

CSR REPORT

2020

Sagemcom



# The Sagemcom group

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.

The Group has a turnover of €2.1 billion, and has 5500 employees working in more than 50 countries, with around 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 40 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 Sagemcom group in 2008.

In 2019, Sagemcom initiated a fourth LBO, keeping Charterhouse as the Group's majority stakeholder, the remaining 30% being held by the employees (including 60% of French employees).

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.

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 an R&D centre in Mégrine (600 employees).

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.



More than **100** million invested in R&D

**5,500** employees in more than 50 countries

More than **40** million terminals are designed, manufactured and delivered each year across the entire world by Sagemcom

**€2.1** billion of turnover

**30%** OF SHARES ARE HELD by employees

# Our values

Maintaining our position as the leader on highly dynamic markets is essential for Sagemcom. 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.

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

## Employee shared ownership: a central feature of our DNA

Employee shared 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 fourth LBO, more than 70% of its French employees are now Sagemcom shareholders.



## OUR VALUES

“There is an idea at the origin of every project. Ingenious, insightful, brilliant, but also sometimes offbeat, incongruous or bizarre. Then, the idea is tested, enriched, completed, modified, formalised and converted into technical know-how, until it reaches the very essence of its existence, by being materialised in a product. At Sagemcom, our ideas come from the creativity of our employees. Thanks to the agility and the power of our teams, these ideas become products, created to achieve high performances and stay one step ahead of our customers’ needs.

As the leaders on the high added-value smart terminals market, Sagemcom’s employees constantly reinvent themselves and push the limits of inventiveness to find today's ideas that will become the products of tomorrow.

To face the future with our customers.

To make the greatest innovations possible.

To invent the connected home of tomorrow”.

**Sagemcom - Ideas & More**

# 2020 Policy

Agility

Creativity

Client centric

## SUPPORT SAGEMCOM'S P

- Maintain a high level of growth of our international income
- Continue our efforts for conquering new markets while securing our clients portfolio
- Amplify innovation in products and associated services

## SATISFY OUR CU

- Anticipate the needs and satisfy the expectations of our customers
- Capitalize on the experience by focusing on customer feedback and complaints handling

## CONTROL PRODUCTS AND SERVICES

- Strengthen project management, in particular through risk analysis
- Secure time to market and software quality through deployment of:
  - Agile methods and continuous automatic integration/validation
  - DevOps approach for software end to end solution
- Secure suppliers and components quality in an evolutive context
- Continue DFM (design for manufacturing) actions

## DEVELOP OUR TALENT CAPITAL

- Capitalize knowledge and adapt teams' skills to our current and future needs
- Promote multicultural operations
- Talents Management
- Continue expanding mobility and career development at Group level
- Promote and develop collaborative and participative modes



## PROFITABLE GROWTH

- Develop related service offerings: cloud services, financing, after-sales, logistics, industrial...
- Adapt the industrial strategy to the changing geopolitical context and customer expectations
- Eco-design of our products and promote it towards our customers

## CUSTOMERS

- Intensify "Fast Quality Loops" with our customers and after-sales service partners
- Ensure Sagemcom's compliance with regulatory, societal and environmental requirements

## SECURE INFORMATION

- Continue to secure our products/solutions, infrastructures and sensitive data
- Monitor and secure our dependencies with third-party systems (cloud services, industrial partners...)
- Continue to raise our employees awareness of cyber security risks
- Continue to deploy the GDPR both in our organization and in our solutions

## ACT FOR ETHICAL AND ENVIRONMENTAL RESPONSIBILITY

- Protect the health and safety of our employees
- Continue the deployment of our ethical and deontological practices
- Extend ethical monitoring and support our partners and suppliers
- Strengthen the traceability of hazardous substances
- Continue to reduce the environmental footprint of all our sites based on the ISO14001 standard

**S**agemcom is a major player in the global markets of video hubs, Internet boxes and energy management solutions. Over the last few years, our offers have seen significant growth, because our Group is constantly innovating in order to remain a technological leader and to be the first to offer integration of the latest technological breakthroughs on our various markets.

We aim to satisfy our customers by anticipating their needs and protecting their interests, while preserving our competitive edge thanks to profitable growth. As part of this approach, we undertake to ensure our products, activities and services meet the requirements of our stakeholders while respecting the principles of sustainable development. We are also driven by a corporate culture of continuous improvement, based on the analysis of the risks and opportunities within the current context and Sagemcom's purpose. In this regard, our management system is based on five main initiatives:

**Respecting the ethical rules, according to the principles of The United Nations Global Compact:**

- Deploying our ethical practices both internally and with our partners;
- Combating corruption, money-laundering and the funding of terrorism;
- Strengthening the traceability of minerals originating from conflict zones in our supply chains.

**Ensuring the effectiveness of our processes, according to the principles of the ISO 9001 standard:**

- Offering our clients the best from Sagemcom, thanks to innovative products;
- Developing our capacity to adapt, through an effective and customer-oriented organisation.

**Managing environmental problems, according to the principles of the ISO 14001 standard:**

- Committing ourselves to protecting the environment and combating climate change;
- Limiting and controlling the impact of our sites on the environment by preventing pollution and increasing the efficiency of our consumption;

*Our aim is to satisfy our customers, by anticipating their needs and protecting their interests*



- Designing and distributing our products and services with a reduced impact on the environment, thanks to a generalised application of eco-design practices and by integrating the principles of the circular economy;
- Extending proper environmental practices to our suppliers.

**Protecting the health and safety of every person involved on our behalf, according to the principles of the ISO 45001 standard:**

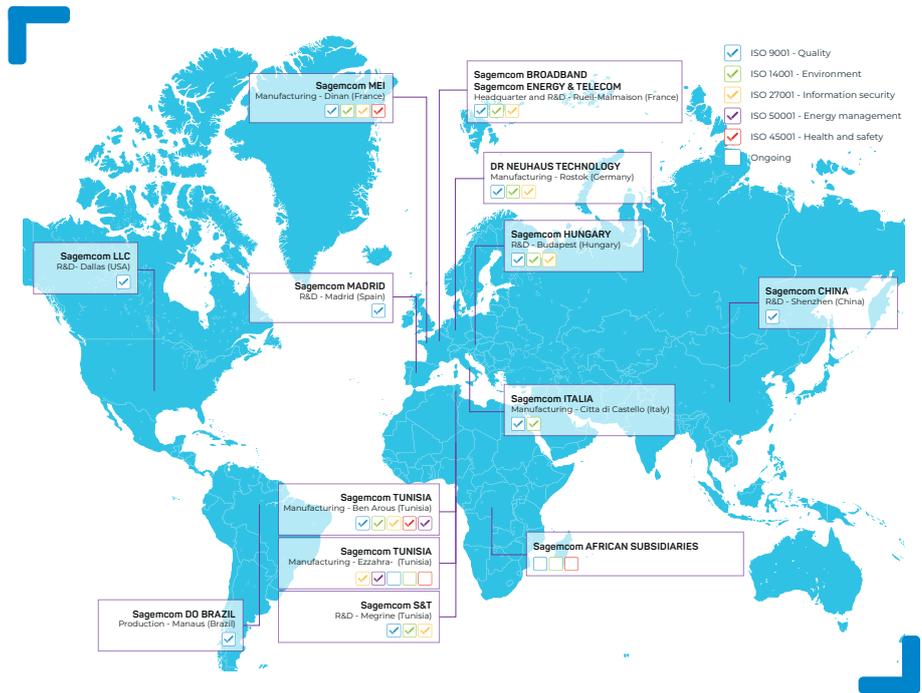
- Protecting the health of the people who contribute to our activities, including in our supply chain;
- Guaranteeing healthy and safe working conditions;
- Eliminating dangers and reducing the risks to health and safety;
- Prioritising the consultation and participation of workers.

**Securing our information, according to the principles of the ISO 27001 standard:**

- Preserving the confidentiality, integrity, availability and traceability of information;
- Assessing and managing, in an adequate manner, the risks inherent to our activities and providing assurance to our stakeholders, in particular with regard to the handling of personal data;
- Guaranteeing the continuity of business activities according to the principles of the ISO 22301 standard.

**Certifications**

Sagemcom pursues an active certification policy for all of its activities and sites through a group-wide and integrated management system.



**In figures**



\*excluding internal and customer audits

The Sagemcom group is committed to respecting and encouraging the principles of the United Nations Global Compact

**Sagemcom holds the following certifications**

- **ISO 9001:** 2015, which ensures quality management
- **ISO 14001:** 2015, which concerns the environmental management of the R&D sites in Rueil-Malmaison (France) and Mégrine/Kram (Tunisia), as well as for 86% of our production sites, and the eco-design of products.
- **ISO 45001,** which involves occupational health and safety management systems for production staff.
- **ISO 27001:** 2013, obtained in 2014, which guarantees that our management system for information security is reliable.
- **ISO 50001:** 2011, for energy management in our production centres in Tunisia.

In 2020, our subsidiary in Dallas was ISO 9001-certified, and our production site in Italy was ISO 14001-certified. In 2019, our subsidiary in Ivory Coast received the triple quality, environment, and safety certification for its energy networks and telecommunications activities.

**Close-up on the APAVE SAFE AND CLEAN certification**

Faced with the COVID-19 pandemic, our production plants in Tunisia took organisational measures to reduce health risks and protect our employees. Our two manufacturing sites in Tunisia were awarded the Safe & Clean label, following a certification audit.

This certification, awarded by the independent third-party certification group Apave, demonstrates the effectiveness of the methods and processes that Sagemcom has deployed in Tunisia in recent months.



**Sagemcom is actively engaged in the United Nations' Global Compact Initiative**

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 respecting the rules of the International Labour Organisation, both within the Group and with its suppliers.

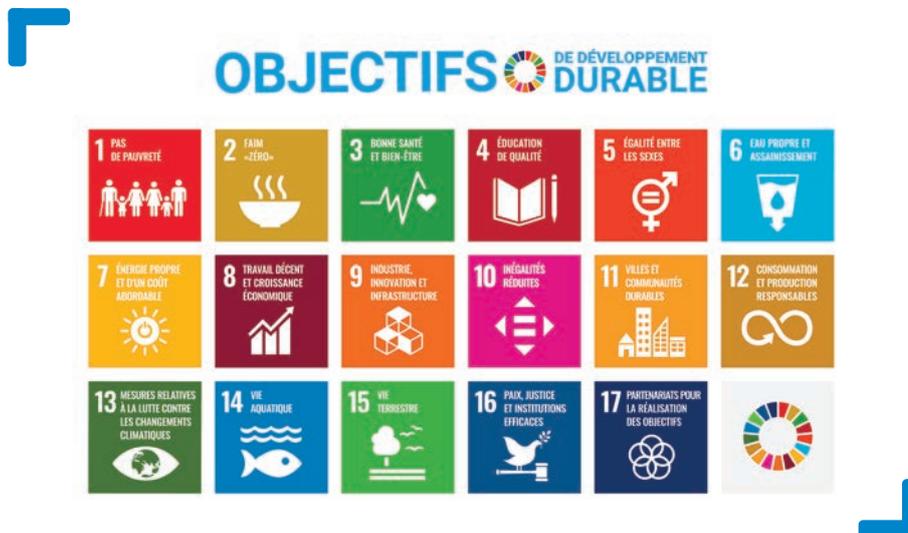


The United Nations Global Compact is part of a strategic policy initiative aimed at businesses, inciting them to commit to respecting ten universal principles related to human rights, and labour and environmental rights, as well as the fight against corruption.

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.
	Confirm the elimination of discrimination for employment.
Environment	Support an environmental approach.
	Undertake initiatives to promote more environmental responsibility.
	Encourage the development and spread of environmentally friendly technologies.
Anti-corruption	Fight against corruption in all of its forms, including extortion.

As a signatory to the Global Compact, the Sagemcom Group is committed to respecting and promoting 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.

These principles are approached through different work streams described in this document. An overview of Sagemcom’s contributions to achieving Sustainable Development Objectives is set out in the appendix.



*Sagemcom again obtained Gold certification from EcoVadis in 2020*

### External recognition

The Sagemcom Group is regularly assessed by independent organisations mandated by our customers. Sagemcom again obtained the Gold certification from EcoVadis in 2020.

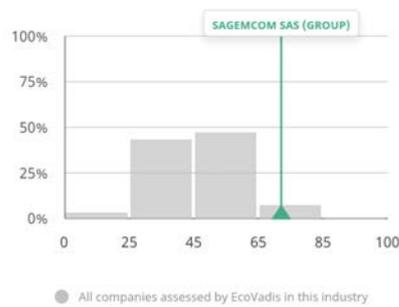
EcoVadis manages the leading collaborative platform for measuring the sustainable development performance of suppliers in worldwide supply chains. Sagemcom is in the 98th percentile, which means that our score (which has gone up by three points) is higher than 98% of the companies assessed by EcoVadis. Sagemcom has been Gold-ranked since 2016 and is actively pursuing its initiative.



Comparison of scores by subject



Breakdown of overall scores



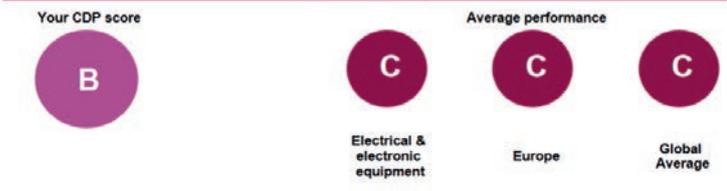
The CDP scoring report enables companies to understand their score and shows which categories require close attention in order to reach a higher score

In 2019, Sagemcom was also assessed by the Carbon Disclosure Project to analyse the measures our Group has taken in reaction to climate change. Sagemcom was ranked as grade B. The CDP also assessed the methods we use to select our suppliers, which also received the grade B ranking. These two grades reward the work Sagemcom has done, as the average ranking in the industrial sector is grade C.

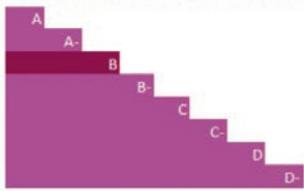
**CDP SCORE REPORT - CLIMATE CHANGE 2020**

<b>Sagemcom</b>	
<b>Region</b>	Europe
<b>Country</b>	France
<b>Questionnaire</b>	General
<b>Activity Group</b>	Electrical & electronic equipment

The CDP Score Report allows companies to understand their score and indicate which categories require attention to reach higher scoring levels. This enables companies to progress towards environmental stewardship through benchmarking and comparison with peers, in order to continuously improve their climate governance. Investors will additionally receive a copy of the CDP Score Report upon request. For further feedback please contact your account manager or your key CDP contact.



**UNDERSTANDING YOUR SCORE REPORT**



Sagemcom received a B which is in the Management band. This is higher than the Europe regional average of C, and higher than the Electrical & electronic equipment sector average of C.

- Leadership (A/A-):** Implementing current best practices
- Management (B/B-):** Taking coordinated action on climate issues
- Awareness (C/C-):** Knowledge of impacts on, and of, climate issues
- Disclosure (D/D-):** Transparent about climate issues



## CDP SUPPLIER ENGAGEMENT RATING REPORT 2020



<b>Sagemcom</b>		CDP evaluates organizations engagement with their suppliers on climate change. Purchasing organizations have the potential to incentivize significant environmental changes through engagement with their suppliers. By evaluating supplier engagement and recognizing best practice, CDP aims to accelerate global action on supply chain emissions. This document presents your supplier engagement rating and helps you benchmark against your peers.
<b>Region</b>	Europe	
<b>Country</b>	France	
<b>Questionnaire</b>	General	
<b>Activity Group</b>	Electrical & electronic equipment	



### UNDERSTANDING YOUR SCORE REPORT



Le Point published the names of the 250 most responsible companies in France, which include Sagemcom

## The Statista “most responsible companies” rankings

In partnership with Statista, the French weekly magazine *Le Point* published its annual rankings of the most socially responsible companies on 12 November 2020. Sagemcom was placed 198<sup>th</sup> in the 2020 rankings!

More than 2,000 companies were scrutinised on the basis of the content of their CSR reports. The companies were then ranked according to different criteria, including an analysis of their actions with regard to the environment, HR policy and governance.

Indicators are applied to each of these subjects, and if a company does not complete or report the data corresponding to an indicator, it receives a score of zero. This explains why the top places are occupied by listed companies, which release a lot of financial information, for example. The scoring process is finished by a questionnaire completed by 5,000 members of the public on the company's reputation and their perception of it.

*Le Point* published the names of the 250 most responsible companies in France, which include Sagemcom.





