wherever the Group is present are offered to young people up to the age of 28 by implementing a policy suitable for their integration and support. The IVB scheme is also a means of attracting and developing the best skills.

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.

In 2016 in France, 14 tutors coached young people in their studies to facilitate their academic success and integration through employment. In addition, one student was recruited on an apprenticeship contract within the Group after tutoring. That year, the Passport Avenir system was also rolled out to our R&D centre in Tunisia (SS&T) where 4 tutors coached students.

Sagemcom has also been actively involved in a partnership with Science Factor to promote scientific studies for girls in secondary school and college. In this competition, the candidates must present as a team an innovative scientific or technical project, an invention with a clearly demonstrated positive impact in social, economic or environmental terms. Not only does this competition reflect our values of creativity, performance and team power while respecting the environment, but

PORTRAITS OF WOMEN:

SOPHIE DABADIE



CAN YOU INTRODUCE YOURSELF?

I am a graduate engineer from ISEP, the engineering school in digital technologies. I started working in mobile telephony for 5 years in Chambéry as a software developer and then moved on to software architecture.

I joined Sagemcom in 2009 in the URD 44-1. I am now a software project manager. I was given the opportunity to work on very wide range of projects for various clients.

TELL US ABOUT YOUR TYPICAL WEEK?

There is no really typical week, my work changes according to the stages of the project (specification, development, launch, stabilisation, etc.). However my week is punctuated by synchronisation meetings whether with cross-functional teams, my own team, partners or with the client. I manage a team in Rueil Malmaison, another in Tunisia, as well as two people who work directly at the customer's site in order to best meet their expectations. For over a year I have been working for an Argentinian operator, so I have to travel regularly to meet them and take stock of progress.

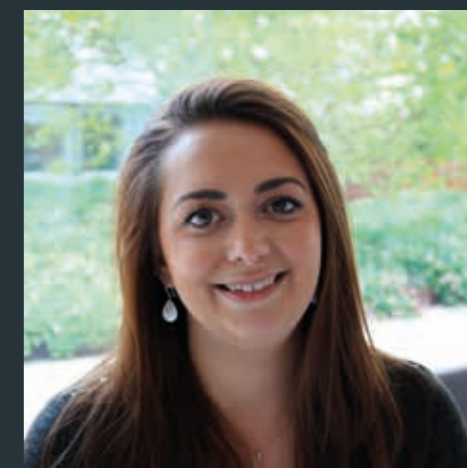
The complexity of our projects (in addition to technical issues) is due to the fact that we work with a large number of third-party personnel and partners. My role is to ensure that the various teams work in synergy to provide the customer with the software layers with the required level of performance and the necessary quality certifications, all within the imposed time constraints.

DOES BEING A WOMAN MAKE A DIFFERENCE IN YOUR JOB?

I don't think the way I do my job has a lot to do with being a woman. I think it's more a question of personality. But perhaps you should ask my colleagues the question...

Nevertheless, since I work in a predominantly male environment, people may see me in a different light. As a woman we must perhaps prove our technical legitimacy all the more.

MARIE-LOU WEBER



TELL US ABOUT YOUR BACKGROUND

I'm 26 years old, I did my studies on a sandwich course in Purchasing and Logistics at the Lyon Business School. At the end of my studies, I was lucky enough to be recruited by Sagemcom for an International Volunteers in Business (IVB) programme in Brazil. For two years, I was in charge of local purchases for Broadband at our Manaus plant. This field experience helped me better understand the constraints related to the production of our set-top boxes and gateways. At the end of 2015, I left Brazil to join the Energy&Telecom department as a Plastic and Mechanical Engineering Buyer. We are experiencing very strong growth and the challenges are increasing every day, making the experience even more interesting.

TELL US ABOUT YOUR TYPICAL WEEK

As a buyer, we regularly have tenders to deal with new projects won by the department, but also negotiations to conduct on current projects, especially at the end of this year, we are renegotiating prices for the coming year, followed by the drafting of contracts to seal the agreements obtained with our suppliers.

A buyer has contact with a large number of intermediaries, so there are many internal exchanges also during the week: the follow-up of product approvals with the design office, meetings on critical supplies with our production sites, product situation reports and 3P with the project teams. My job is partly strategic of course but also highly operational.

DOES BEING A WOMAN MAKE A DIFFERENCE IN YOUR JOB?

My suppliers are mostly men, as are my coEnvironment, so I'm used to working in a fairly masculine environment. I do not always receive preferential treatment, but I think that being a woman in a male environment can be an asset!



CLOSE-UP ON: SAGEMCOM MEI



FROM CDO TO SAGEMCOM MEI, THE TALE GOES ON!

