LEGRAND ESSENTIALS

REGISTRATION DOCUMENT

2017

legrand

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2017

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This is a non binding free translation into English of the Registration Document filed with the *Autorité des Marchés financiers* (French Financial Markets Authority) on April 6, 2018, pursuant to article 212-13 of its General Regulations. The French version of the Registration Document can be used in support of a financial transaction if it is supplemented by an information memorandum duly approved by the French Financial Markets Authority. This Document was prepared by the issuer. The signatories assume responsability for this document.

NOTE

The terms **"Group"** and **"Legrand"** refer to the Company (as defined in section 9.1 of this Registration Document), its consolidated subsidiaries and its minority shareholdings.

References to **"Legrand France"** relate specifically to the Company's subsidiary Legrand France, which was previously named Legrand SA but was renamed by the General Meeting of Shareholders dated February 14, 2006, and not to its other subsidiaries.

The Company's consolidated financial statements presented in this Registration Document for the financial year ending December 31, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. The Company prepares and presents its consolidated financial statements in accordance with IFRS as required by French law. IFRS may differ in certain significant respects from French GAAP. The separate financial statements are presented in accordance with French GAAP.

This Registration Document contains information about Legrand's markets and its competitive position therein, including market size and market share. As far as Legrand is aware, no exhaustive report exists with regard to the industry or the market for electrical and digital building infrastructures. Consequently, Legrand obtains data on its markets from its subsidiaries which compile information on their relevant markets on an annual basis. This information is derived from formal and informal contacts with professionals of the electricity sector (notably professional associations) and from building statistics and macroeconomic data. Legrand assesses its position in its markets based on the market data referred to above and on its actual sales in the relevant market.

Legrand believes that the information about market share contained in this Registration Document provides fair and adequate estimates of the size of its markets and fairly reflects its competitive position within these markets. However, internal surveys, estimates, market research and publicly available information, while believed by Legrand to be reliable, have not been independently verified and Legrand cannot guarantee that a third party using different methods to assemble, analyze or compute market data would obtain the same results. Furthermore, Legrand's competitors may define its markets differently. Because data relating to market shares and market sizes are Company estimates, they are not data extracted from the consolidated financial statements, and Legrand cautions readers not to place undue reliance on such information.

This Registration Document contains forward-looking statements. These forward-looking statements include all matters that are not historical facts. They are mentioned in various sections of this Registration Document and contain data relating to Legrand's intentions, estimates and targets, concerning in particular its market, strategy, growth, results, financial position and cash position.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of the Group's future performance. Legrand's actual financial position, results and cash flows as well as the development of the industrial sector in which it operates may differ significantly from the forward-looking information mentioned in this Registration Document, and even where these elements are consistent with the forward-looking information mentioned in this Registration Document, they may not be representative of the results or developments in later periods. Factors that could cause such differences include, among other things, the risk factors described in chapter 3 of this Registration Document. Accordingly, all forward-looking statements should be understood bearing in mind their inherent uncertainty.

The forward-looking statements referred to in this Registration Document are only made as of the date of this Registration Document. The Group will update this information as necessary in its financial communications. Legrand operates in a competitive environment subject to rapid change. Legrand may therefore not be able to anticipate all of the risks, uncertainties and other factors that could affect its activities, their potential impact on its activities or the extent to which the occurrence of a risk or combination of risks could lead to significantly different results from those set out in any forward-looking statements, noting that such forward-looking statements do not constitute a guarantee of actual results.

INTEGRATED REPORT 01

Interview with Benoît Coquart – Chief Executive Officer

Benoît Coquart,
Chief Executive Officer

What are the highlights of 2017?

In 2017, Legrand achieved double-digit growth in its main financial indicators, with in particular a growth of +10.0% in sales and of +12.9% in adjusted operating profit. We have also recorded a CSR roadmap achievement rate of 122%. The Group therefore fully met its targets for the year.

These good results reflect the renewed acceleration in our growth drivers. They are a further demonstration of the strength of the Group's development model and its ability to create sustainable value for all its stakeholders.

In early 2018, there was also a change in the Group's governance with the permanent separation of the roles of Chairman and Chief Executive Officer. This is in line with best governance practice and will ensure that Legrand's development continues on the best possible terms.