4893.1718233	0.02482501	1992.1000
4893.1718233	0.02482501	73.732500
4893.1718233	0.02482501	9948.8472
4877.4718233	0.02482501	1118.0472
4877.4718233	0.02482501	143.80388
4877.4718233	0.02482501	2453.5208
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4854.14161093	0.966	4889.1007

# ETHICS AND ECONOMICS



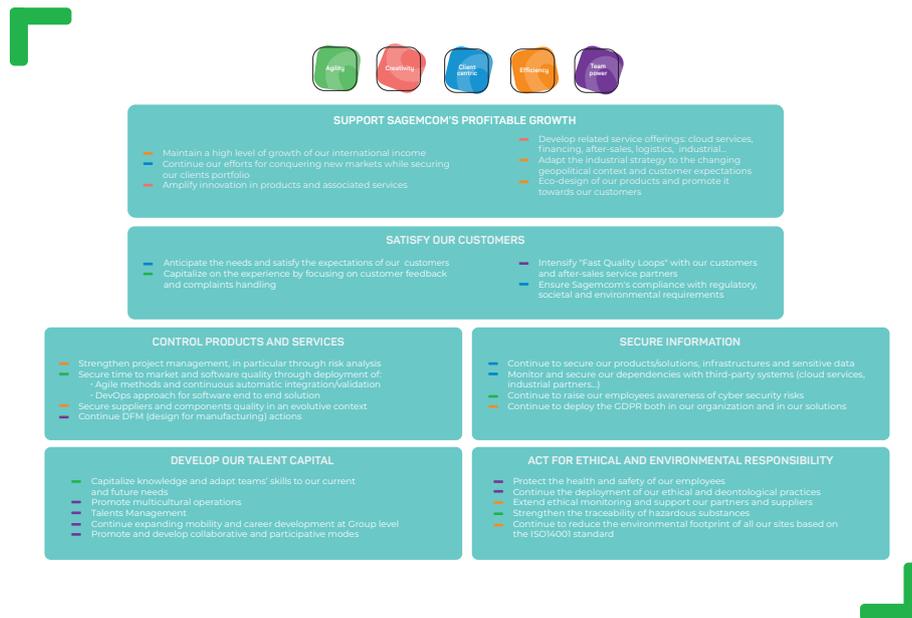
Sagemcom's purchasing policy is driven by five fundamental principles and is shared by the Group's suppliers and subcontractors. These are: quality, price, lead-times, innovation and ethics. These fundamental principles determine all the measures taken by Group Purchasing in accordance with its policy.



**“Our suppliers have been involved in Sagemcom’s CSR initiative for several years. On the highly competitive markets where we operate, these are essential differentiating factors of Sagemcom’s global performance in the eyes of our customers. The people who work in Purchasing, and who are responsible for our relations with our suppliers, are naturally heavily involved in this initiative through our processes.”**

Thibault Decoudun, Group Director, Purchasing

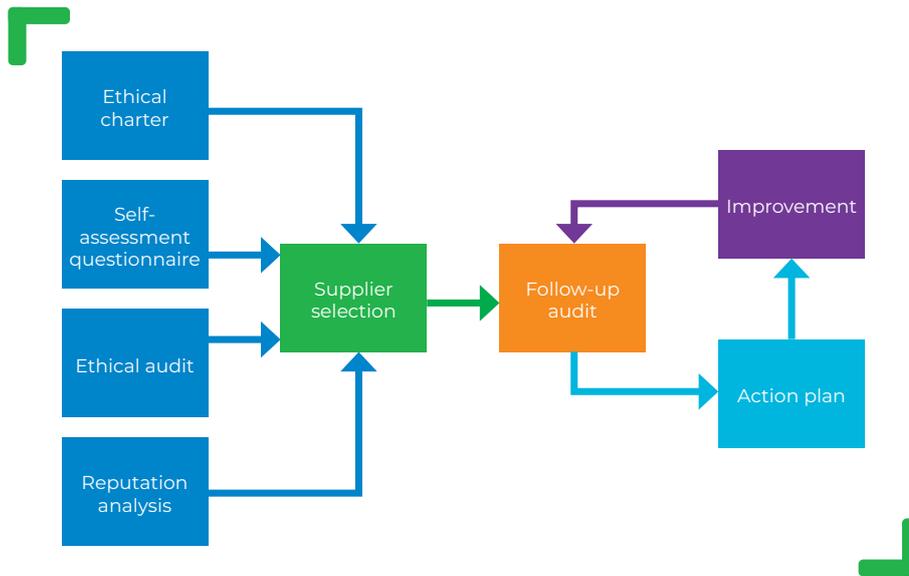
Our work streams are identified within our purchases pursuant to our corporate policy:



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.



Our suppliers are selected and improved according to a clearly defined procedure that is deployed using four tools:



In all cases, this initiative is intended to be positive and collaborative, in order to progress the entire supply chain.

Every new supplier must thus adopt this approach. Before joining our supplier portfolio, every new supplier must sign Sagemcom's ethical charter and complete a self-assessment questionnaire. ESG analysis tools are used to examine a supplier's reputation in order to gain a comprehensive view of their history. The results obtained make it possible to draw up the first assessment of supplier compliance and areas for improvement.

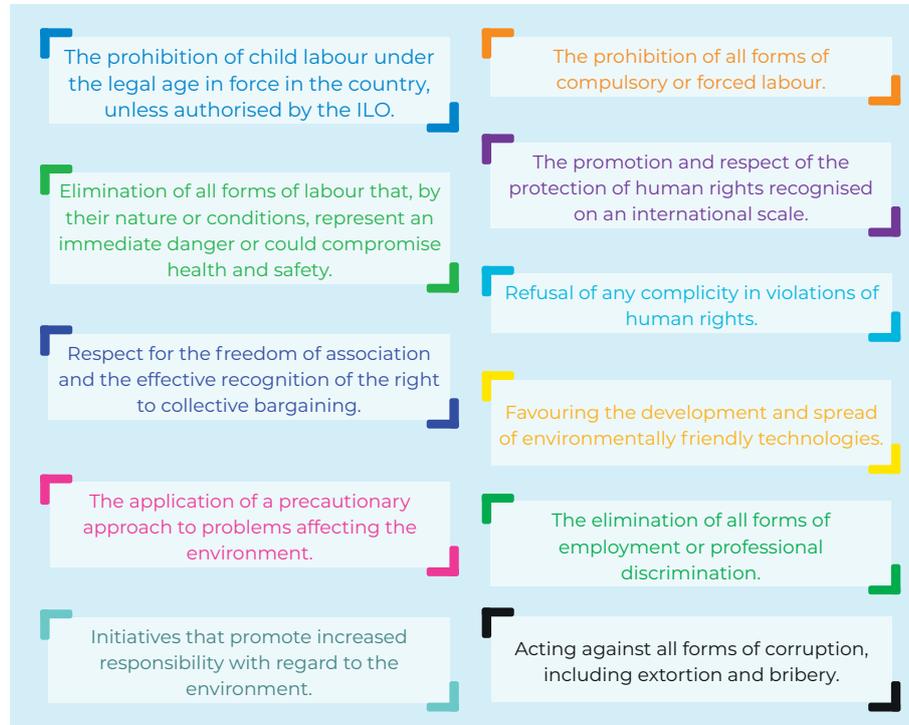
Once committed to our Ethical charter, each supplier is obliged to respect the rules and to supply the items required during the audits. These audits are not only key steps in confirming the supplier's status, but also make it possible to jointly draw up the improvement plan to reach the requisite level.

*Each new supplier must sign the Sagemcom Ethical charter and fill out a 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. Sagemcom's ethical charter is based on 11 key principles:

*285 audits have been carried out over the last three years on different supplier panels*



By signing this charter, suppliers agree to promote and respect the above principles, and to incite their own subcontractors and suppliers to do likewise. The ethical charter favours even greater transparency between Sagemcom and its suppliers by explaining the conditions of audits that may be carried out on the supplier's premises, or those of its own subcontractors. Suppliers must agree to accept audits scheduled by Sagemcom of the proper application of the ethical charter and are regularly subjected to a self-assessment questionnaire.

## The self-assessment questionnaire

The questionnaire covers the 60 points of the ethical charter and enables suppliers to highlight the processes that they implement in their company. The goal is to assess their maturity and to identify points that can be immediately improved. It is also a valuable tool for CSR auditors when they intervene on-site.

## On-site audits

Audits are organised every year, on the basis of a complete risk analysis that covers the manufacturing plant, the technologies used and the processes, to verify the status of the suppliers in our purchasing panels and to support them in their improvement process. Hence, 265 audits were carried out over the last three years on different supplier panels in order to have the most complete view possible of our supply chain.

These audits include 185 areas being checked. Certain points demand closer attention and guide our conduct towards our suppliers:

### What is prohibitive

- Child labour
- Forced labour
- Fatal risks
- Incomplete data
- Refusal to collaborate

### What is unacceptable – to be corrected immediately

- Uncontrolled chemicals
- Dormitories that are locked / do not have an emergency exit
- Discrimination
- Corporal punishment, physical or mental harassment
- No authorisation to operate (Env)

### What is critical – to be corrected as a priority

- Unsafe working conditions
- Poor living conditions (insalubrious dormitories, etc.)
- Excessive working hours
- Failure to pay the minimum wage
- Absence of anti-corruption processes

In order to have the most complete view possible and to ensure an independent verification, we use third-party auditors during the first supplier audit. A Sagemcom auditor systematically assists these audits, which facilitates the follow-up thereafter, with better knowledge of the factory and the non-conformities identified.

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 prohibitive (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 delisted and "blacklisted" within Sagemcom.

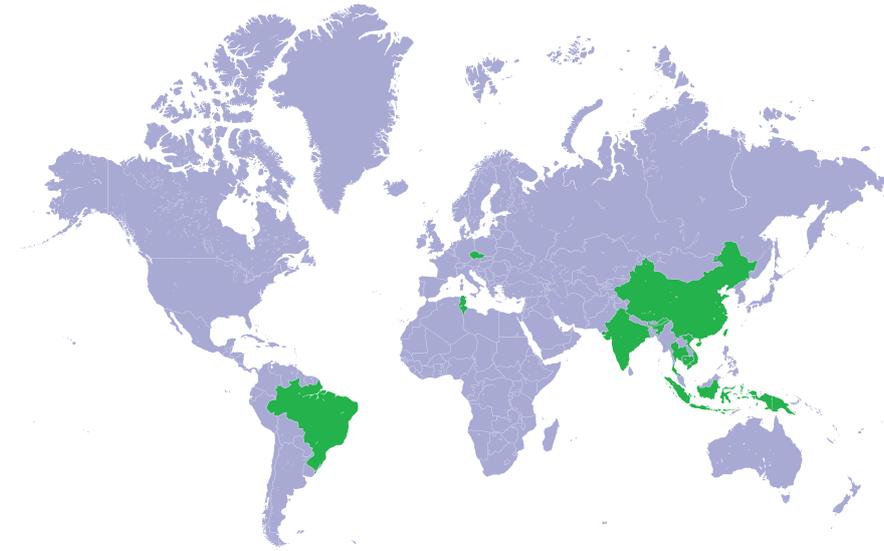
These audits are also an opportunity to discuss practices more generally with the suppliers and to assist them in their improvement processes, by providing follow-up indicators and in sharing good practices observed elsewhere. The indicators are a particularly useful tool for monitoring the development of our suppliers and having a shared vision for the objectives to be achieved.

We have observed a real change amongst our main suppliers, which have made significant progress, especially in the protection of the health and safety of their employees, all around the world.

FIEV and Quality audits, which also include inspections of environmental aspects, health and safety, and ethics, are also conducted to detect any high-risk suppliers and to trigger additional control audits.

*In order to guarantee the conformity of our products with the various European directives, we have implemented an extremely rigorous chemical products management system*

At the end of 2020, more than 90% of purchased components were covered by a supplier reporting process



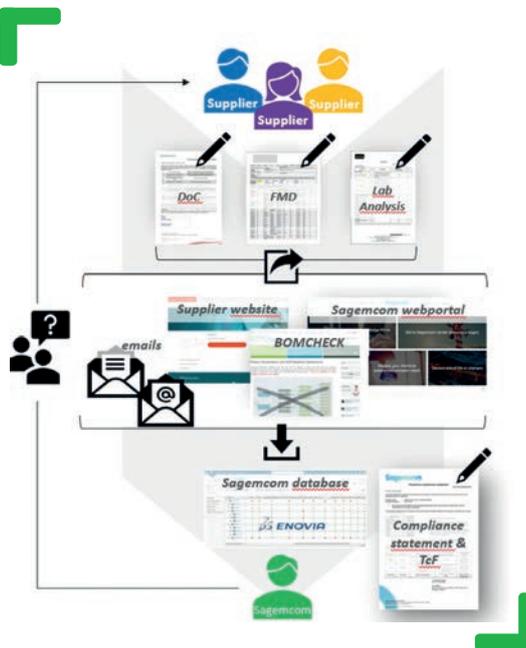
Countries where audits have been carried out over the last three years

### 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 used 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. Once received, this information is then compiled in a database. In this way, we can know the status of each product. This research covers our entire supply chain, which is made up of hundreds of suppliers and tens of thousands of components. Finally, since we cannot use only documentation as a basis, our production sites in Tunisia are acquiring equipment to conduct RoHS compliance tests, in particular of the various phthalates that are banned by the regulations.

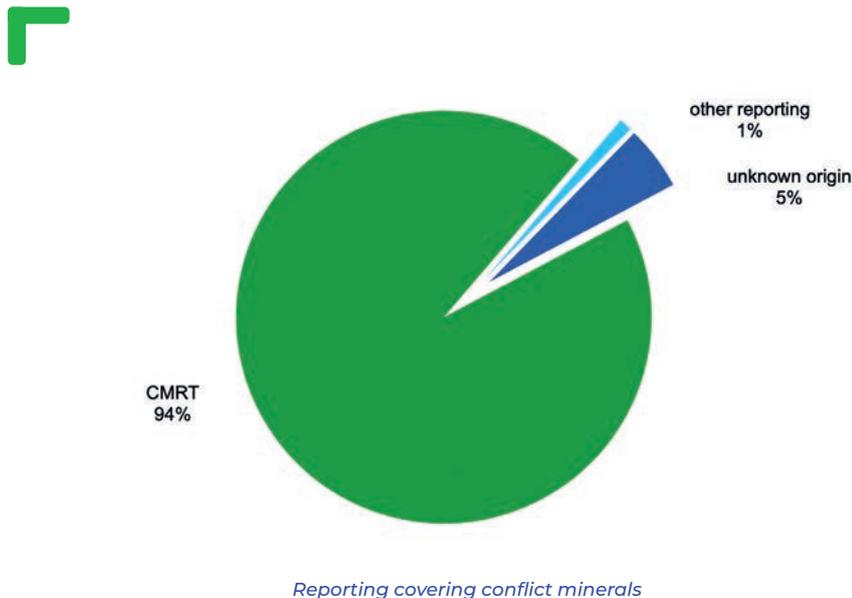


## Conflict minerals

In line with the RMI (Responsible Minerals Initiative), Sagemcom also seeks to establish the traceability of four sensitive minerals ("3TG"): tin, tungsten, tantalum and gold. We demand that our suppliers complete the CFSI (CMRT) 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.

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

The supply chain is represented below:



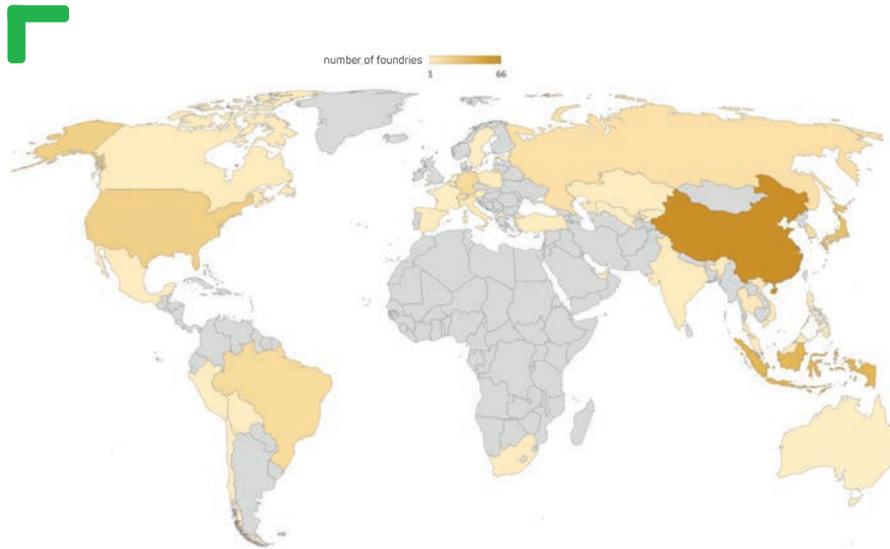
At the end of 2020, more than 90% of purchased components, or more than thirteen billion components, were covered by a supplier reporting process. Our traceability system covers cobalt, gold, tin, tungsten and tantalum. On this basis, Sagemcom provides its customers with a status report in the form of a CMRT and a CRT, as well as a detailed analysis of the information provided by the suppliers, especially regarding the location of the refiners used.