Established in Dinan since 1971, Sagemcom manufactured until 2015 fax consumables and photo printers. After winning significant market share in the Gazpar and then Linky tenders, Sagemcom decided to convert the long-standing site for the assembly of multi-energy smart meters. The result was Sagemcom MEI in 2014, with a site entirely reconverted, requiring new needs in terms of surface area, flow and safety management. 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 requiring support measures for the employees, who will have to adapt to their new working environment. A major change management plan was therefore devised to help the existing teams successfully adapt and, ultimately, provide a solid basis with which to welcome and induct new recruits.

Various measures have been taken for new employees. The plan included:

- Training measures for the support functions in order to adapt skills to the new activity.

- Professional training measures, mainly for operators, with a view to obtaining the CPQM qualification certificate at the end of the training course. These measures were partly carried out on the basis of an Operational Preparation for Individual Employment. The general objective of the latter is to enable all participants to integrate technological training modules so that they can obtain a certificate of joint qualification

in metallurgy (CQPM) as a flexible operator-autonomy team (OPEA). The course is individualised so that all of the participants can identify their needs and set up operational solutions to improve themselves. The recruitment of potential candidates to take the course is based on the Simulation Recruitment Method (SRM): by going beyond the usual recruitment criteria such as a diploma or professional experience, and because it allows action to be taken every day in favour of equal opportunity, the method was awarded the label of France's High Authority for the Fight against Discrimination and for Equality (HALDE).

On 19 May 2016, a graduation ceremony on the Sagemcom MEI site was organised: 13 employees received their CQPM OPEA qualifying diploma. The relevance of this training system as well as the approval and involvement of the persons concerned were validated and rewarded by the obtention of a certification recognised by the metalwork industry, with a success rate of 100%!



EMPLOYEE SUPPORT

Caring for our employees and supporting them in their professional development throughout their careers within the Group means ensuring their motivation and professionalism in support of the growth of our activities.

**WE TAKE PART IN A
LARGE NUMBER OF
TRADE FAIRS AND
FORUMS IN SCHOOLS
AND UNIVERSITIES
TO SUPPORT THE
SUSTAINABLE
INTEGRATION OF
YOUNG PEOPLE INTO
EMPLOYMENT**

ATTRACT AND RETAIN

We strive to increase our ability to attract, develop and retain the best skills to meet the needs of our business and contribute to our growth.

To do so, we have adopted an initiative to renew the employer brand in order to encourage the best profiles, particularly among young people, to join the Group. We take part in a large number of trade fairs and forums in schools and universities to support the sustainable integration of young people into employment. In 2016, our SS&T site was awarded the EFE certificate, recognising its commitment to youth employment in Tunisia.

Convinced that work-study courses and internships are appropriate and effective means of preparation for working life and integration into the business world, Sagemcom is resolutely committed to a policy of integrating young people into employment through these systems as well. Sagemcom's "responsible" policy for work-study courses and internships is therefore a two-way street:

- on the one hand, based on training and integration into working life, it gives young people the opportunity to obtain a diploma and a first professional experience that will improve their employability;

- and on the other, based on pre-recruitment, particularly for "core business" jobs, in line with the Group's needs.

In 2016, the French subsidiaries of Sagemcom welcomed 37 people on work-study programmes and 39 trainees.

We also take care to offer all employees who join our Group, regardless of their status, an integration pathway that is broken down into various structuring and personalised measures, based on existing good practices within the Group's companies (welcome booklet, special intranet section, integration workshop, etc.).



Integration session in Brazil



SS&T integration session



To retain our employees, we support them throughout their career within the Group, by offering them rich and rewarding careers, a policy has encouraged our employees' attachment to Sagemcom. This is demonstrated by the average length of service in the Group of 17 years.

Retaining our employees is also based on sharing value and commitment for the benefit of collective performance. 2016 was marked by a change in our principal shareholder and the opening, for the third time, of the Group's capital to employees with contracts in France, to which nearly 60% of them subscribed. Employee shareholding is an integral part of the Sagemcom Group's DNA.

DEVELOP AND CULTIVATE SKILLS

Individual development and progress interviews held each year in all of the Group's subsidiaries is one of the fundamental cornerstones of our human resources policy. The Manager, the Employee and the Company have a shared interest in this interview, achieves 4 major objectives in a common goal of individual and

collective progress.

Conducting these interviews allows us to control the Group's individual and collective skills through the implementation of concrete measures that support the professional development of our employees (training, individual action plan, professional development, etc.). In France, all of our employees also benefit from a biannual career plan interview, focusing on their prospects for professional development in order to enable them to actively take part in our own development.