What is your medium-term vision for Legrand?

Legrand will continue to evolve, driven in particular by the technological and social changes that have a lasting and profound impact on buildings: digitalization, longer life expectancy and the growing desire of seniors to stay in their homes for as long as possible, the need to control energy consumption, growing urbanization, etc.

The Group intends to capitalize on these "megatrends" to continue its profitable and sustainable growth based on its historical and solid fundamentals: a clear strategy, a double (organic and external) growth driver, a permanent innovation approach with, in particular, increasingly digital offers aimed at increasing the value in use of our products for our customers and for users, a well-recognized financial discipline, and a unique corporate culture based on responsibility, the simplicity of our contacts, the speed of decision making, and strong values!

There is also no denying that the Group's development is only possible when we listen to and respect our stakeholders. That, in turn, has led us – for many years now – to formalize, deploy and measure our CSR strategy, which is a basis for our development.

How important is it for you to present Legrand through the integrated report?

Legrand has more than 37,000 employees worldwide and is present in nearly 90 countries. It therefore seemed appropriate that we prepare this integrated report, now in its third year, to summarize the Group's governance, overall performance, and the environment in which it operates, all with a view to value creation in the short, medium and long term.

This integrated report is based on the framework defined by the International Integrated Reporting Council (IIRC) and it comes as a supplement with our other publications. It charts the Group's ability to make the most of opportunities for value creation in a sustainable, responsible and profitable manner.

1 – A business model creating value over the long term

Legrand is the global specialist in electrical and digital building infrastructure. Its offering consists of several hundred thousand catalog items divided into seven major product categories, each under the responsibility (for product marketing, research and development, purchasing, manufacturing, supply chain) of seven Strategic Business Units (SBUs).

7 STRATEGIC BUSINESS UNITS (SBU)

USER INTERFACE	ENERGY DISTRIBUTION	BUILDING SYSTEMS	CABLE MANAGEMENT	DIGITAL INFRA-STRUCTURES	UPS	INSTALLATION COMPONENTS
• Switches • Socket outlets • Scenario switches etc.	• Distribution panels • Circuit breakers etc.	• Lighting management • Safety & Security systems etc.	• Trunking • Floor boxes etc.	• Enclosures • Patching racks • RJ45 connectors • Mounts etc.	• Uninterruptible Power Supply	• Tubes • Ducts • Extensions etc.

The depth of this offer, tailored to the low voltage market for the commercial, industrial and residential segments makes Legrand a global standard among all the players in its economic chain: distributors, to whom Legrand sells its products; electrical contractors, who install Legrand's solutions in buildings; product specifiers (architects, engineering firms); and end-users (individuals, companies, building managers).

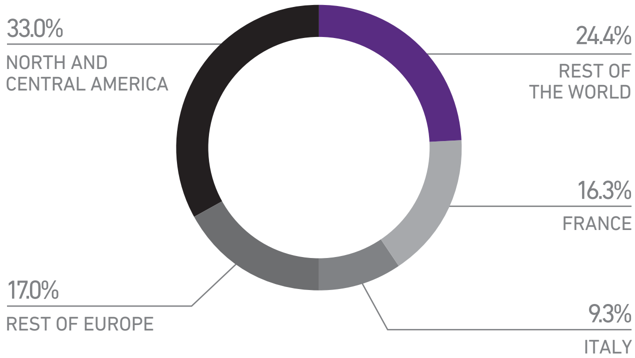
In 2017 Legrand generated sales of more than €5.5 billion, around 69%[1] of which were made with products ranked number 1 or number 2 in their respective markets. Close to its markets and focused on its entire economic chain, Legrand has more than 37,000 employees, and commercial and industrial operations in nearly 90 countries.