## Critical raw materials

Since 2011, the European commission has defined a tri-annual list of raw materials, which are critical for the European economy as part of its Raw Materials Initiative, launched in 2008. 27 raw materials were identified as critical in 2017.

Our work consists, before all else, in including the use of these materials in our products. This, of course, involves identifying all the substances present in each one of the components. In doing so, we identify potential uses and work on the diversification of our supply sources, from a geographical (the source of materials) and technological (substitution solutions) point of view.

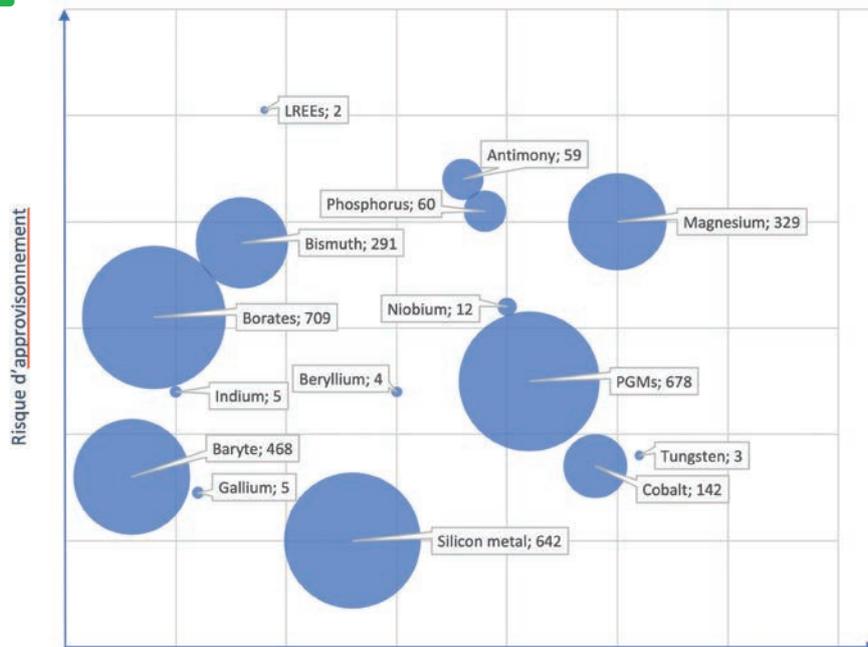
We have been able to ensure that not all of these critical materials are used in our products; which enables us to envisage an approach within a restricted scope and risk-based management, corresponding to our strategy regarding the conditions in countries most exposed to climate change.



Location of foundries in the product supply chain

Since 2011, the European commission has defined a three-year list of raw materials that are critical to the European economy

Within the same product, the importance of these materials can vary, especially according to the number of components using them. The detailed analysis of their use makes it possible to assess their strategic importance for the Group and to incorporate the issue into our risk management strategy.



Example of CRM used in a product (number of components assembled) positioned in the European assessment of the criticality of raw materials

### Close-up on the Suppliers Days

In order to maintain a strong link with our suppliers and to establish a long-term partnership, Sagemcom organises two meetings with suppliers: one in Europe and one in Asia. This is not only an opportunity to have numerous discussions, but also to reward the suppliers who most closely comply with our values!



*Sagemcom organises two meetings with its suppliers: one in Europe and one in Asia*





# PREVENTING CORRUPTION



Ethics is one of Sagemcom's fundamental principles, who require each one of their employees and partners to respect good practices, whether that be at a social, environmental, societal or commercial level. To emphasise this commitment, Sagemcom has created a corruption prevention guide designed to be applied to all its affiliates in the world.



**The fight against corruption, and more generally for the integrity of economic life, cannot be led without the corporate sector. Furthermore, for several years, Sagemcom has committed itself to developing its activities through its employees and partners in a transparent, fair and honest way.**

Sagemcom notably made this commitment when it joined the United Nations Global Compact in 2011.

By its international presence; the Group is particularly vulnerable to the risk of corruption, but contrary to popular belief, this risk exists in all countries, regardless of their geographical, economic or political situation.

Sagemcom is also obliged to comply with a certain number of laws and regulations in order to be able to carry out its activities completely legally. Amongst these laws and regulations, those governing the fight against corruption and fraudulent practices (whether this be between private companies, or private companies and government entities) are taking on an increasingly critical importance.

The fight against corruption is therefore a major issue for companies and involves all their different staff, regardless of their level (manager, employee, commercial partner). In addition to the legal risks, corruption subjects the company to the negative impact of risks to its image and reputation and therefore commercial risks and the danger of destabilising its internal organisation (loss of market, clients, subsidiary closures, etc.).

Because of their high visibility, our customers are particularly sensitive to ethical issues, which can tarnish their reputation.

They thus require perfect control and greater transparency from all their commercial partners in this sense. Furthermore, they may be held liable as clients for ethical problems in the supply chain, without even being directly involved. This requirement is therefore extended to their partners' suppliers.

Sagemcom is committed to expanding its corporate responsibility commitments to its suppliers, which resulted in particular in 2007 in the development of a "suppliers" ethical charter, with which its partners must comply. The close attention that Sagemcom pays to selecting and monitoring its partners, through audits in particular, demonstrates our Group's sense of social responsibility, and its ambition to support its suppliers in order to help them to make progress.

In practical terms, Sagemcom employees must all therefore be particularly vigilant to:

- avoid bribing, directly or indirectly, to benefit from improper commercial advantages;
- not accept bribes, directly or indirectly, to offer improper commercial advantages.

In reality, corruption can take forms as diverse as they are unexpected or insignificant. Corruption is not limited to a simple exchange of money. The object of value intended for the bribe may be disguised as a gift, an invitation to an event. Monetary payments may be hidden in the form of fake bills, consultant fees, etc. Corruption exists therefore in numerous forms but beyond that, there are some "grey areas" on which we need to focus.

We have developed a corruption prevention guide to challenge popular beliefs and to make our company staff aware of the different mechanisms of corruption. It aims to explicitly reaffirm the standards and principles which dictate our management to respect thorough measures set up to fight against corruption.

Its aim is to guide all the Group's employees and managers in their daily activities, providing them with the necessary practical knowledge and explaining how

**Sagemcom is committed to extending its corporate responsibility commitments to its suppliers**

to act in accordance with the anti-corruption rules, through a presentation of the most important rules, the situations likely to be encountered the most, and the procedures to follow.

Due to there being multiple forms of corruption, several solution outlines are offered, which take the form of examples of action to take or reaction to have. It should be noted, however, that the responses suggested are not fixed, but allow common sense, which is expected of everyone, to play a role. This is not a collection of systematically effective solutions, but a vigilance stimulation tool!



Corruption can only be prevented in the company with and for the people who work there. This means that every single Group employee must take part in this initiative every single day by adopting the principles set forth in this guide. This is why training tools have been put in place with a specific e-learning programme and in-person training for the personnel most at risk. We are aware that this involves a need for advice and support to apply this policy in all of our operations, especially for employees susceptible to being the most at risk.

Besides, some situations are likely to present difficulties in terms of ethical choices, the solution not always being immediate or obvious.

This is the reason for which the Group has developed support systems through which staff and stakeholders can rely:

- On our hotline [ethics@sagemcom.com](mailto:ethics@sagemcom.com)
- On our professional alert system: <https://incident.sagemcom.com>



# 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.





So in France, to go further still and to structure this initiative, a company agreement was signed in June 2019, covering six areas of action for the benefit of diversity: the sustainable integration of diversity within the Group's culture, access to employment, the equal pay and salary policy, the career path, the retention of disabled employees and the search for the work-life balance. The signing of this agreement is a good illustration of the coordination of labour relations within the Sagemcom group and the intention to jointly build a corporate project in which people are the most important factor. The latest agreement, drawn up in cooperation with the Sagemcom General Management and union organisations, is not a trial. Our commitment already resulted in 2016 in the signing of independent agreements on the subjects of professional equality between men and women, as well as on the fight against discrimination against the employment and integration of disabled people. The statement drawn up of these two agreements has made it possible to emphasise the notable progress made and the importance of sharing our synergies to jointly take action on the topics asking for a common cause: to make diversity one of our central concerns.

Good practices in favour of professional equality are not limited to the commitments made in this agreement, since our R&D site in Tunisia is closely involved in this issue by supporting the FACE\* programme that promotes gender equality in Tunisia. As a result, the rate of female graduates recruited by our R&D centre in Tunisia continues to progress (38% of those recruited in 2020).

*\*The FACE programme: A programme that aims to improve companies' understanding of the question of professional equality and to encourage concrete actions in businesses in favour of*



*this equality.*

Internal communication is also a means for promoting professional equality and making it a part of the Group's culture in the long term. For example, each ComIn, the magazine distributed quarterly by the Group, contains portraits of female employees. Some issues are also written from the point of view of professional equality by developing themes such as job desegregation and diversity. This was the case in the April 2020 issue of ComIn, which contained a complete article illustrating the commitments the Group has made in this field and restating that diversity is a deep-rooted principle in Sagemcom's culture.

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 resource management processes (recruitment, training, career, etc.). It also involves promoting positive measures designed to ensure similar working and career conditions for all.

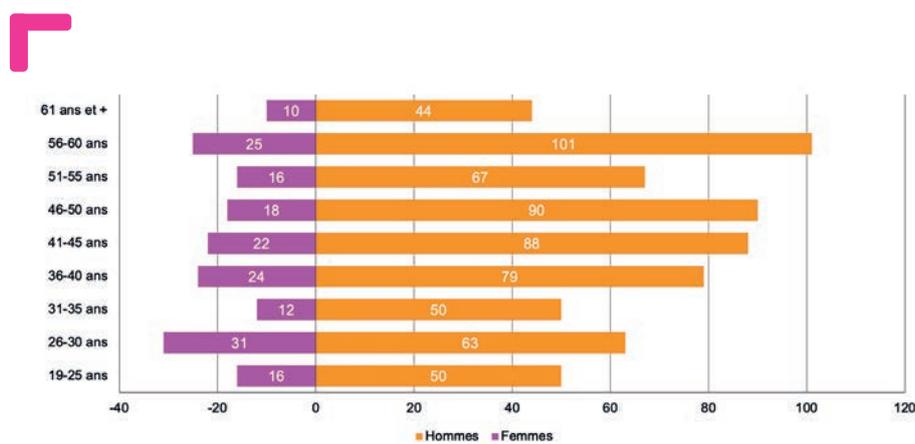
Sagemcom has asserted its commitment to fight against discrimination by being one of the first companies to join the "À compétence égale" initiative.

This organisation, which is engaged in the fight against all forms of discrimination in recruitment and in the promotion of diversity in the work place, helps us to audit our recruitment tools and processes, to train our recruitment staff and to provide resources and tools, as part of a process to achieve continuous improvement. Sagemcom has also signed the "À compétence égale" charter and clearly confirmed its commitment to combating all forms of discrimination in every stage of the recruitment process.

The age mix within the Group is also a major issue. With almost 25% of senior staff in French companies, we must prepare for employment and generational changes. For this reason, numerous actions have been conducted over the past few years, particularly regarding the educational sector, in order to recruit young staff. As a result, between 2016 and 2020, the proportion of young staff in France more than doubled, from 9% to 19%. 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. This commitment is formalised in a five-year agreement, "Generation Contract" 2017-2021, whose measures were included in a long-term workforce planning agreement signed in 2020, because the generation contract system was legally withdrawn. In this agreement, Sagemcom promises to pursue an active policy to keep seniors in the workplace by recruiting senior employees (4% of hires on permanent contracts over four years) and through internal mobility (in 2020, 15% of internal transfers involved senior employees), training, etc.



*Integrating people with disabilities and keeping them in the workforce represents another major challenge for Sagemcom*



Age pyramid 31/12/2020

At the same time, our talent identification and knowledge and skills transfer systems are based on our "Experts" pathway, which includes 29% of senior employees.

Integrating people with disabilities and keeping them in work represents another major challenge for Sagemcom. Our failure to achieve our ambitions

and the shortfall of our actions on the question of disability, especially in France, reflects the lack of qualified personnel and professional training on a national scale. Nevertheless, Sagemcom intends to confirm its commitment to welcoming every talent and to providing appropriate support for employees with special needs by taking actions to support the integration of people with disabilities into the world of work and to keep them there. A Diversity agreement signed in 2019 highlighted the measures taken in favour of the durable integration of disabled employees, working conditions that support their career development and allow them to stay in work, the development of subcontracting with companies that employ people with disabilities and support for employees who take care of a disabled person. Some examples illustrating these commitments: all the employment offers published in France mention "Sagemcom, a company that welcomes people with disabilities," disabled employees have been kept in their jobs thanks to special conditions, alternating working from home and on-site. Every year, Sagemcom supports the European disability employment week and a partnership with companies from the protected work sector has been signed to sort and recover waste on the Rueil-Malmaison Campus (an initiative which is both an inclusive and environmental measure).

This commitment also takes the form of local initiatives, such as supporting Sagemcom at the "Regards Croisés" festival, which screens short films on the theme of "Jobs and Disability, disability does not prevent talent". Our R&D centre in Dallas supports Adaptive Spirit, which brings together all the cable operators in the United States with a view to funding the American Paralympic skiing team.

### 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.

As an example, Sagemcom has supported Article 1 for almost ten years, an NGO who supports the integration of young people from underprivileged backgrounds into the workplace: this makes employment abroad possible, supports financing of studies and integration through employment. Sagemcom is one of the organisation's main partners, alongside SFR, Orange, Alcatel Lucent and Nokia.

In 2020 in France, fifteen volunteering employees committed to helping young people as part of different Article 1 programmes.



This commitment proved to be essential during the public health crisis, which amplified social inequality and the situations of insecurity and isolation faced by students.

Sagemcom also became actively involved in a new partnership in 2020 with the “Elles bougent” association, which encourages female high school students to study the sciences. Sagemcom is working to raise awareness amongst female high school students of scientific studies, because women are under represented in the technical universities that we consult in order to attract the best talents and promote diversity. In particular, Sagemcom took part in the 100% female recruitment forum organised by “Elles bougent” at the start of 2020.



*The personnel of Sagemcom Tunisia also organised a charitable operation for deprived families.*

Our R&D centre in Tunisia has joined the ELIFE\* programme that is working to reduce inequalities between young people, to make them more employable and to develop their skills, especially in digital technology. Thanks to ELIFE's programmes, 10 technology centres for young Tunisians have been built in the most marginalised and underprivileged regions of the country. Five graduates from the ELIFE programme have joined the Energy & Telecom validation staff at SST.

In addition, our Tunisian subsidiaries launched a range of initiatives in 2020 to help people in need. For example, the charitable operation “100 cartables 100 écoliers” enabled funds to be collected to distribute school equipment to deprived pupils. For six years, the employees of our Tunisian R&D centre have been showing great generosity in supporting this initiative in favour of equal opportunities.

The personnel of Sagemcom Tunisia also organised a charitable operation for deprived families. In May 2020, 50 families living in the vicinity of our Ezzahra and Ben Arous sites each received a food parcel to help them to celebrate the end of Ramadan in a fit and proper manner.





Similarly, the “craft bazaar” organised by our Tunisian R&D centre helps to support local traders, an initiative that was all the more important during the public health crisis.

Finally, Sagemcom intends to continue its commitment to facilitating the integration of young people into the world of work by recruiting young interns and students on work-study programmes. Our Campus in Rueil-Malmaison kept all its youngsters on internship and work-study contracts, representing almost 100 students in 2020, despite the public health crisis.

Rich and individualised career paths to discover our different activities are on offer to young people by implementing a policy adapted to their integration and support. The internship and work-study programmes are also a means of attracting, recruiting and developing the best talents.



# SUPPORT FOR EMPLOYEES



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.



**W**e 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. Numerous actions have thus been taken throughout the Group.