Sagemcom sees training as an investment for the future, improving economic performance and addressing social issues. In addition, the ability to identify the skills needed to anticipate development and meet market and customer requirements is a key factor in competitiveness. Training is therefore a real lever for optimising the potential and performance of our employees. Every year, we devote a major effort to adapt, maintain and develop the skills of our employees. As a result, 3% of the payroll in France is dedicated each year to vocational training. This effort amounts to 18% of the payroll when it comes to coaching the teams as part of the conversion of the Taden site. This project also enabled Sagemcom to train employees who are alienated from the workplace as part of operational preparation for individual jobs.

We strive to ensure that our employees have access to fair and non-discriminatory training. We also pay special attention to employees who have not received training for three years, to support the employability and development of all our employees throughout their careers.

Local initiatives have been multiplied in recent years, and were particularly so in 2016, to strengthen our measures in favour of vocational training through the development of new learning methods. An example is our Ben Arous plant in Tunisia which, in 2016, deployed a digital training offer within the framework of the "Sagemcom Smart Academy" aiming at several objectives: to widen the training offer, to optimise the resources devoted to training, to individualise the skills

development pathways and to facilitate access to training. The SS&T site also offers its employees remote training courses with support and coaching by technical tutors. Brazil, for its part, has set up a "Leadership School" to support the professional development of its managers through various training courses.



Leadership School in Brazil



Inauguration of the Ben Arous e-learning platform

CAREER SUPPORT AND DIVERSIFICATION WITHIN THE GROUP

Sagemcom encourages career diversity within the Group.

The publication of a job mobility charter in 2016 made it possible to define the policy targeted by the Group in this area: mobility promotes creativity and greater dynamism in our business, opens up business units and mixes professional experiences and backgrounds conducive to the development of our organisation and the women and men within it.

Its publication was accompanied by the setting up of a Group Recruitment / Mobility Committee to facilitate and supervise the careers of our employees within the Group.

Many of the Group's employees, at every level, have changed jobs several



SAGEMCOM SEES TRAINING AS AN INVESTMENT FOR THE FUTURE, IMPROVING ECONOMIC PERFORMANCE AND ADDRESSING SOCIAL ISSUES.



**the GROUP
CAPITALISES AND
INVESTS IN AREAS OF
STRATEGIC EXPERTISE
THAT IMPROVE ITS
PERFORMANCE**



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 recent years, and again in 2016, more than 40% of our job offers were filled by this means.

In addition, employees can indicate their wish to change jobs, be it cross-company, vertically or geographically, during their individual assessment and progress interviews and/or, for employees working in France, their professional interviews.

Sagemcom also supports the diversity of professional careers by promoting a line of "Experts". This allows us to recognise the expertise and acquisition by certain employees of specific skills in a key area for the Group. Our Experts benefit from the recognition of their skills through the transmission of their knowledge and their role as company representatives and, in return, the Group capitalises and invests in areas of strategic expertise which contribute to its performance.

SHARE AND UNITE

Sagemcom's human resources policy is also reflected in awareness-raising, sharing and cohesive measures designed to bring employees together.

For example, a certain number of measures are implemented throughout the year to promote the understanding of the Group's strategy by all of our employees, support Sagemcom's values and foster the collective dynamic. These measures encourage everyone's commitment to our strategy and support for the growth of the Group.

In 2016, a number of events were organised, both festive such as the organisation of a barbecue or the setting up of a new Showroom, corporate, such as the biannual presentation by Sagemcom's CEO or daily news on the Intranet, or whether they are designed to support the Group's values, such as those exemplified in our in-house newsletters, or the awarding of "value" trophies during Suppliers' Days.

We also strive to deploy charitable measures that reflect our commitments and our values and to encourage our employees to get involved: an inter-company solidarity race to benefit people with disabilities, "la Cravate Solidaire" designed to collect suits and ties for underprivileged groups, "Happy Donations" initiatives in Tunisia to help children (purchases of school bags, medicines, etc.).

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.

DIALOGUE BETWEEN MANAGEMENT AND LABOUR AS A VECTOR OF SUSTAINABLE SOCIAL SUPPORT

2016 was marked by a particularly rich and innovative forms of dialogue between management and labour.

Through that social dialogue, the Group strives to find the best balance between the needs of the company and the interests of employees, in order to better support the development of its activities and the people who contribute to it.

This was notably expressed through the setting up of new representative staff bodies and the signing of 8 new agreements.

In 2016, the Taden plant was given a single "new formula" staff delegation, bringing together the different bodies (staff delegates, OHSC, Works Council). While this new formula has the advantage of simplifying and stimulating dialogue between management and labour, in addition to its other obligations Sagemcom has nevertheless strived to maintain one monthly meeting, since as part of the reconversion of the plant it is essential to implement its development plans by working closely and constructively with the staff representatives.

In Ghana, a forum for dialogue has been set up to promote exchanges between the trades unions and employers' organisations and by mutual

agreement, construct a conventional framework tailored to the needs of the business and its employees.