Sales in € million

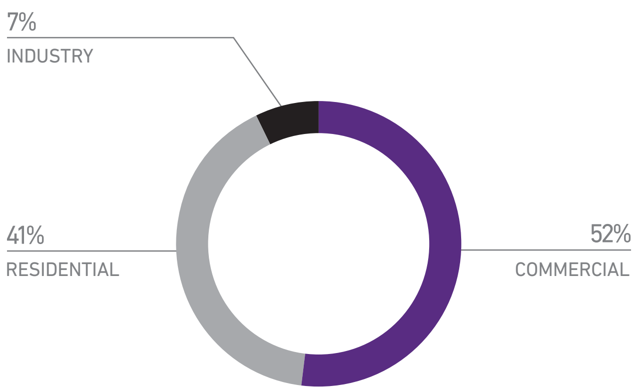
Adjusted operating profit* in € million

* *Operating profit adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill .*

2017 net sales by geographic region [2]



2017 net sales by end market



(1) Based on 2017 sales including 12 months of 2017 acquisitions.

(2) Net sales by geographic region of destination.

ORGANIZATION AND GROWTH DRIVERS

The Group's organizational structure is based on two distinct roles:

- first, sales (in a broad sense) and operational marketing (the Front Office) organized by country to meet the specific needs of each market; and
- second, activities linked to strategy, industrial operations (product marketing, innovation, R&D, manufacturing, purchasing and supply chain), and general administration (the Back Office), organized globally.

The Group benefits from solid, long term growth levers. Geographically, more than 80% of its sales were generated outside France in 2017. Around 33%(1) were generated in the United States, the Group's leading country in terms of sales.

With regard to Legrand's business, social megatrends and technological megatrends offer the Group long term growth prospects.

SOCIAL MEGATRENDS

Exchange of data
Energy saving
Low carbon energy
Security
Aging populations
Eco-design
Urbanization
...

TECHNOLOGICAL MEGATRENDS

The Internet of Things
Fiber optics
Wireless connectivity (WiFi, etc.)
Apps
Streaming
Measurement
Sensors
Big data
...

OPPORTUNITIES FOR LEGRAND

- Opportunity to boost value-in-use of products (Eliot program)
- Enrichment of building infrastructures

At the heart of these developments – in particular those linked to the emergence of the Internet of Things – lies the electrical and digital infrastructure of buildings, an area in which Legrand specializes. More generally, Legrand is convinced that new, and particularly digital, technologies, significantly increase the value-in-use of its products and systems for users. The Group therefore decided to step up its investments in this area: in innovation, with the launch of the Eliot program in July 2015 and its roll-out in six countries; in acquisitions, with the takeover in 2017 of Milestone AV Technologies, Server Technology and AFCO Systems Group.

The Group also continues to develop various technology and commercial partnerships with key players.

Legrand has set ambitious targets in this respect, such as double-digit average total annual growth in sales for connected products between 2014 and 2020, and offering 40 families of connected products by 2020. With average annual growth of +28% between 2014 and 2017, and more than 30 families of connected products in its offering, the Group was ahead of schedule by the end of 2017.

eliot™
PROGRAM BY LEGRAND

Eliot is a program launched by Legrand in 2015 to speed up deployment of the Internet of Things in its offering. A product of the Group's innovation strategy, it is designed to develop connected and interoperable solutions that deliver lasting benefits to consumers and professionals.

www.legrand.com «Eliot program» category

(1) Based on 2017 sales including 12 months of 2017 acquisitions.

GROWTH DRIVERS AND DEVELOPMENT MODEL

Legrand's business model relies on two growth drivers to strengthen its leadership positions worldwide, year after year.

Organic growth, driven by innovation with the regular launching of new offerings and by constant marketing and sales initiatives.

Among the initiatives relating to new technologies, Legrand is forging technology partnerships (for example, in lighting control with U.S. startups Lumenetix and Bios Lighting, which specialize in color management and lighting based on biological cycles, respectively) and commercial partnerships (notably with BNP Paribas Real Estate and Vinci Immobilier, whose pilot residential buildings in France, which were completed in 2017, have been equipped with the new "Céliane with Netatmo" connected user interface).

Innovation

R&D
4.8%
of 2017 sales

Over
3,700
active patents in 2017

The second growth driver for the Group is ***external growth***, with bolt-on[1] acquisitions of market-leading companies. Thus, in 2017 the Group continued this targeted acquisition strategy in a favorable economic environment. Its six external growth operations have enabled it to strengthen its positions in market segments driven by technological and social megatrends. For example, Legrand acquired Milestone AV Technologies, a leading player in the United States in audio-video infrastructure and power.