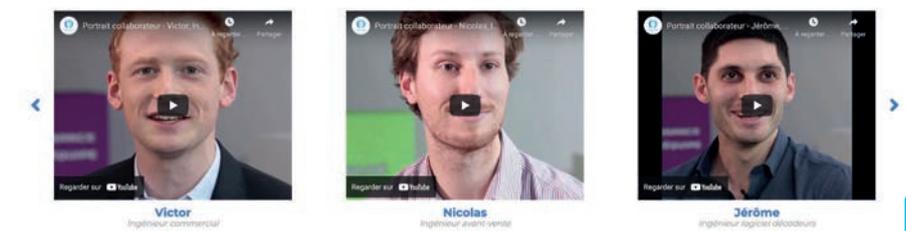
The development of our social media presence has made it possible to strengthen our brand as an employer and to attract highly coveted profiles. In Hungary for example, the use of LinkedIn as a new recruitment channel has made it possible not only to promote Sagemcom in a country with full employment, but also to strengthen our presence in the local IT sector and to highlight vacancies for candidates keen to join us. In addition, head office launched a number of initiatives to improve our employer brand, ranging from the creation of the Sagemcom Ambassadors programme, to a collaborative tool used to distribute job offers and internships, the development of our co-optation programme, organising workshops in schools, the creation of dedicated Instagram account and Facebook pages in Tunisia, running the LinkedIn community and organising virtual events.



**Employer brand:  
let's share on LinkedIn!**

As part of our recruitment, LinkedIn is an essential visibility factor.

**They testify**



The development of the employer brand also goes hand-in-hand with Sagemcom's presence in the educational environment, to get to know and attract young talent. Partnerships with certain schools have been set up and numerous initiatives organised: participation (remotely in most cases, due to the health crisis) in forums, round tables, sessions after work, open evenings and conferences.

Sagemcom, committed to combating discrimination, is convinced that diversity and the desegregation of teams encourages long-term creativity and operational complementarity. It is therefore essential to make staff aware of this to recruit without discriminating. With this in mind, in partnership with "À Compétence égale", Sagemcom organises training and has updated a guide "Put your expertise as a recruiter to good use with increased equality of opportunity," which makes it possible to decode discriminatory situations, too often ignored or played down, in order to enable everyone to adopt appropriate behaviour.

Work-study programmes and internships constitute some of the adapted and effective methods of preparing for professional life and integration into the world of work. The Sagemcom group is firmly committed to a policy of integrating young people into the workplace in particular through these methods. The "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 2020, Sagemcom's French subsidiaries welcomed almost 100 people into work-study programmes and internships. One quarter of them were hired after their work-study programme or internship.

In 2018, our R&D centre in Tunisia opened the "SS&T Campus". This campus initiates and trains young graduates in science and technology in our professions (on-board IT development techniques and soft skills). The campus has two goals: to encourage the integration of young people into employment and to enable Sagemcom to acquire competent resources that are directly operational. The SST Campus has trained 106 people since it opened, with two classes per year. The public health crisis did not halt this programme in 2020. After the two months of training, 100% of the young students were hired and joined the R&D teams in Tunis.

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.). Every subsidiary takes actions adapted to the local circumstances in favour of the long-term integration of new recruits.

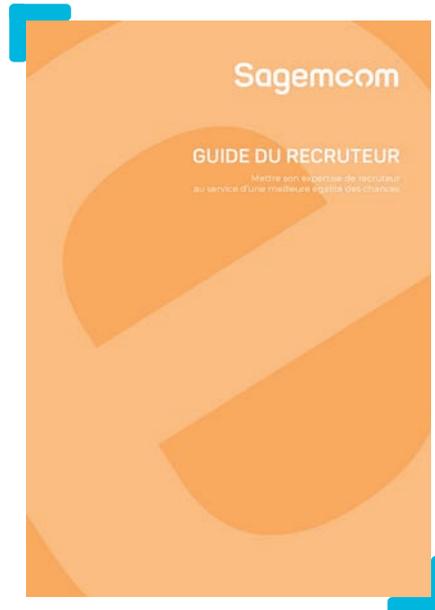
Our production plant in Tunisia organises integration dinners to celebrate the arrival of new employees and to share our values and strategic priorities. It is also an opportunity to look back at their integration as part of the continuous improvement process.

In an effort to offer the best possible welcome to its new recruits, in 2020, the Taden site continued to improve its induction programme by appointing mentors who help the new arrivals, as they take their first steps in the company. The new employees can also enjoy tours of the sites, presentations of the site's health and safety rules, strong messages from management and the "Induction programme" e-learning modules. : tours of the sites, presentations of the site's health and safety rules, strong messages from management.

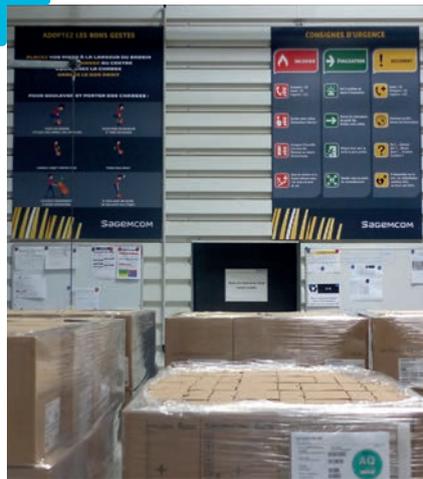
The Wel'com integration programme in France enables new recruits to become durably integrated into the Group. All the contributors to the integration process (manager, work team, HR, etc.) are involved and made aware of the importance of offering the best possible integration. While the public health crisis prevented us from organising a special event for our new recruits in 2020, all our new arrivals featured in a film that was broadcast throughout the Group.

### Developing and cultivating 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 employees and the company have a shared



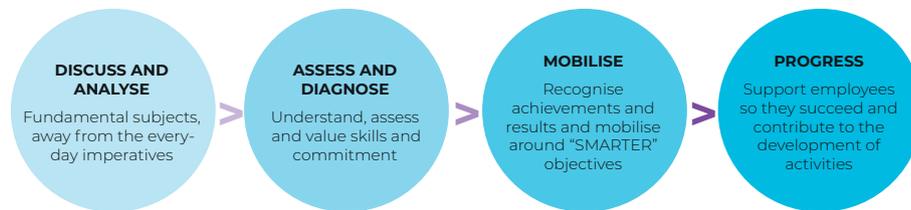
*Work-study programmes and internships constitute some of the adapted and effective methods of preparing for professional life and integration into the world of work*



## A harmonised induction programme

The induction programme for new arrivals on the site has been improved. In an effort to harmonise the introductions given by each manager who organises tours of the site for new arrivals, large posters have been installed in the most strategic places, like the entrance to each building or the work zones. These posters recap the main safety rules and illustrate the measures that can reduce the risk of an accident. Consequently, it is difficult to forget the rules applying to safety, nondisclosure and good conduct, emergency instructions or protective equipment.

interest in this interview, because it helps to achieve four major objectives with the common goal of making individual and collective progress:



*Sagemcom sees training as an investment for the future, a tool for improving economic performance and addressing social issues*

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, a tool for 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. For example, in France, 3% of the annual payroll is spent on professional training.

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.

Despite the public health crisis, the Group's various subsidiaries kept up their efforts to deploy, or adapt, skills development plans that meet our needs. By way of example, our French subsidiary organised weekly training meetings to engage with employees, so that they continue to develop their skills through digital training. In our Tunisian R&D centre, the training courses in the curriculum for managers were adapted, so that employees could follow them, despite the health restrictions. Consequently, almost 200 managers continued to build up their skills.

In 2020, Sagemcom seized the new opportunities created by the latest reform of professional training in France by signing a workforce planning agreement,

under which employees and the company can use individual training accounts to co-build a professional career development project. Consequently, the co-investment individual training account was set up to encourage employees to co-construct training projects that meet Sagemcom's skills requirements, while also furthering their own professional development.

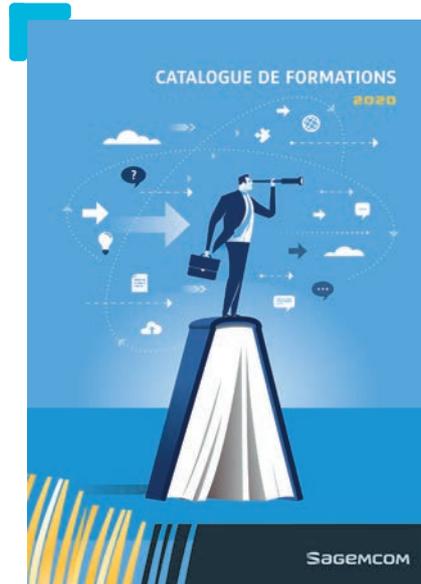
For several years, training schemes have been organised throughout the Group to assist and develop the teams from the different subsidiaries, whose interactions are becoming increasingly significant.

For example, remote 3P training sessions on Sagemcom's specific project management processes were organised for employees from the Tunisian (manufacturing and R&D) and French subsidiaries. Similarly, cash management programmes were delivered to our French and Tunisian teams in inter-subsidiary sessions.

To help develop means of organising the R&D teams' work, a broad, bespoke training programme has been drawn up. The aim: to become an "Agile" organisation. As a result, different levels of assistance have been set up: making managers aware of this new organisational method, training teams, regular coaching to facilitate the transition towards the management of an Agile project, etc. Conscious of the effects on the organisation of work and collaborative methods, Sagemcom has naturally set up support for large-scale change. Initiated in France, this programme was then deployed at SS&T, starting in the summer of 2020. At the end of 2020, even if the programme is still being deployed, the investment has been considerable: nearly 380 trainees, more than 6,200 hours of training and some 30 training sessions organised in France and at SST.

Sagemcom also aims to strengthen their measures in favour of vocational training through the development of new learning systems and methods. One example is the "Sagemcom Smart Academy" e-learning platform that provides flexible access to digital training courses. After being deployed in R&D and manufacturing in Tunisia, the platform was introduced in France in 2017 and has gradually been made available to all the Group subsidiaries. This platform offers a number of advantages by broadening the training offer, optimising training resources, building individual skills development programmes, offering easier access to training, etc.

In order to maintain a high level of skill in their teams, Sagemcom is continuing to develop and drive our "Expert" community. Each year, an Expert Committee meets to select the employees who can join the community. The Experts are recognised for their skills in domains that are key to Sagemcom. They play an important role in the distribution and sharing of their knowledge (especially via internal training), in innovation and also in advising and supporting the teams or even influencing the Group. In 2020, R&T sponsored the launch of a major initiative to galvanise the Experts community in order to heighten its standing and to develop more synergies between the Experts. A broad range of actions were taken, from working groups to develop strategic expertise, to a large-scale communications plan to promote and recognise the Experts in the Group and various events (seminars, regular meetings) attended by the Experts. 2020 also saw the designation of our first Expert from an international subsidiary.



*Sagemcom also aims to strengthen its measures in favour of vocational training through the development of new learning systems and methods*



## Encouraging and diversifying careers in the Group

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.

The publication of a job mobility charter has 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. Now, all vacancies are open to internal candidates and are published on our vacancies site, which can be accessed by every employee.

This information was completed by the setting up of a recruitment/mobility committee to facilitate and supervise the careers of our employees within the Group. France has set itself the target of filling one third of its vacancies through internal mobility. In 2020, this commitment was widely exceeded as 46% of vacancies were filled internally.

In addition, employees can indicate their wish to change jobs, both within the Group and its subsidiaries, 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 its "Experts" career path, alongside the managerial path. It 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.

## Sharing and uniting

Sagemcom's policy is also reflected by the 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 in all of our employees, to support Sagemcom's values and foster the collective dynamic.

*Sagemcom also supports the diversity of professional careers by promoting its "Experts" career path, alongside the managerial path*

These actions encourage everyone to engage in the implementation of our strategy and support the growth of the Group.

Corporate headquarters holds six-monthly meetings to present the results and strategic directions to all the employees. Despite the public health crisis, these twice-yearly meetings continued in innovative remote formats. New online and video format were adopted that foster discussions between employees during a period that witnessed many lockdowns all over the world. Online team-building exercises, comparative employee portraits and a new Instagram account that looks behind the scenes at our head office all helped to develop new modes of communication that will remain in place in the years to come, offering our employees an opportunity to meet one another. Elsewhere, numerous federating events are organised in the subsidiaries.

For example, our US subsidiary organised a Christmas party for its employees. On our Taden manufacturing site, the MEI Awards were given to employees who proposed the best innovations that favour collective and responsible well-being and help to strengthen a team spirit (for example, designing and building outdoor tables and benches by recycling unused pallets for use during breaks). Finally, during the pandemic, all of Sagemcom's employees contributed to a mosaic of portraits that illustrates the power of teamwork.



*Through that social dialogue, the Group strives to find the best balance between the needs of the company and the interests of employees*

### **Dialogue between management and labour as a vector of sustainable social support**

Through this social dialogue, the Group strives to find the optimal 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 them.

The last few years have been marked by a particularly rich social dialogue.

In 2020, a new record was set with the signing of no fewer than eight corporate agreements (home-working, workforce planning, work-private life balance, effective wages and working hours, holidays, etc.), despite the remote negotiations imposed by the social distancing rules due to the health crisis. The implementation of various agreements and action plans continued (diversity, psychosocial risk prevention plan, generation contracts, etc.). These agreements and action plans are the subject of a specific communication in the "Social dialogue" section of the intranet, allowing employees to consult them at any time, and are followed up each year, at which time the adjustments to be considered and the progress obtained is shared within the framework of a monitoring committee.



# HEALTH, SAFETY AND WELL-BEING AT WORK



Our responsibility and our commitment are to create the conditions that guarantee the physical and mental integrity and health of all those present at our sites, and beyond that, a framework that promotes quality of life at work. The labour policy within the Group extends the positive and effective initiatives already under way, and also introduces 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.

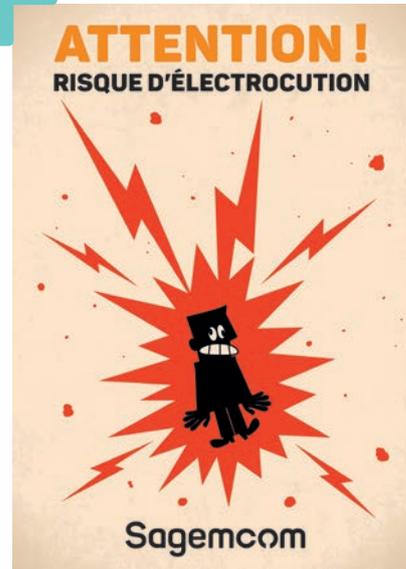


**E**liminating danger, reducing risks, occupational diseases, serious accidents and the most frequent accidents, are all top priorities for Sagemcom. Our goal is to reach "0 accidents". While this objective represents a challenge, it remains the only one that is feasible with regard to the issues at 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. Central to our concerns are fire safety and protection against electric risks and 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
- etc.



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

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 midyear 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. Finally, 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

*All of our employees are trained in occupational safety, right from the induction process onwards, and throughout their career within the Group*

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. Dedicated safety systems for electric shocks, fires and explosions are also installed within our laboratories.

In Italy, like in all our production plants, a QSE (Quality Safety Environment) manager has been named to oversee the renovation of the plant and to ensure the health and safety of employees. Furthermore, international standards (ISO 14001 and 45001) are used as a reference for the management of the environment and safety on the site.



## ISO 45001 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, was OHSAS 18001-certified by AFNOR in 2008, and has been ISO 45001-certified since 2018

Within our Tunisian plants, every measure is taken to prevent risks (noise pollution, chemical products, psychosocial risks, etc.) to which our employees may be subjected. To preserve their health, working conditions are regularly audited and recommendations are issued, with a view to continuous improvement.

### Taking care of our employees

Sagemcom does not intend to limit its commitment to safety, but wishes to commit to health as well by deploying a prevention initiative. With regard to our Tunisian research and development teams, an extended medical service (contracted doctor, occupational doctor, physiotherapist, health and hygiene officers) is available to everyone every day of the week.



## WORKING POSTURES

Adjusting and arranging a computerised workstation properly helps employees to adopt a natural and comfortable posture. For the arrangement to be efficient, it is also necessary to organise the work in hand properly.