In France, Sagemcom has signed major, formative agreements. Two of these agreements, related to the adaptation of social dialogue to the provisions of the Rebsamen law, are designed to provide Sagemcom with a solid and sustainable foundation for dialogue between management and labour in France. As a result, by defining a social calendar with the negotiating topics to be addressed until 2025 or by reorganising the themes and the schedule of the meetings of the bodies, the trades unions and employers' organisations have greater visibility with which to deepen their expertise and thus improve exchanges at each meeting and derive better objectives.

At the same time, Sagemcom renewed its commitment to equality between women and men by signing a 2nd agreement whose initiatives, particularly in terms of changing attitudes, are designed to be applied and adapted in all of the subsidiaries, wherever their location.

The other agreements signed in 2016 relate to the sharing of value. In France, this sharing was expressed through the signing of agreements related to compensation, profit-sharing and in particular the savings plan, allowing the Group's capital to be opened for the 3rd time to employees and thus reinforcing employee shareholding within the Group.

In Tunisia, long collaborative work between the management and employee representatives resulted in an agreement making it possible to implement wage increases for 2016, even though the branch had not yet finished its negotiations.

PORTRAIT JONATHAN BUFFY

Can you introduce yourself?



I am currently Deputy Commercial Director at Energy&Telecom. I graduated from the ISEN Engineering School and from Montreal Polytechnic. I have always been attracted by innovation and novelty, I love being able to test new high-tech products: I am a real "Geek"! Working for Sagemcom therefore gives me a real sense of satisfaction.

After various commercial functions, I joined the Sagemcom group 10 years ago through referral program. I started off as the Area Sales Manager for Africa, then, in 2009, I was given the opportunity to take over the Systems and Networks activity in our Australian subsidiary. It was an unbelievable professional experience that enabled me to develop my managerial skills, which are very useful in the job I do today. The new task with which I have been entrusted, relating to the development of IoT solutions, is also more than just stimulating: everything has to be created from scratch!

What support were you given for your career moves?

I mentioned that I wanted to work as an expatriate during my first individual development and progress interviews and the project quickly came to fruition. Changing where you live is never easy, but I had strong support, a personalised follow-up (adaptation course in the host country, reinforced language learning course, help with transportation, etc.), and training courses: a real!

Is having worked in several jobs within the Group a further asset?

These experience they bring is of real professional and personal benefit: I strongly advise all employees not to hesitate to talk about their wishes for change during new career path interviews.



**The GROUP strives
TO FIND THE OPTIMAL
balance between
the needs OF THE
COMPANY and the
interests OF THE
EMPLOYEES**

CLOSE-UP ON: ENERGY TRANSITION

**ELECTRICITY CONSUMPTION: REDUCING OF OUR
CARBON FOOTPRINT BY 7%**

675 TONNES OF eCO₂ SAVED IN 2015

**56% OF THE PRODUCTS SOLD ARE ANALYSED BY
EIME SOFTWARE**

Through its Energy&Telecom business, Sagemcom offers a full range of solutions to support the energy transition. As the first link in the energy transition, smart meters are the first bricks in intelligent electricity networks, called Smart Grids.

Sagemcom is positioned throughout the multi-energy metering value chain, from the electricity, gas, water or heat meters to the software solutions allowing the data collected to be processed, via the data-concentrators used to collect and transmit meter data to the operator. Sagemcom is also involved in network management, in particular thanks to software solutions for network management and supervision, but also thanks to a communicating module, the RSD, which allows the energy operator to switch on or off electricity loads remotely, and thus control the grid.

Around the notions of intelligent energy management, all waste management, transport and logistics infrastructures are also becoming connected thanks to the Internet of Things (IoT). As a founding member of the LoRa Alliance™, in order to support this revolution, Sagemcom has an end-to-end offering ranging from the multifunction sensor to the network core, including the deployment of LoRa networks on a regional basis.

And when the topology of a country or a city does not allow it to connect using the existing network infrastructures, nanogrid offers allow the creation of a "Smart Village". Sagemcom then proposes a flexible, solar or hybrid solution for the creation of intelligent electrical networks in non-hazardous

areas not yet equipped: an application of the Smart City for the most remote areas!

In addition to the Energy&Telecom business, a daily player in the energy transition, the entire Sagemcom group is involved in the energy transition. Beyond the daily concern of dealing with the energy impact of our sites, much of the Group's efforts are focused on product ecodesign: thought of as a process in its own right, it is integrated into every phase of the Group's project management, regardless of the product concerned.

Each phase of a project, from launch, to design, qualification and production start-up, is subject to a series of tests that apply to the ecodesign of the product. In so doing, 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.