**Sagemcom  
offers to  
cover the  
reimbursement  
of its employees'  
healthcare costs**

With this aim, the Group pursued action plans along several lines in 2020:

- 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). An e-learning module adapted to the Group's activities has been introduced to prevent the onset of MSDs, for example by addressing work on screens or handling operations. In Manaus, Brazil, the first 20 minutes of the working day are devoted to flexibility exercises before starting a job, to prevent MSDs. The success of this initiative resulted in its extension to our site in Taden, where staff members now do exercises to warm up their muscles before each shift. The SS&T site also deployed a major project to prevent MSDs, supplemented by a communication campaign designed to promote best practices, especially in terms of posture. On the Taden site, an exoskeleton is used to analyse and assess the best postures in order to adapt the production lines to human beings.
- Involving Occupational Health Services, beyond medical surveillance, by providing advice designed to encourage employees to participate in the process of preventing occupational risks (hardship, travel, etc.), and, more generally, to encourage employees to adopt healthy lifestyles. This 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, offices, or even during organising information and prevention campaigns. One example is "Pink October", a campaign that was organised on all our Tunisian sites, in collaboration with a team of midwives and an oncologist, with the goal of raising employee awareness of the risks of breast cancer and the means of prevention. Several other actions were taken on our Tunisian sites, such as screening for diabetes and high blood pressure, and awareness-raising campaigns on subjects such as breastfeeding. Although these campaigns were a success in 2019, it was not possible to repeat them in 2020, due to the health restrictions imposed by COVID-19.
- Promoting 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.

### **Well-being at work, one of our central concerns**

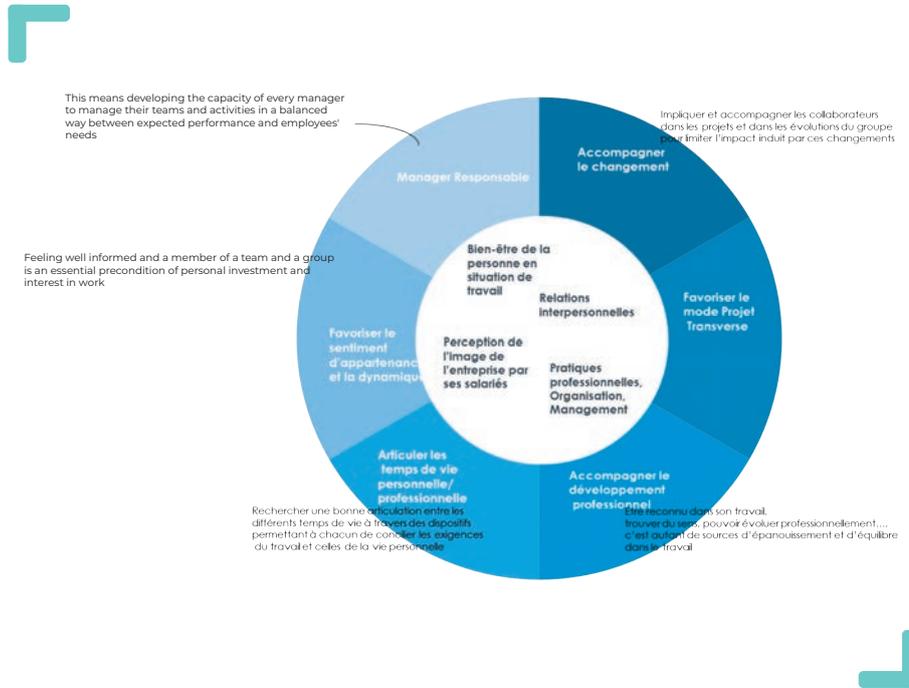
We pay close attention to the quality of life at work and we are developing initiatives to offer employees a working environment conducive to their development and the reconciliation of their professional and personal lives, which also helps to develop our corporate performance.

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.

Sagemcom implements several initiatives on these themes:

- Particular attention is given to job organisation and workloads as well as their potential impact on employees' lives: the annual interview system that allows every employee to indicate their feelings about the workload, organisation and the balance between work and personal life, irrespective of the employee's working time (counted in hours, days with or without reference to working hours) or their geographical location came under closer scrutiny, and 100% of the escalated professional difficulties were addressed.
- Seeking to optimise the quality of life at work is also part of a process for preventing psychosocial risks. In France, a prevention plan was the framework for our 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. The success of this method of prevention, confirmed by the Occupational Health Services, continued in 2020. In parallel, other measures are being taken in our subsidiaries, such as in China, to provide time and space for employees to unwind 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. An agreement on the balance between work and private life was signed in France in 2020. The agreement provides for a number of long-term measures and commitments organised around four priorities: time management, the right to disconnect, employees' right of expression and employee mobility between their home and their workplace. In addition to the existing outreach services at the Rueil-Malmaison site (conciierge service, transport shuttle, etc.), Sagemcom is helping to meet the demands of work and private life by addressing the demands of every aspect of parenthood by publishing a 360° guide to being a parent. 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.



### A closer look at the modernisation of our industrial system

The group's growth strategy has seen a significant rise in our production volumes over recent years. We have moved on from around 20 million products per year, to more than 40 million in 2020. It is for this reason that our Group has chosen to increase its production capacity on different industrial

sites, with the aim of having a completely redesigned industrial system. High standards and quality are the keys to promising our customers that we use efficient manufacturing methods that meet the latest standards of the industry.

The 15,000 m<sup>2</sup> Sagemcom Multi-Energy site in Taden, France, which hosts two production buildings each measuring almost 2,000 m<sup>2</sup>, is specialised in the manufacture of Gazpar smart meters for Engie and Linky smart meters for Enedis. This manufacturing site is the fruit of the decision taken by Sagemcom and its employees to convert the Dinan plant, which used to produce consumables for faxes and photo printers, into a factory producing smart meters. This initiative resulted in 32 employees being retrained in 2014. Today, the Sagemcom MEI site employs about 70 people.

*We have progressed from manufacturing some 20 million products every year to more than 40 million in 2020*



The Ezzahra site in Tunisia was inaugurated in April 2019. This brand new site manufactures our AVS and BBS products. The neighbouring Ben Arous site was entirely renovated to meet the rising demand for the production of communicating meters. By the end of 2020, our two sites in Tunisia had been redesigned to meet the requirements of the highest European standards!



The Sagemcom Italia SpA. site in Città di Castello specialises in the production of multi-energy meters. Following the Group's take-over of Meter Italia, Sagemcom's Energy&Telecom subsidiary now boasts a 6,500 m<sup>2</sup> production

site with a high level of expertise in the production of multi-energy meters. And by employing more than 300 people, Sagemcom is actively contributing to the development of a new know-how on the local job market.





# THE COVID-19 PANDEMIC: MANAGING A HEALTH CRISIS

In keeping with its values, Sagemcom demonstrated great agility, right from the first signs of the pandemic in January 2020, in an effort to pursue its business activities, while also protecting the health and safety of all its employees, on every site, in every field of activity and irrespective of their working conditions.

**The health crisis started in China, then spread westwards, gradually impacting our various subsidiaries. Right from the beginning of 2020, Sagemcom took measures to protect all of its employees. At every step of the spread of the crisis, lessons were learned and best practices were shared, so that complementary measures could be taken in the impacted subsidiaries. The adaptation and improvement of our action plans were guided by the key notion of responsiveness in the combat against the pandemic.**

The management of the health crisis was organised on different levels. Three crisis teams were set up at head office, with the top priority of protecting the health and safety of our personnel:

- a central committee, tasked with defining the measures to be taken to guarantee business continuity;
- a production plant committee, tasked with maintaining the industrial production of our products;
- an R&D committee, tasked with guaranteeing the performance of our R&D teams.

These teams, which met every day, showed great agility in the adaptation of the measures deployed in order to maintain our means of production and our business activity, while protecting the health and safety of our employees at the same time. In parallel, local crisis management teams worked with the central committees to adopt a highly practical approach to the actions to be taken. This modus operandi demonstrated Sagemcom's outstanding capacity to operate as a team and to uphold one of the Group's five values: the power of teamwork.



By way of example, steering committees were formed on our sites in Tunisia to draw up a prevention protocol. Numerous actions were taken to protect the health of our employees: taking their temperature on their arrival in the plants, organisation of flows, separation of workstations with Plexiglass screens and social distancing in the communal areas (canteens, changing rooms). Sagemcom Tunisia received the Apave Group's Safe and Clean label, following an audit that analysed the methods and processes deployed. This certification

rewarded all the measures taken and applied by everyone in response to the risks incurred by COVID-19.

Many measures were taken to protect the health and safety of our employees.

First, several actions were taken to ensure that the preventive measures were adopted. One example is social distancing, which involved rearranging work spaces and adjusting the number of people permitted in each space. Certain offices were closed and limits were introduced to reduce interactions, etc.

Anyone who had come into contact with the virus was isolated and protective measures were introduced for the most vulnerable.



Meeting rooms were rearranged to limit the number of places and to obey the social distancing rules.

Sagemcom's management decided to distribute protection kits on all the Group's sites, containing masks and a hand sanitiser, as well as specific equipment for the production plants, such as goggles and gloves, in order to protect its employees against the virus.



One-way systems were set up on the sites to limit fleeting contacts in corridors and communal areas,

In the canteens, where hygiene is paramount anyway, access to the self-service areas and the eating areas was strictly regulated.

New limits were introduced to restrict the number of persons present at any one time, and the Group's IT department developed computerised solutions, that were made available on the intranet, to make access to the canteens as smooth as possible

The company canteens adapted their offer and takeaway meals were also made available. A food truck set up shop in the car park on the campus in Rueil-Malmaison, and outdoor eating areas were made available, so that employees could enjoy their meals in the open air.



The means of organising work were also reviewed in order to respect the necessary social distancing measures. Working hours and the sizes of the shifts were adapted in our production plants in order to limit physical contacts. Wherever possible, home-working was introduced for our staff working in offices. On the campus in Rueil-Malmaison,

*Many measures were taken to protect the health and safety of our employees*

more than 90% of employees were eligible for temporary home-working. In our R&D centre in Tunis, home-working was supplemented by shift-working, in which two teams each took their turn, one in the morning and one in the afternoon, in order to limit interactions. As part of its home-working programme, Sagemcom paid very close attention to maintaining social ties and protecting the mental health of its employees.

Sagemcom also responded to the health crisis by adjusting its business travel policy, in order to protect the health of its employees. As soon as the first signs of the pandemic appeared, all travel and all visits were banned. Then, the business travel destinations were subjected to greater scrutiny on a case-by-case basis, and even essential travel required prior and compulsory authorisation. This monitoring process also included the systematic verification of the trips made by persons from outside the Group, who were authorised to visit our sites on an exceptional basis.

The deployment of all these measures was accompanied by a broad Group-wide and local communications campaign. In such uncertain times, it was essential to inform, reassure and support all our employees. Numerous in-house messages were sent containing information on the measures taken and the instructions to be followed in order to protect everyone. Remote conferences were organised with both managers and employees to inform them of the protective measures to be taken, but also to keep them informed of the latest news about the Group and its activities. Posters, guides, tutorials and awareness-raising materials were also made available to support our employees during this difficult period.



Despite the pandemic, dialogue was maintained with the staff representatives, who were also involved in taking the actions to protect Sagemcom's employees. Weekly ad hoc commissions were set up to inform and consult the staff representatives of the measures taken and any possible adaptations. All the scheduled negotiations with the staff representatives were held, even if some of them were held remotely. In France, 2020 saw the signing of a record-breaking eight company agreements! In addition, all the annual commission meetings that monitor our ongoing agreements were held.

In addition to these Group-wide measures, a number of local initiatives deserve to be mentioned.

In Brazil, sessions were organised to raise awareness of the preventive measures amongst employees, who were rewarded with a health diploma. Daily actions were taken to reward and motivate employees and to protect their mental health, as our Brazilian subsidiary was hit by the full force of the pandemic. This support also extended to the ecosystem of our Brazilian subsidiary, which shared its measures to protect health and best practices with the neighbouring factories.

Psychological support was provided on our four sites in Tunisia to help employees in difficulty. This support was provided in two ways: collectively, to raise awareness of preventive measures and their consequences on the team, and individual support for any employees that requested it.

Numerous in-house messages were sent containing information on the measures taken and the instructions to be followed in order to protect everyone



The occupational health authorities organised COVID-19 awareness workshops to inform employees of the modes of transmission, the clinical symptoms and to answer their many questions.

In Hungary, where home-working was deployed on a large scale, health kits were sent to the employees' homes, so that they had all the necessary equipment to occasionally return to their workplace in safety.

New training systems were introduced on the campus in Rueil-Malmaison to overcome the impossibility of organising classroom sessions, due to the necessary preventive measures and social distancing rules. Employees who wanted to continue to build their skills were invited to attend weekly training events that were organised using a broad range of digital solutions.

An air change system was installed in our Italian plant to improve working conditions and protect the safety of our employees. Social distancing measures were introduced (employees were required to remain at a certain distance, shift working hours were organised to alternate the teams and limit contacts), all the workstations and offices were disinfected once a week and outdoor sessions were organised to teach employees how they should behave in order

*Several donations of masks were made to the public health services in Tunisia, China and France*

to minimise the risks. The employees of our Italian subsidiary expressed their gratitude by sending a message of thanks to site management for providing safe working conditions that enabled the production activity to continue throughout the public health crisis.

The pandemic also sparked movements of solidarity throughout the Sagemcom group. First, solidarity within the Group, by sharing measures to protect health and best practices, by one subsidiary sending equipment (and masks in particular) to another subsidiary faced with shortages, and by adapting our means of industrial production in order to continue our activity (when China was struck by the pandemic, Tunisia took over the manufacturing activities, and vice versa). This solidarity also extended to the ecosystem in which Sagemcom operates. For example, masks were donated to the public health services in Tunisia, China and France.

In 2020, Sagemcom Tunisia, represented by Director of Industry and Logistics, Bruno Cosnier, and Dr. Ayda Lamoum, Head of Occupational Health for our Tunisian sites, organised two donations for the Tunisian Ministry of Health. More than 200,000 surgical masks, 20,000 FFP2 masks and 100 contactless thermometers were donated in order to protect healthcare workers during the COVID-19 pandemic.



The Tunisian Ministry of Health expressed its gratitude at a ceremony for the generous donors, during which the occupational health team, led by Dr. Ayda Lamoum, received a certificate in recognition of the support that the State received in its fight against this crisis.

Sagemcom's employees also responded massively to the calls for donations for the most underprivileged. The staff at HQ in Rueil-Malmaison showed their generosity by taking part in a collection of "solidarity baskets" for deprived people. In December 2020, 114 Christmas boxes were prepared and donated to the "Secours Populaire" and "Restos du Coeur" charities in the Paris region.



Finally, the Group continued to support the NGOs that it has been helping for many years, including "Article 1", which offers help to students living in insecure conditions due to the health crisis.

In Tunisia, Sagemcom helped educational establishments in their combat against the spread of COVID-19 by organising an operation to disinfect schools in the vicinity of the two Tunisian production plants.

This pandemic produced a sense of uncertainty and instability all over the world. But Sagemcom responded with agility, reactivity and team spirit. Our

means of production remained intact and the Group's activities were able to continue, so that we were able to service our customers, our top priority, while also protecting jobs and the health and safety of our employees.





# ENVIRONMENT

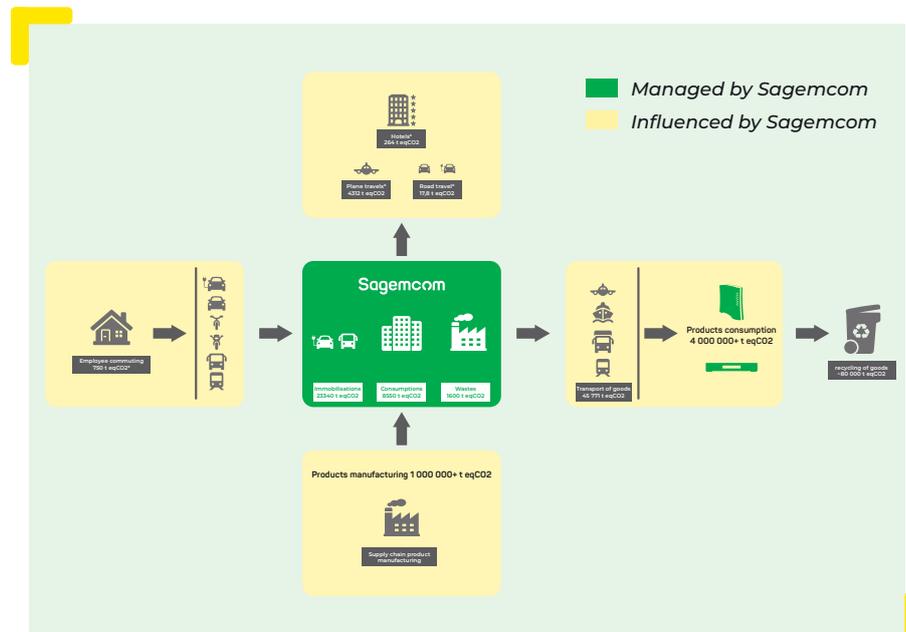


At Sagemcom, acting to protect the environment firstly means designing products and services that contribute to preserving the planet's ecological balance. But it also means limiting the impact of its activities on the local ecosystems by taking the environmental and economic situations of different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



The combat against climate change is a major issue for every enterprise. As a responsible enterprise, Sagemcom has been addressing this issue for many years through the environmental management of its sites, by monitoring the manufacturing sites of our partners and, most importantly, by eco-designing our products and services.

We can adopt a global approach and identify our environmental priorities by analysing what we consume and the waste we produce.



We then launch action plans to reduce our environmental impact, in accordance with the priorities we have identified.

Controlling the environmental impact of our activities is important, as is limiting the impact of our products, in particular by reducing their energy consumption.

### Reducing consumption and emissions on our sites

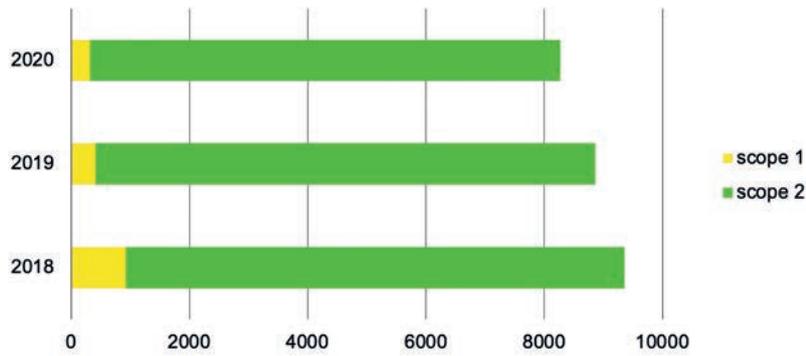
Sagemcom established a policy to obtain ISO 14001 certification for its main operational sites over 10 years ago. In accordance with the regulations, and those applying to classified facilities in particular, we are determined to control environmental aspects, such as pollution of the air, water and soil, noise nuisances, waste production, consumption (water, energy, etc.) and the management of hazardous substances.

These measures are taken in our establishments under the responsibility of the Site Manager, in close collaboration with the environmental officers and according to continuous improvement processes.

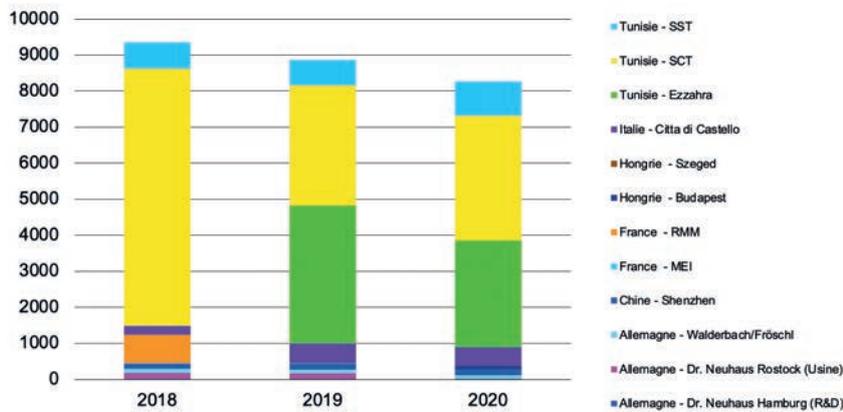
In comparison with the preceding years, an analysis of our gas / electricity consumption in 2020 (scopes 1 and 2 of our carbon balance) demonstrates the importance of the energy efficiency of our sites, relative to other forms of consumption. (Note: the history of our impact was reassessed in 2020 using more recent emission factors that changed the values published in the preceding reports).

Our production plants in Tunisia are particularly close to the heart of our environmental concerns and benefit from specific energy controls in the form of an ISO 50001-certified management system.

*Sagemcom established a policy to obtain ISO 14001 certification for its main operational sites over 10 years*



The carbon impact of the Group's main operational sites, scopes 1 and 2 (including offsets)



Breakdown of Sagemcom's annual carbon impact

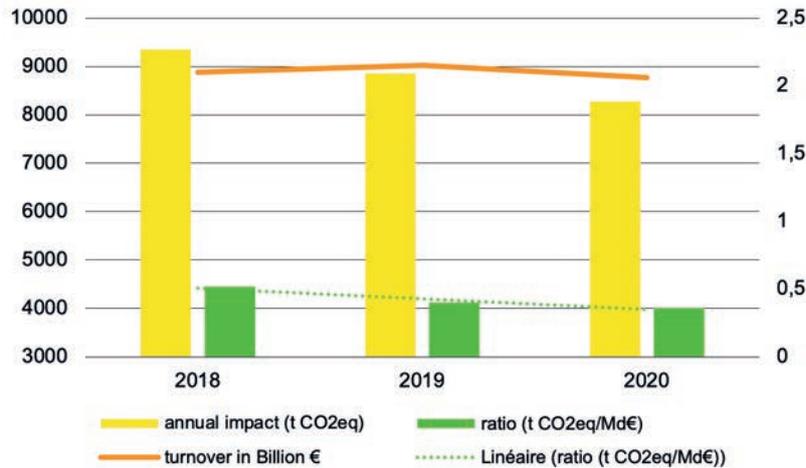
An analysis of our environmental impact with the carbon balance method produces the following results:

Electricity is the main source of the environmental impact of Sagemcom's sites, mainly due to our manufacturing activities in Tunisia, which were split into two plants in 2019: the Ben Arous plant, which makes metering products, and the Ezzahra plant, which makes broadband and audio-video products.

In 2020, the impact of our sites decreased overall by 6%, in comparison with 2019. This reduction can be explained in particular by the use of renewable electricity in France and the 100% carbon offset of our gas consumption, for both manufacturing and the offices on all our sites in France. In addition, the upgrade of our production plants was also highly beneficial:

- All our sites are pursuing their efforts to buy green energy. Our sites in Italy and Germany will switch to renewable energy supplies in 2021.
- Nevertheless, in 2020, our global energy intensity in manufacturing increased slightly by 3% in Tunisia, in comparison with 2018. This increase can be explained by the renovation of the plant in 2019 and 2020.
- The overall efficiency of our integration plants increased by 8%.

Overall, the improvement of the efficiency of our processes has resulted in a 9.8% reduction of the impact relative to turnover between 2018 and 2020.



*Efficiency rate: impact of consumption / income*

### A concrete case

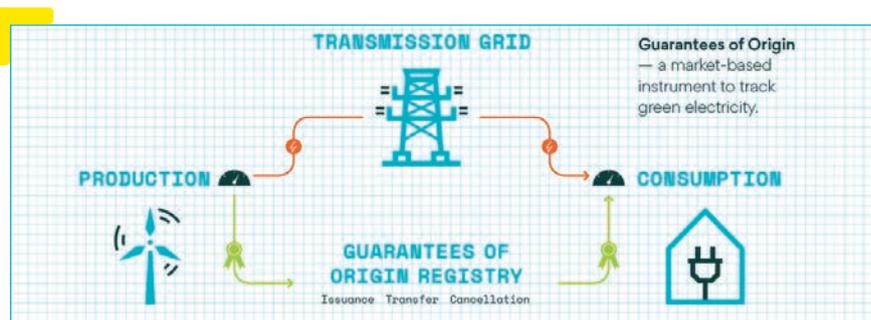
Our site in Rueil-Malmaison hosts the Group's head office and the Sagemcom Energy & Telecom subsidiary, including its R&D activity. Our site in Rueil-Malmaison accounts for about 25% of the Group's electricity consumption and 75% of its gas consumption. Therefore, it is quite legitimate to promote the environmental approach of this site, which is primarily dedicated to intellectual activities. Three main priorities were identified to reduce our consumption of electricity and gas and the management of waste.

### Electricity consumption: electricity from renewable sources

As part of its ISO 14001 management, Sagemcom has opted, not only to take steps to reduce its energy consumption, but also to contribute to the development of renewable energy by signing a contract on 1 July 2017 for the supply of electricity that is certified as coming from renewable sources equivalent to the consumption of our sites in Rueil-Malmaison (head office) and Taden (production of smart meters), or 100% of its consumption in France. This promise is materialised by the production of Guarantees of Origin.

This means that our electricity supplier agrees to inject renewably produced electricity into the grid.

A Guarantee of Origin represents 1 megawatt hour of electricity produced in a given month and contains all the relevant information about the power plant. At the end of each month, the producers receive Guarantees of Origin indicating the net electricity that is actually injected into the grid. This is the issuing process. These certificates can be electronically transferred and used to confirm the renewable nature of the energy consumer by the end users.



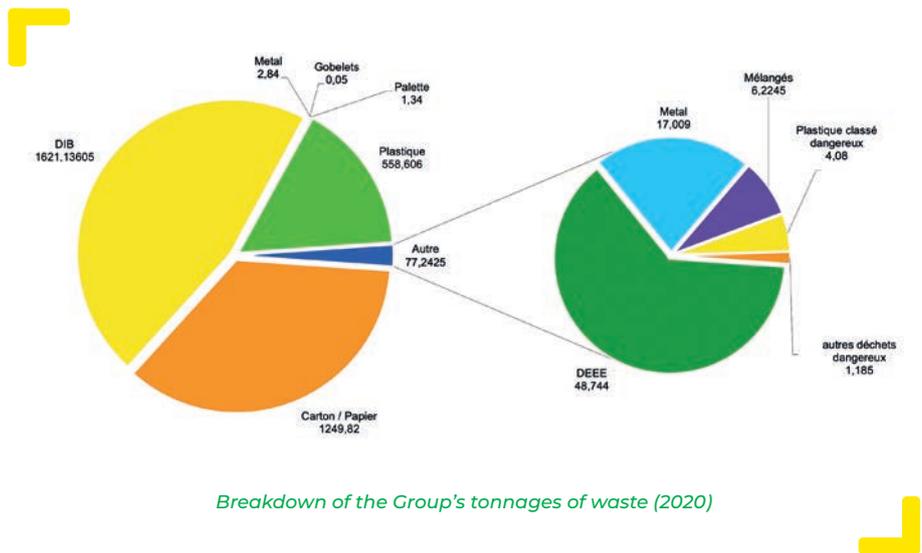
Our utility has injected about 23,332 MWh from sustainable sources of production in France into the grid on Sagemcom's behalf, since this measure was introduced (6,178 MWh in 2020). The policy to purchase renewable energy will be extended to our European sites in 2021 and 2022.

### Gas consumption

In December 2018, a carbon-neutral option was added to our gas supply contract, meaning that every MWh of gas consumed is compensated. Sagemcom has gone even further by promising to inject the equivalent of 30% of our consumption in biomethane produced in waste-to-energy units in France. In 2020, 2,967 MWh of gas were consumed in France, which represents 444.5 tonnes of CO<sub>2</sub> equivalent that have been totally offset.

### Waste management

We work with several service providers to optimise our recycling circuits that go beyond our regulatory obligations. Each site sorts its fractions of waste according to the disposal channels that are available locally. The tonnages are illustrated below.



*Overall, in 2020, the impact of our sites decreased overall by 6%, in comparison with 2019*

### A practical example: our head office in Rueil-Malmaison

The partnership formed with Cèdre Recyclage in 2018 was renewed in 2020. This enterprise aims to actively participate in the protection of the environment and to help disabled people to find work. In 2020, Cèdre collected 9.9 tonnes of waste:

- 13.47% of wood from pallets
- 77.10% of used furniture
- 8.54% of paper
- 0.89% of other waste

The environmental gains are significant:



*(data from the 2020 Cèdre annual report)*



*We work very closely with our main manufacturing partners on environmental impacts*

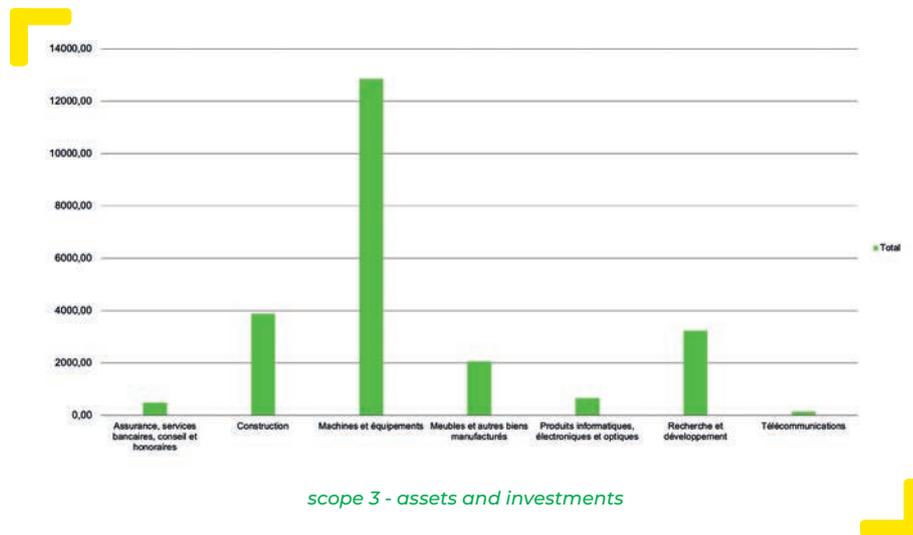
Since 2019, Sagemcom has teamed up with new partners to recycle more waste. On the campus in Rueil-Malmaison, plastic goblets are collected by Triethic, an ecologically responsible company specialised in the collection and recycling of waste for companies in the tertiary sector in the Paris region. The collected goblets are weighed and packaged, before being transformed into a reusable raw material.

Plastic bottles are recovered by the Rueil-Malmaison town council waste collection department, shipped to a sorting centre and then recycled to make new plastic bottles.

Plastic bottle tops are also collected on the Rueil-Malmaison site and recovered by the “Bouchons d’Amour” NGO. This association sells the bottle tops to recycling centres and uses the income to fund actions in support of people with disabilities, such as buying equipment for parasports clubs, paying for guide dogs, and many other initiatives taken to improve the daily lives of people living with a disability. Our Group takes pride in helping to organise these praiseworthy actions, while protecting the environment at the same time.

### Asset management (scope 3)

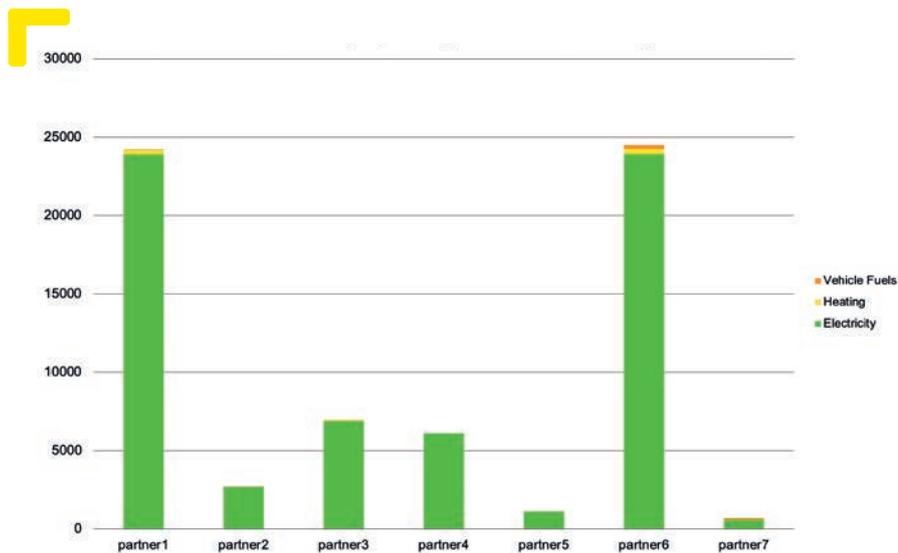
Sagemcom has always pursued an in-house manufacturing policy, with its own means of production. This choice was made to guarantee continuity of business activity when the supply chain is disrupted. This strategy clearly demonstrated its worth during the COVID pandemic and it is a valuable tool that enables us to anticipate any potential disruptions that will eventually be caused by climate change. This strategy is also reflected in our scope 3, which includes our assets and investments and has a higher impact than our scopes 1 and 2. Therefore, it is important to manage these assets efficiently by rationalising our needs and qualifying all new equipment according to environmental criteria.