The energy transition is therefore a key topic on which many people within the Group are involved every day: within the R&D, purchasing, quality, commercial or industrial teams, in charge of transport, packaging, or even the after-sales service, including all the teams of our Energy&Telecom subsidiary!



ENVIRONMENT

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

ECODESIGN IS THEREFORE A PROCESS IN ITS OWN RIGHT AND IS INTEGRATED INTO SAGEMCOM'S PROJECT MANAGEMENT DOCUMENTS.

As part of the ISO14001 certification, Sagemcom's sites reduce their impact on the environment in their daily operations. In particular, we are working on energy consumption because it is the most important aspect of the impacts of our sites. In 2016, the overall impact of electricity in Sagemcom's sites decreased by 14% in relation to revenue, with a particular emphasis on our Tunisian plant which obtained ISO 50001 certification (energy management systems) in 2015-2016.

However, while it is important to address the impact of our sites, much of the Group's efforts are focused on the ecodesign of our products. Indeed, their impact throughout their life cycle represents 99% of the impact of the Sagemcom group.

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 uses 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 in the ecodesign of a product consists in 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.

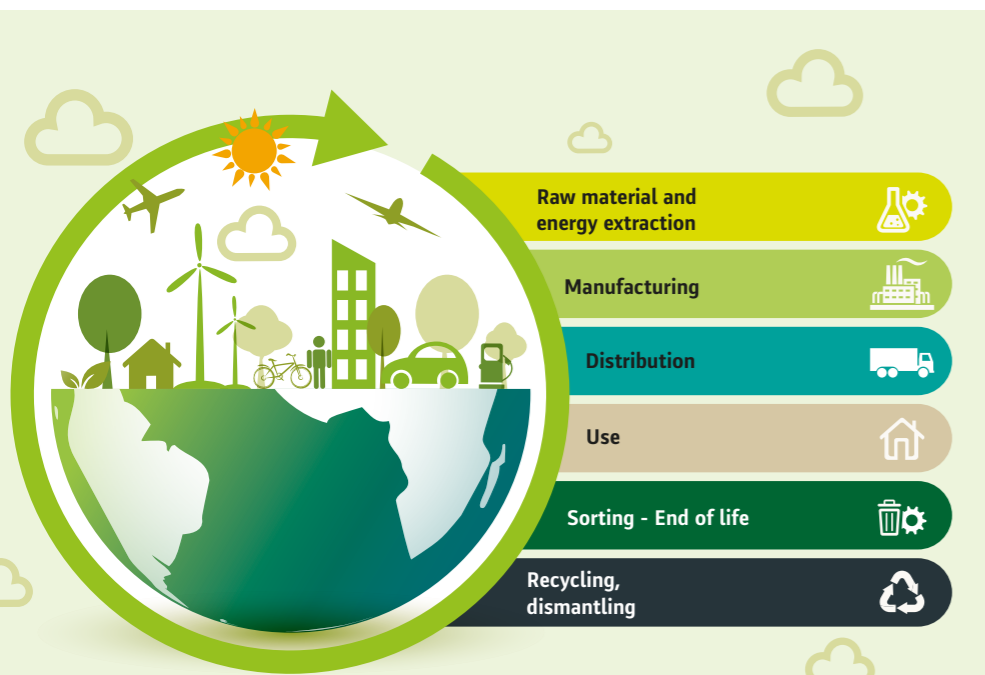
As for the end-of-life management of its products, Sagemcom acts as a responsible producer. As soon as a product stops working, it can be sent to a recycling centre with a dismantling form that will be used to disassemble it and retrieve the reusable materials. Sagemcom has further reduced the environmental impact of its end-of-life products by setting up a worldwide network of approved repair centres (CRA). 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 reducing the quantity of its packaging materials.

In so doing, 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.

Ecodesign is therefore a process in its own right and is integrated into Sagemcom's project management documents. Each phase of a project, from launch, to design, qualification and production start-up, is subject to a series of tests that apply to the ecodesign of the product.

In addition, since 2006, Sagemcom has developed the capacity to perform internal life-cycle assessments in accordance with the ISO 14044 and GHG protocols. Currently, more than 55% of the products sold by Sagemcom have been evaluated.

In these ways, throughout the product life cycle, Sagemcom undertakes a number of measures:



REDUCING CONSUMPTION AND EMISSIONS ON OUR SITES

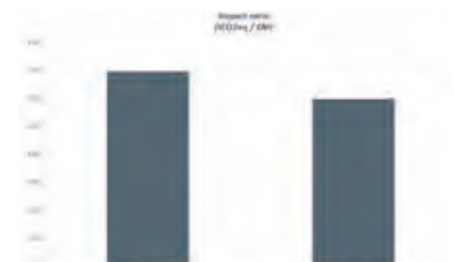
Our site environmental management system

Sagemcom established a policy to obtain ISO 14001 certification for its main operational sites over 10 years ago. In accordance with regulations, in particular those relating to classified facilities, we are therefore committed to controlling environmental aspects such as air, water and soil pollution; noise pollution; the production of waste; consumption (water, energy, etc.) and the control of dangerous substances. These provisions are implemented in our facilities under the responsibility of their Plant Manager with the cooperation of the environmental correspondents and according to continuous improvement processes.