### Monitoring the impacts of our suppliers

In addition to the conformity audits that we conduct, we also work very closely with our main manufacturing partners on environmental impacts. Their environmental impacts are monitored and they are encouraged to propose solutions that reduce operational impacts, in particular with regard to energy consumption and waste management.

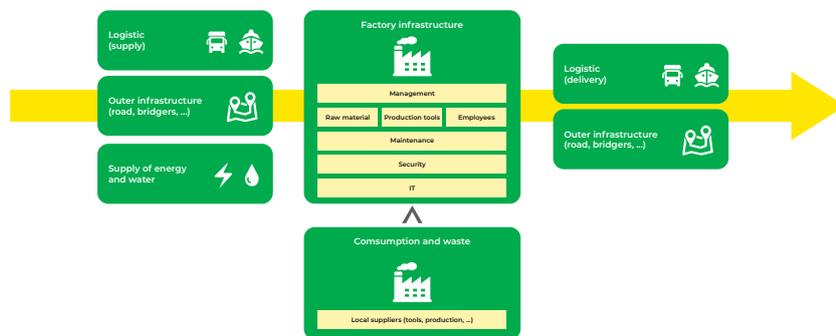
The impacts of our main partners are shown opposite (global impacts). This balance takes account of electricity consumption, heating (gas) and fuel oil consumption.



2020 carbon impact (t CO2eq) of our main manufacturing partners

### Minimising impacts that contribute to climate change

An assessment was also made to measure the sensitivity of our activities and those of our suppliers with regard to climate change in order to supplement the risk analysis, to optimise our business continuity management plans and to work together with our suppliers on reducing this sensitivity.



The climate-related risks were assessed by adopting a PESTEL approach that examines both physical and transitional risks. Each of the identified risks and opportunities resulted in short-, medium- and long-term actions intended to minimise the risks and amplify the opportunities.

Our suppliers were assessed using an FMEA-type model that included climate-related, political and social risks, risks related to the supply chain and infrastructure, and risks to health and safety.

CLIMATICS		INFRASTRUCTURE / HEALTH/SOCIAL			
High temperature	High	Airport	Low	Sanitation	High
Low Temp	High	Sea port	Low	Sanitary	High
Wildfire	Low	Railway	Low	Accident	High
Water level increase	Low	Local logistic	Low	Water/airborne risk	High
Water Flood	Low	Water level increase and roadwork	Low	Construction	High
Thunderstorm	Low	Oil refineries, airports and factories	High	Normal Business risk	High



# E CODESIGN

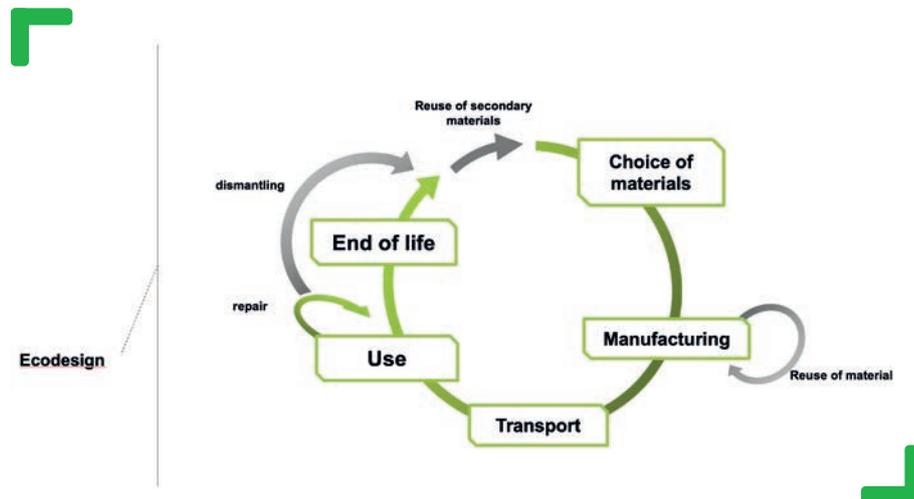


Ecodesign is a process in its own right that is included in Sagemcom's project management. Each phase of a project, from launch, to design, qualification and production start-up, is subject to a series of tests that apply to the ecodesign of the product.

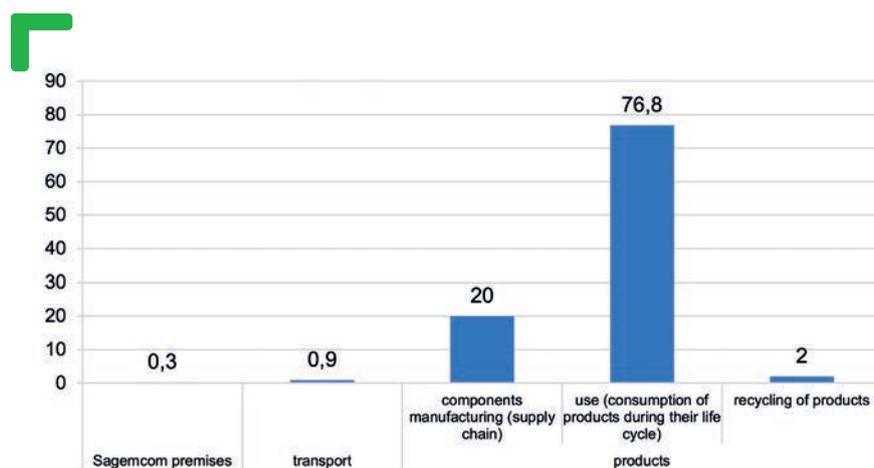


**F**or more than 10 years, Sagemcom has also been developing the capacity to conduct internal life-cycle analyses, in line with the protocols in ISO 14044 and the GHG protocol. Any analyses that have to be released outside the company are verified by an independent third party in order to guarantee that the results are accurate. These measurements allow us, and our customers, to direct our design options for our future product generations.

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



These ecodesign measures are at the heart of our environmental initiative, because the impact of our products is far greater than the impact of our sites, if we consider their entire life-cycle. This gap is illustrated below. While the operation of our sites accounts for just 0.3% of our impact, the manufacturing of our products represents 20%, the use of our products represents more than 75% and their end of life about 2%.



*Breakdown of Sagemcom's annual carbon impact*

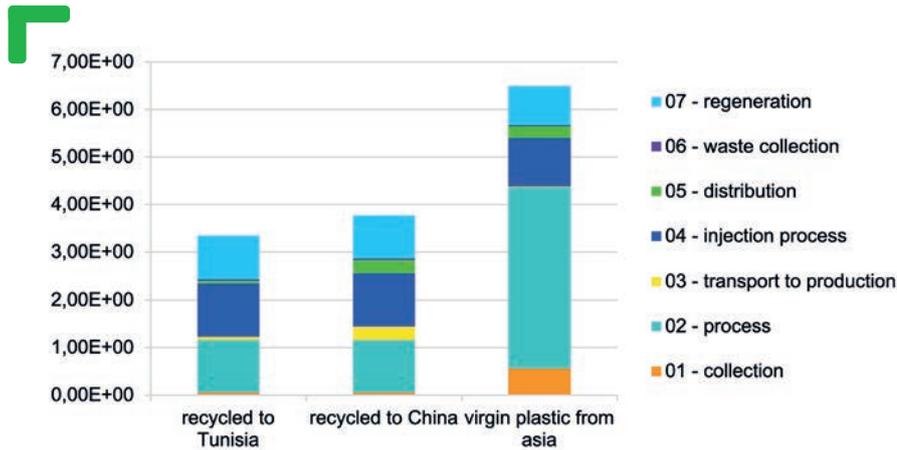
### Using alternative materials

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. The Group cannot use materials that may have a lower environmental impact, but whose technical properties are insufficient to meet the quality requirements of our customers.

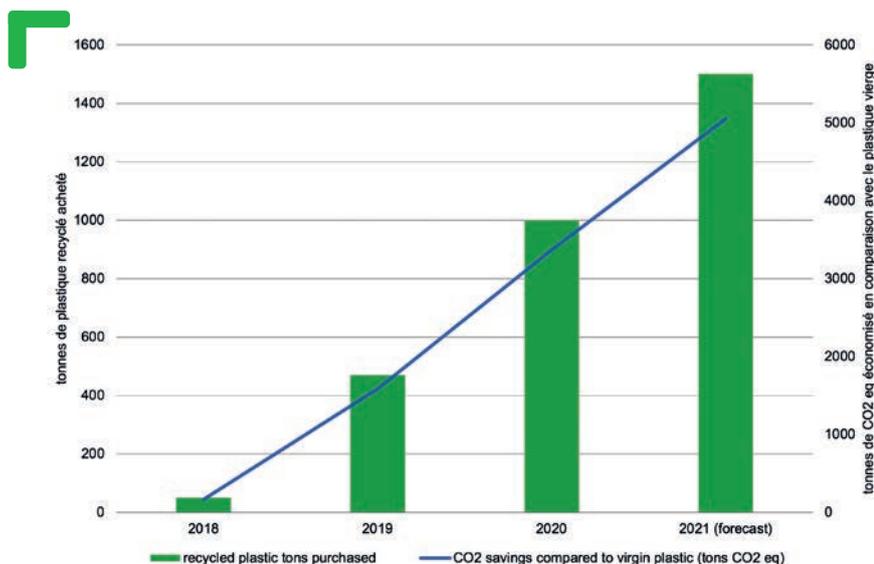
After several years of studies, in 2018 we introduced a recycled plastic into our plastic parts. The low impact of this secondary material, made in Europe from electronic waste produced on the old continent, also enables us to use it in our partner production plants in Asia. The global impact remains below that of the equivalent virgin plastic. Several hundred tonnes will be used in the years to come, as the initiative is gradually deployed.

*After several years of studies, in 2018 we introduced a recycled plastic into our plastic parts*



*Comparison of the impacts of virgin and recycled plastic, according to the location where the finished products are made (kg CO2 eq. / kg of plastic)*

Thanks to our industrial command of this type of plastic, we have been able to complete very large-scale series production runs using alternative materials. As a consequence, several hundred units have been produced in our own plants in Tunisia and in our partners' production plants all over the world. We intend to further increase the proportion of recycled materials in the plastics we purchase.



*Quantity of recycled plastic purchases*

The reuse cycle also makes clear sense in the management of our after-sales services and of the end of life of our products. The plastic waste produced by our after-sales activities in France is returned to our European supplier of recycled plastic, so that it can be fed back into our own supply chain.

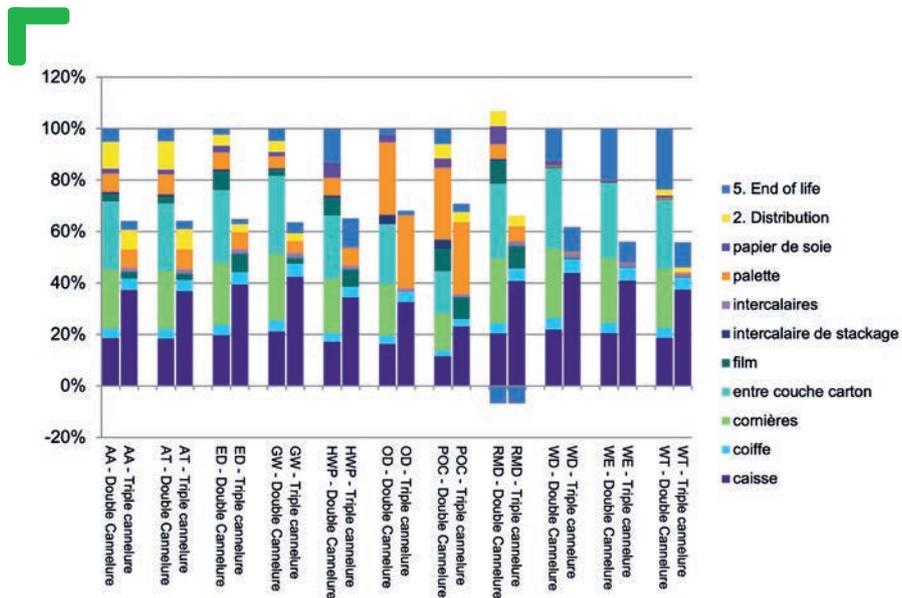
## Packaging

In addition to meeting these 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 FSC cardboard, printed with vegetable-based inks. We are also actively working on the use of packaging materials that do not contain any oil-based plastics, by resorting to alternative solutions, such as organic plastic bags made of renewable materials or paper fasteners to attach cables, etc.

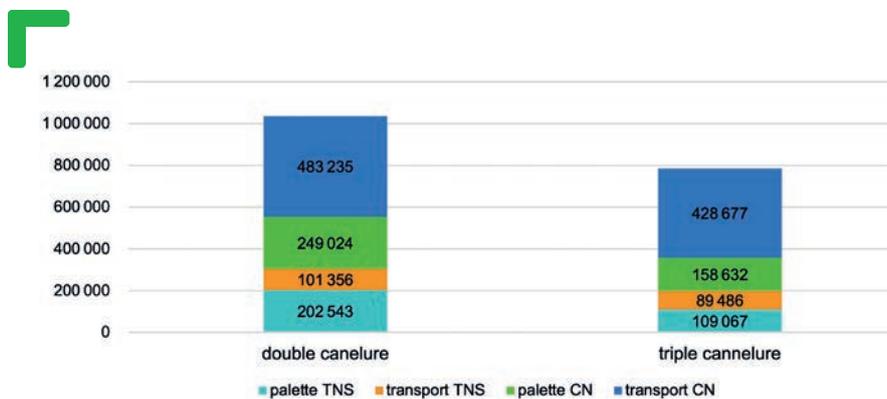
The replacement of our pallets with a lighter structure, guaranteeing the same performance during transportation, has reduced the environmental impact of every pallet by redistributing their mechanical strength to different parts. These measures have significantly reduced the weight of tertiary packaging (by up to 8 kg per pallet), while also increasing the number of products per pallet.

This dual optimisation of both materials and products per pallet has reduced the impact per shipped product by around 24%.

*We also favour packaging made of recycled or FSC cardboard, printed with vegetable-based inks*



*Reduction of impacts by replacing double flute pallet boxes with triple flute boxes (compared with a double-flute box as a 100% point of reference)*



*Reduction in transport impact thanks to the optimisation of our pallets (kg CO<sub>2</sub> eq., for two million products, 50/50 manufacturing split between Tunisia and China)*

This performance was achieved as part of a manufacturing process, involving the sites in Tunisia and Asia, that transports the products by sea and then by truck to France.

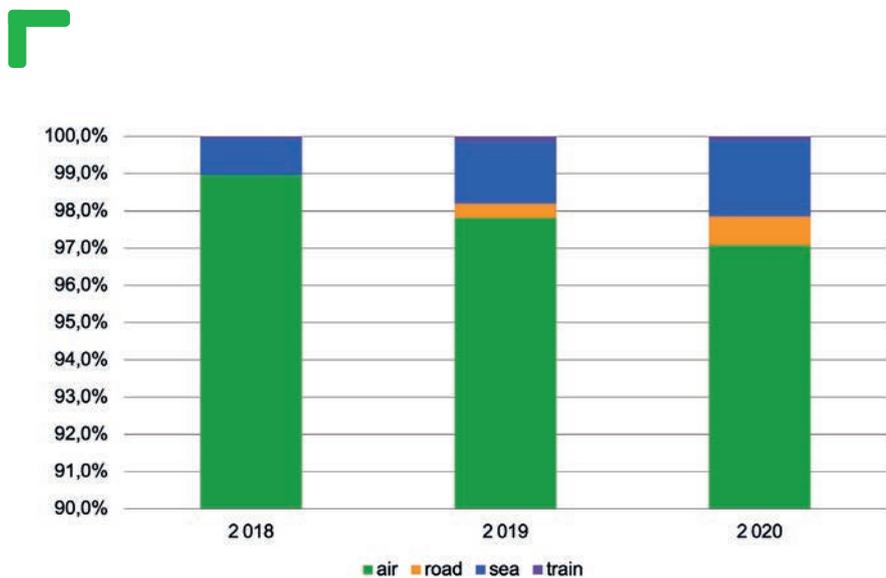
## Batteries

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).

Batteries are the only possible source of energy for some of our smart meters, and gas meters in particular, which are not connected to any external energy supply. Therefore, the capacity and the robustness of these batteries is vitally important to guaranteeing the lifespan of our products. But at the same time, we take care not to oversize them, in order to avoid any waste of resources.