The analysis of the 2016 results compared with those of previous years, shows the importance of the energy performance of our sites compared with other levels of consumption.



Overall, improving the efficiency of our processes translates into a 14% reduction in their impact in proportion to sales.



FACILITATING THE RECYCLING OF OUR PRODUCTS

The first step affecting the recycling of our products is the choice of the materials used to make them. Combinations of different types of materials can improve or penalise the recycling of a product. We take 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.

Inventory and traceability of the chemicals used in our components

We have set up a chemical management system, in order to ensure the compliance of our products

USE OF ALTERNATIVE MATERIALS THE SAGEMCOM GROUP CONSIDERS THE USE OF ALTERNATIVE MATERIALS AS A PERMANENT SOURCE OF PROGRESS.

**IN 2016, With the
EIME SOFTWARE,
WE ANALYSED 56%
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WORLDWIDE.**

with European directives, especially with the REACH (1907/2006) and RoHS (2001/65/EU) directives. Our measures begin with a global inventory of all the substances we use in our manufacturing plants as well as of all the components we use.

A dedicated traceability system has been introduced to determine the content of SVHCs (High Risk Substances) within the products. And thanks to the updating every 6 months of the lists of these dangerous substances by the ECHA (the European Chemicals Agency), our suppliers are regularly asked about their presence in the components they provide. Physico-chemical descriptions are then requested, integrating all the substances contained in their components.

The information thus collected is stored in a database, so that the status of each product is clearly identified. The whole of our production line is thus referenced, integrating hundreds of suppliers and tens of thousands of components.



Use of alternative materials

The Sagemcom group considers the use of alternative materials as a permanent source of progress. In the same way that we strive to characterise the environmental impact of our materials, we make sure to qualify our products on the basis of plastics with high potential for recycling (end-of-life management).

The materials we use are evaluated according to two criteria: their environmental impact, but also their "technical" practicality. This because it is not possible for the Group to use materials that no doubt have a low

impact on the environment but whose technical features are insufficient to meet the quality requirements of our customers.

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).

Transport

Transport is a significant source of GHG 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 carbon footprint of our supply chain. We try to avoid these situations by improving our forecasting processes and the corresponding manufacturing schedules.

We put a special emphasis on local deliveries via reusable packaging: this avoids wasting pallets and cartons. We are also working on optimising component packaging in partnership with our suppliers.

For example, the packaging of the LCD screens used in many of our products has evolved by nearly 600%: thanks to work on their packaging, we have gone from 54 parts per carton to 320 parts for the same volume!

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 materials balance (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 for recycling operators (sharp metal edges, etc.)

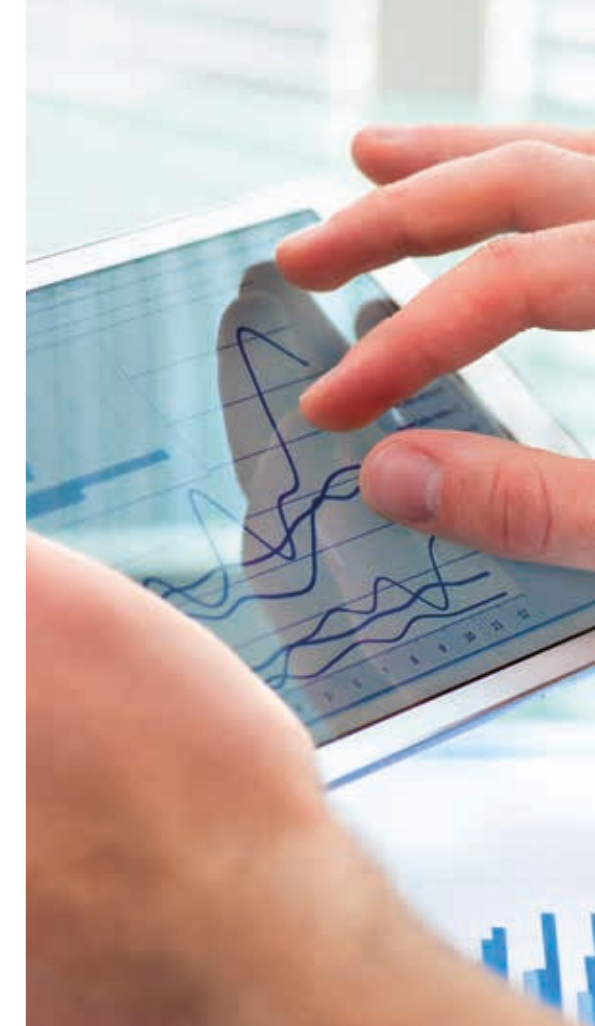
LIFE CYCLE ANALYSIS

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 conducted during call for tender phases. The goal is to estimate the environmental impact of a product, in order to help our customers choose between several possible scenarios, particularly regarding the logistics 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.

In 2016, with the EIME software, we analysed 56% of the products sold by Sagemcom worldwide. Analyses can be customised when requested by customers as of the product design stage. Here for example is a summary of the life cycle results generated

for a generic product, the T210, a communicating electricity meter.



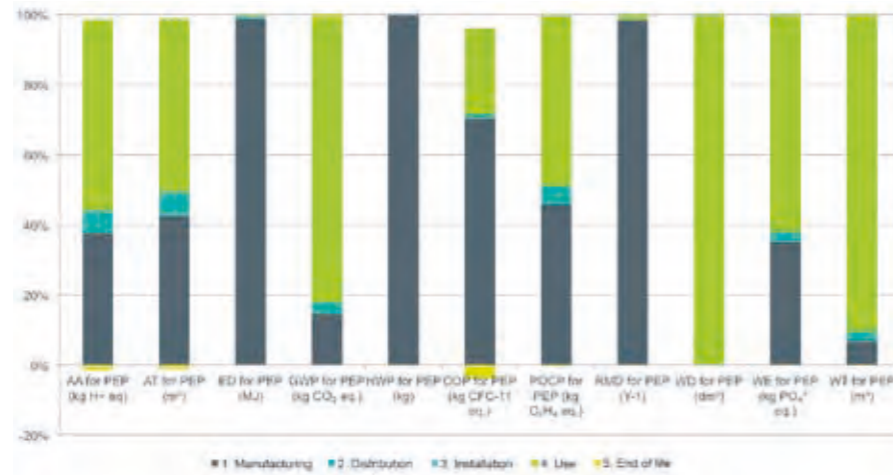
EXAMPLE OF A PRODUCT ENVIRONMENTAL DATA SHEET OUTPUT BY LIFE CYCLE ANALYSIS

T210D - THREE-PHASE COMMUNICATION ELECTRICAL METER

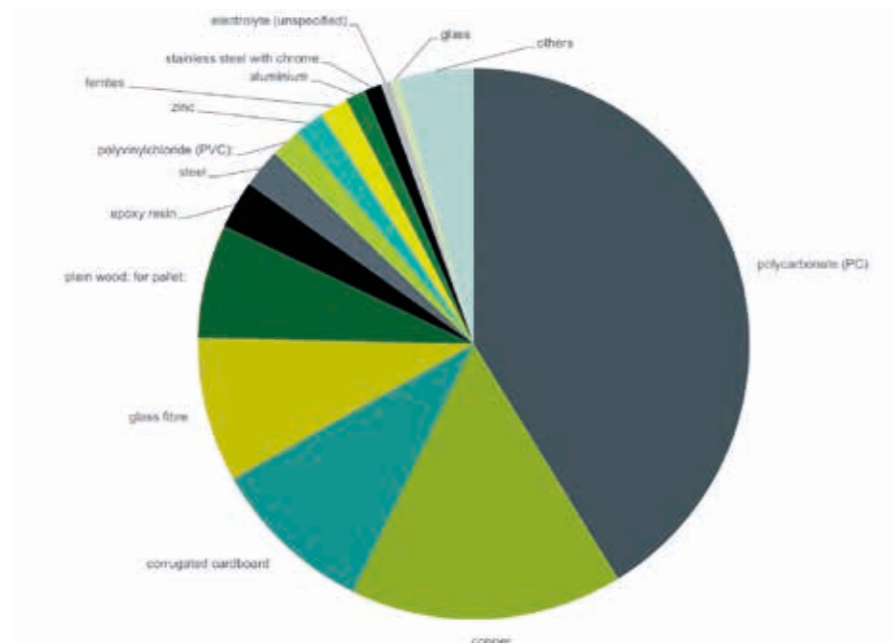
Description of product: Three-phase meter designed by Sagemcom. The product consists of a plastic envelope containing an assembly of several printed circuits.

Functional Unit: The product measures energy consumption in Europe for 20 years and communicates information to the energy supplier, using LTE technology (note: other technological options are available, the LTE option has been used because it is the option which consumes the most).