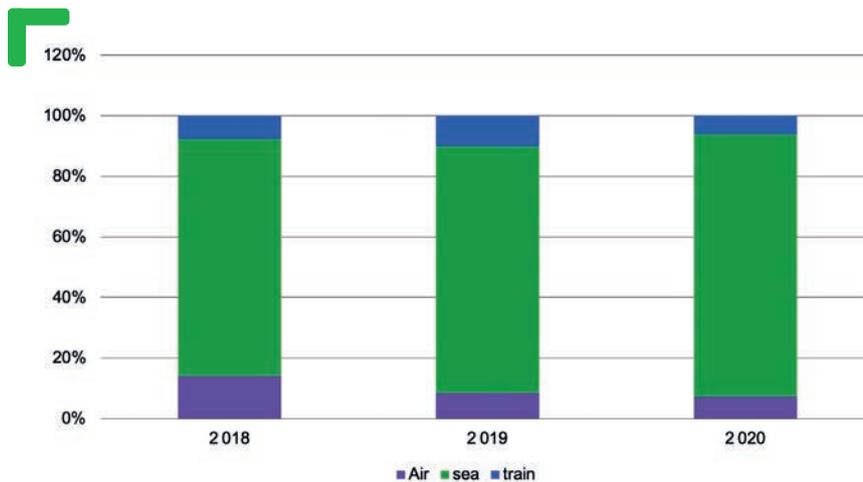
## Transport

Transport is a major source of greenhouse gas emissions. In particular, for urgent deliveries, shipping our components and finished products by air weighs heavily in the carbon balance. While only 7% of our incoming and outgoing goods were shipped by air over long distances, down 1% on 2019, air freight accounts for 97.8% of our logistics carbon impact! We try to avoid these situations by improving our forecasting processes and the corresponding manufacturing schedules. We pay close attention to local deliveries using reusable packaging materials. This avoids wasting pallets and cardboard boxes. We also try to optimise the packaging of components in partnership with our suppliers.



*The carbon impact by type of transport*

We can see this change in our transport mix by taking a closer look at the breakdown of the tonnages shipped over the corresponding distances. The decrease in the share of air freight is visible, despite the crisis we all went through due to COVID-19 in 2020. Consequently, the risk of increasing air transport in order to limit late deliveries was mitigated.



Breakdown of the means of transport in tonnes/kilometre

## Consumption of products

Energy consumption during use is the most significant environmental aspect of our products. Therefore, our strategy consists of making them more efficient in all their operating modes, and especially when in standby mode.

We pay particularly close attention to our broadband products. This equipment is at the heart of domestic networks, and, if we are not careful, they can consume energy needlessly and permanently. Therefore, we design them to operate as dynamically as possible, for example by switching off unused interfaces in order to cut energy consumption.

Our goal is to follow the European code of conduct for broadband products, which is representative of the most efficient products on the market. All our power supplies comply with the V5 European code of conduct, tier 2.

## Facilitating the recycling of our products right from the design phase

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. We take care to choose materials that are compatible in the recycling phases. Our products are then assembled in a way that facilitates their deconstruction and the separation of the various components.

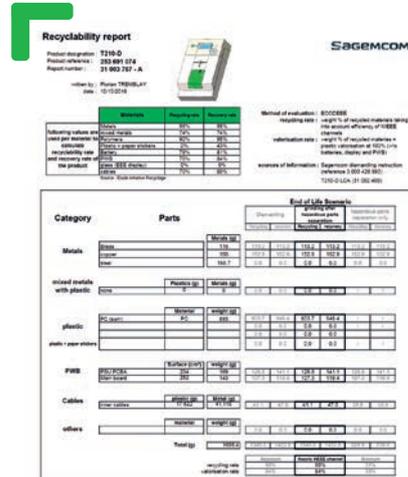
## Calculating product recyclability

We have built on our experience in design and our partnerships with recycling operators to introduce the measurement of the recyclability of our products in order to evaluate the benefits of our end-of-life oriented design methods.

This evaluation takes account of several parameters:

- The materials used
- The assembly techniques
- The known results of the WEEE processing channels

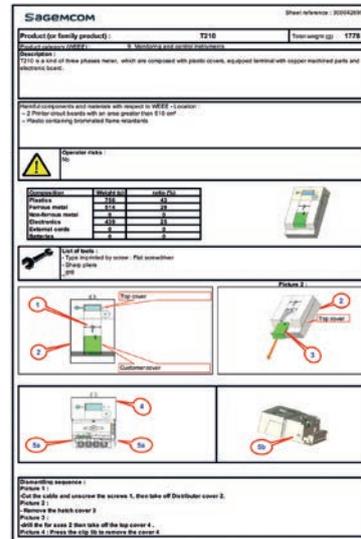
The evaluation attempts to be realistic, with three possible processing scenarios, ranging from refurbishing to direct destruction.



## 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 for recycling operators (sharp metal edges, etc.)



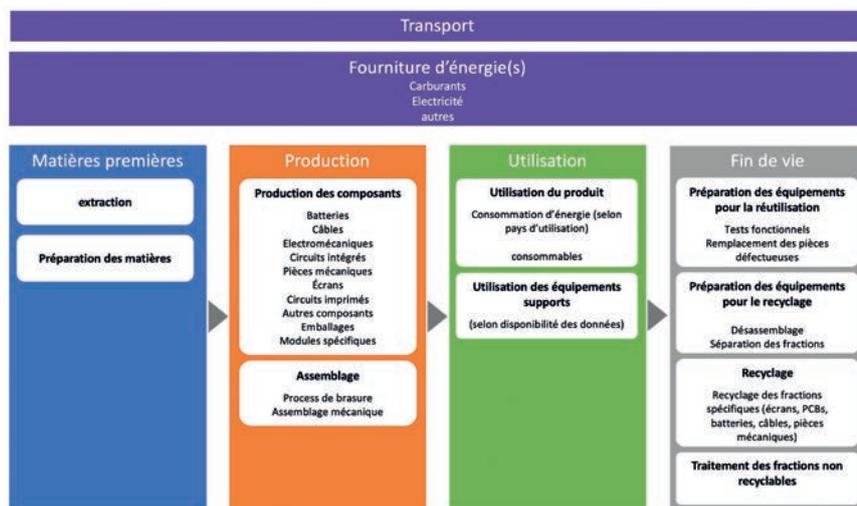
## Life-cycle analysis

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 the 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.

Major projects are all analysed to assess their impact and the associated gains. Analyses can be customised when requested by customers as of the product design stage. Every product family has a specific approach to the reduction of its environmental impact.

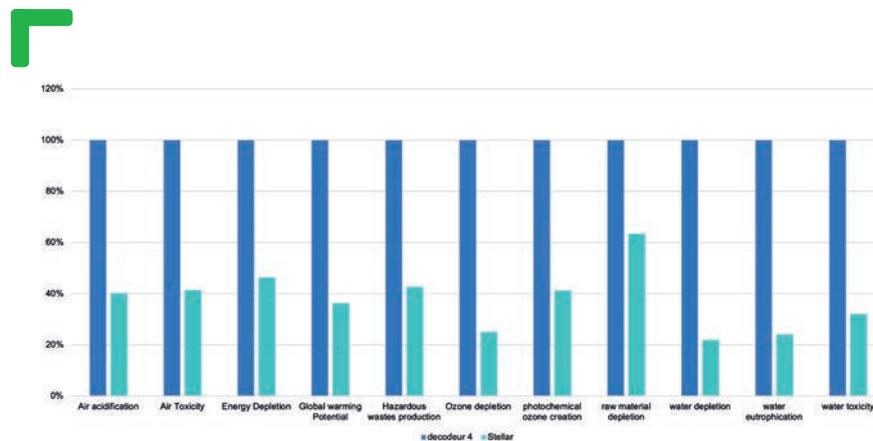
Our internal life-cycle analyses are conducted in accordance with the ISO 14044 standard and within the following boundaries:



These analyses are described in detail in reports specific to each product model. The reports illustrate the main impacts during the different phases of the product's life-cycle using several indicators.

	Short Name	Indicator	Unit
<b>PEP eco-passport – PCR 3.0 - 2015</b>	AP	Acidification potential	kg SO <sub>2</sub> eq.
	ADPe for EN15804	Abiotic depletion (elements, ultimate reserves)	kg Sb eq.
	ADPf for EN15804	Abiotic depletion (fossil fuels)	MJ
	AP for DHUP	Air Pollution	m <sup>3</sup>
	EP for EN15804	Eutrophication (fate not included)	kg PO <sub>4</sub> eq.
	GWP for EN15804	Global Warming (GWP100)	kg CO <sub>2</sub> eq.
	ODP for EN15804	Ozone layer Depletion ODP Steady state	kg CFC-11 eq.
	POCP for EN15804	Photochemical oxidation (high NOx)	kg C <sub>2</sub> H <sub>4</sub> eq.
	WP for DHUP	Water Pollution	m <sup>3</sup>
	<b>PEP eco-passport® - PCR 2.1 - 2014</b>	AA	Air acidification
AT		Air Toxicity	m <sup>3</sup>
ED		Energy Depletion	MJ
GW		Global Warming Potential	kg CO <sub>2</sub> eq.
HWP		Hazardous Wastes Production	kg
OD		Ozone Depletion	kg CFC-11 eq.
POC		Photochemical Ozone Creation	kg C <sub>2</sub> H <sub>4</sub> eq.
RMD		Raw Material Depletion	Y-1
WD		Water Depletion	dm <sup>3</sup>
WE		Water Eutrophication	kg PO <sub>4</sub> eq.
WT		Water Toxicity	m <sup>3</sup>
<b>DHUP decree n°2013-1264 compliant declaration</b>		ADPe for EN15804	Abiotic depletion (elements, ultimate reserves)
	ADPf for EN15804	Abiotic depletion (fossil fuels)	MJ
	AP for DHUP	Air Pollution	m <sup>3</sup>
	AP for EN15804	Acidification (including fate, average Europe total, A&B)	kg SO <sub>2</sub> eq
	EP for EN15804	Eutrophication (fate not included)	kg PO <sub>4</sub> eq.
	GWP for EN15804	Global Warming (GWP100)	kg CO <sub>2</sub> eq.
	ODP for EN15804	Ozone layer Depletion ODP Steady state	kg CFC-11 eq.
	POCP for EN15804	Photochemical oxidation (high NOx)	kg C <sub>2</sub> H <sub>4</sub> eq.
	WP for DHUP	Water Pollution	m <sup>3</sup>

These analyses enable us to demonstrate the progress we make in terms of the environmental impact of our products, from one generation to the next. For example, the impact of our DCIW385 set-top-box platform is 64% lower than that of its predecessor on the market:

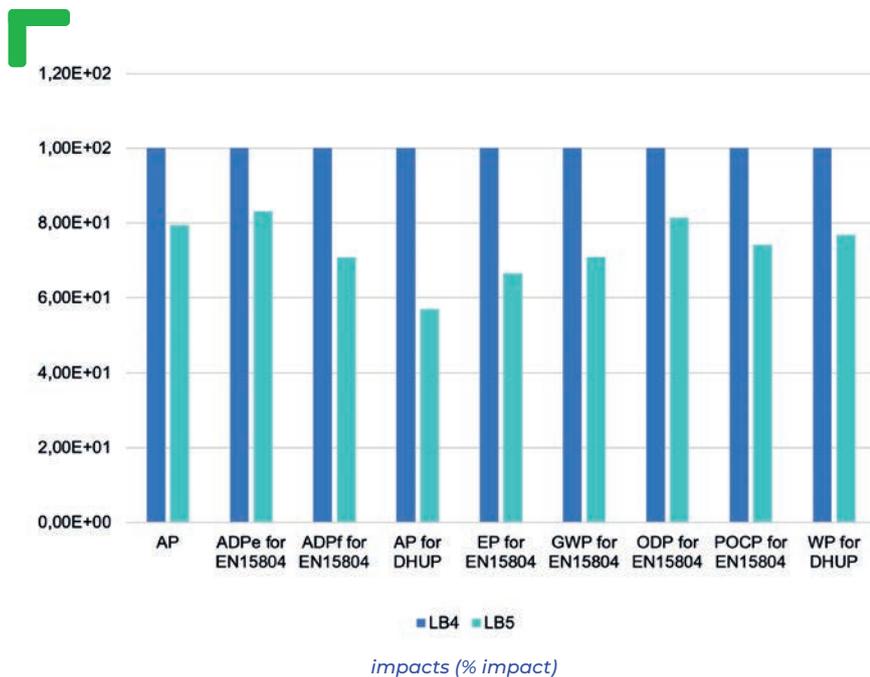


Comparison of the impact of the DCIW385 (in green) and the RTIW383 (in grey - reference impacts at 100%)

All its impact indicators have been reduced. It also shows that our innovations intended to reduce the carbon impact do not simply produce pollution elsewhere (the Global Warming Potential indicator).

We achieved this performance by miniaturising our products and reducing their energy consumption in standby mode. Unlike their predecessors, which switched to a connected standby mode, our new products feature a deep standby mode.

We did a lot of work on our residential gateways with our customer Orange in order to develop the most eco-designed box on the market. The Livebox 5 harnesses all of Sagemcom's know-how in ecodesign, with optimised electronics, reduced power consumption, that complies with version 7 of the European code of conduct, and housings made of recycled plastic sourced from European WEEE suppliers. As a consequence, its carbon impact has been slashed by 29% (information verified by an independent third party).

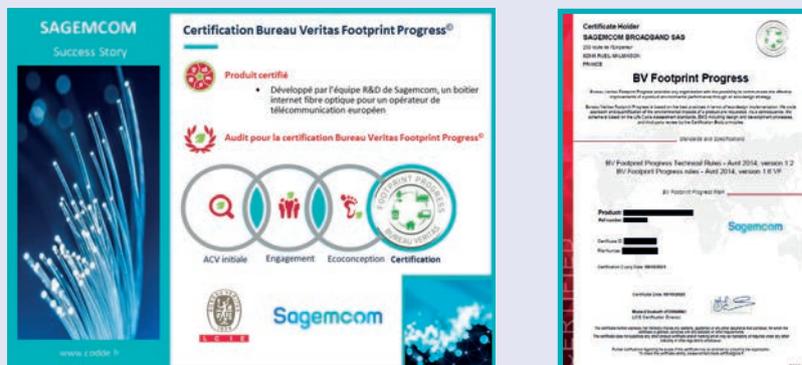


# A CLOSER LOOK AT: the Bureau Veritas Footprint progress® certification

The Bureau Veritas Footprint Progress® certification offers any organisation the possibility to publish information on improvements of the environmental performance of a product thanks to an ecodesign strategy.

Bureau Veritas Footprint Progress® is based on the best ecodesign practices. A description of the life-cycle and a quantification of the environmental impacts of the products / product families are required. Consequently, the certification system is based on the life-cycle analysis standards and the environmental management system standards, which include the design and development processes. In its capacity as a certification organisation, Bureau Veritas guarantees that the information provided by customers and stakeholders is true. The certification audit conducted by LCIE Bureau Veritas in 2020 highlighted the robustness of Sagemcom's ecodesign process.

"Sagemcom has a robust and efficient ecodesign process, which was initiated in 2007. The environmental footprint of the audited product is between 10% and 50% lower than that of the previous generation," explained the auditor, Damien Prunel.



With the launch of its new fibre box in Switzerland with the operator SALT, Sagemcom succeeded in reducing the environmental impacts according to the nine indicators that were analysed. The average reduction of the impact according to these nine indicators is 23%. By way of example, the product's carbon footprint has been reduced by 21%, which represents 22 kg CO<sub>2</sub> eq. of emissions per product.

## Grids and infrastructure

Sagemcom Energy & Telecom develops solutions to deploy electric power grids and telecommunications networks in African countries.

The WeLight partnership with Axian was founded to supply reliable, accessible and renewable energy to the populations in rural Madagascar and sub-Saharan Africa, by deploying innovative technologies and providing means of payment accessible to all.



Sagemcom Energy & Telecom has already deployed a total of 7.5 MWp of solar energy production in Africa, and expected to deploy a further 10 by the end of 2020.

GIS is actively participating in the development of Africa by reducing the digital divide through the provision of access to the network everywhere, the roll-out of the fibre network and the construction of telecommunications sites.

The activity of these telecommunications sites also supplies energy to villages off the grid, offering new possibilities to their inhabitants:

- Better health conditions
- The preservation of food
- Increased local agricultural output
- Business development
- Improved safety

# Sagemcom

**Sagemcom Group**  
250, route de l'Empereur  
92848 Rueil-Malmaison Cedex  
[www.sagemcom.com](http://www.sagemcom.com)