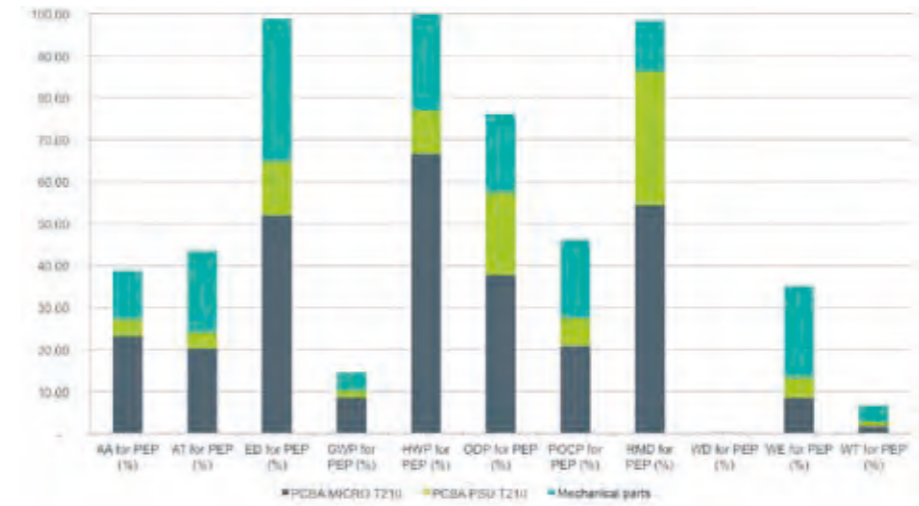
Life cycle impacts of the T210D three-phase meter (20 years, average European energy mix)



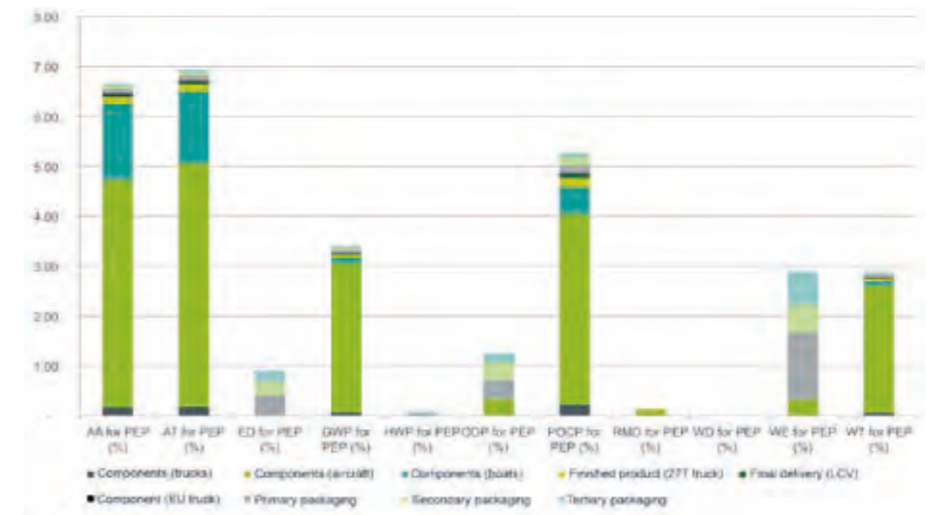
Material balance of the T210-D (kg)



Detailed impacts in the manufacturing phase of the T210-D (%)

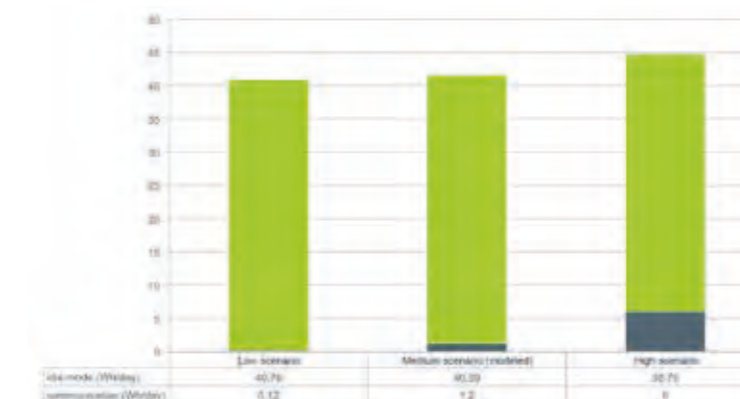


Detailed impacts in T210-D transport phase (%)



Impact of the usage scenario on daily consumption (Wh)

Different scenarios can be modelled. This highlights the importance of optimising communication protocols and their duration.



	Excl. communication	Communication
Low assumption	99.9%	0.1% (1.5 minutes a day)
Average assumption (modelled)	99%	1% (15 minutes a day)
High assumption	95%	5% (72 minutes a day)

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