FOR MORE INFORMATION
2017 Registration Document – Chapter 2

External growth

Nearly
160
companies acquired since 1954

of which
56
acquisitions announced since 2004

The Group's development model is also characterized by high free cash flow generation and a solid balance sheet structure. Moreover, the Group is actively pursuing its productivity and optimization initiatives for capital employed, which contribute to the financing of its growth initiatives.

To finance the acquisition of Milestone AV Technologies and in connection with its refinancing operations, Legrand successfully launched two bond issues in 2017 for a total of €1.4 billion. These operations were completed on very attractive terms and contributed to extending the average Group's debt maturity to more than six years.

With its solid business model and the ongoing efforts to improve that model in keeping with the Group's four values (customer focus, innovation, ethical behavior and resource optimization), Legrand intends to continue strengthening its sustainable, profitable and highly cash-generative growth profile in order to finance its long term development and thus create value for all its stakeholders, while continuing to offer products that help to protect the environment.

The Group is listed on Euronext Paris and was notably a component stock of the CAC 40 index at the date of filing this Registration Document.

(1) Acquisitions that complement Legrand's activities.

2 – A CSR strategy that drives the Group's long term growth

Corporate Social Responsibility (CSR) is at the core of Legrand's development strategy. In particular, its aim is to enable sustainable use of electricity and access to new technologies for everyone, driving improvements for all stakeholders associated with Legrand's activities.

In 2017, Legrand conducted a materiality survey among all its stakeholders which it used to redefine the Group's materiality matrix. The survey received close to 3,800 responses, which confirmed the priority issues for Legrand and its stakeholders. The priority issues considered by the Group's stakeholders as strongly impacting the business are substantially stable compared to the materiality exercise performed back in 2013. It should be however noted that innovation or anti-corruption emerge more strongly in this survey. The Group addresses these issues through the priorities of its CSR roadmap for 2014-2018, while the redefined materiality matrix is already fueling Legrand's approach to its next roadmap.

Legrand produces its CSR strategy in the form of a roadmap covering several years. In 2014, Legrand published its third roadmap for the period 2014-2018 expressed around four focus points: user, society, employees and the environment.

EMPLOYEES

- Respect Human Rights
- Guarantee safety and health at work
- Develop skills and promote diversity

ENVIRONMENT

- Reduce the group's environmental footprint
- Innovate for a circular economy

SOCIETY

- Act ethically
- Ensure responsible purshasing
- Enable access to electricity for all

21 PRIORITIES FOR 2014-2018

USER

- Provide sustainable solutions
- Play a driving role in the electrical sector

The management of the roadmap and its roll-out to the various countries are handled jointly by the CSR Department, the Strategic Business Units (SBUs), and the functional departments (Human Resources, Purchasing, Health and Safety, Environment, etc.) with the local representatives concerned. The Group's annual CSR performance is measured by monitoring indicators relating to these 21 priorities. For each priority, the Group undertakes to publish an annual progress report based on the indicator(s) identified, which helps monitor the Group's integrated performance.

The progress of the roadmap's 21 priorities is measured using indicators deployed at two levels: local (at individual country level) and consolidated (across the Group as a whole).

It is worth noting that the entire approach described above is reviewed annually by one of the two Statutory Auditors (hereinafter referred to as the "Independent Third Party Body"), in order to check its soundness and report on its results, as transparently as possible, to all the Group's stakeholders.

Short term compensation (bonus) as well as the Long Term Incentive plan (LTI) for the Executive Officer and for the key managers of the Group are partly indexed to the achievement of the targets established in the CSR roadmap.

FOR MORE INFORMATION
2017 Registration Document - Chapter 4

3 – Risk management for performance

Risk management is key to managing the Group's operations. It contributes to the achievement of targets and, in particular, profitable, sustainable and responsible value creation. Depending on the Group's development and its environment, this means identifying the main risks and implementing the mechanisms to maintain them at an acceptable level.

Risk management is a permanent exercise under the responsibility of all Group managers. A dedicated governance framework has been put in place, with a risk committee chaired by the Chief Executive Officer, and with operational risk committees in some departments. The Audit Committee is charged with assessing the organization and effectiveness of the mechanism.

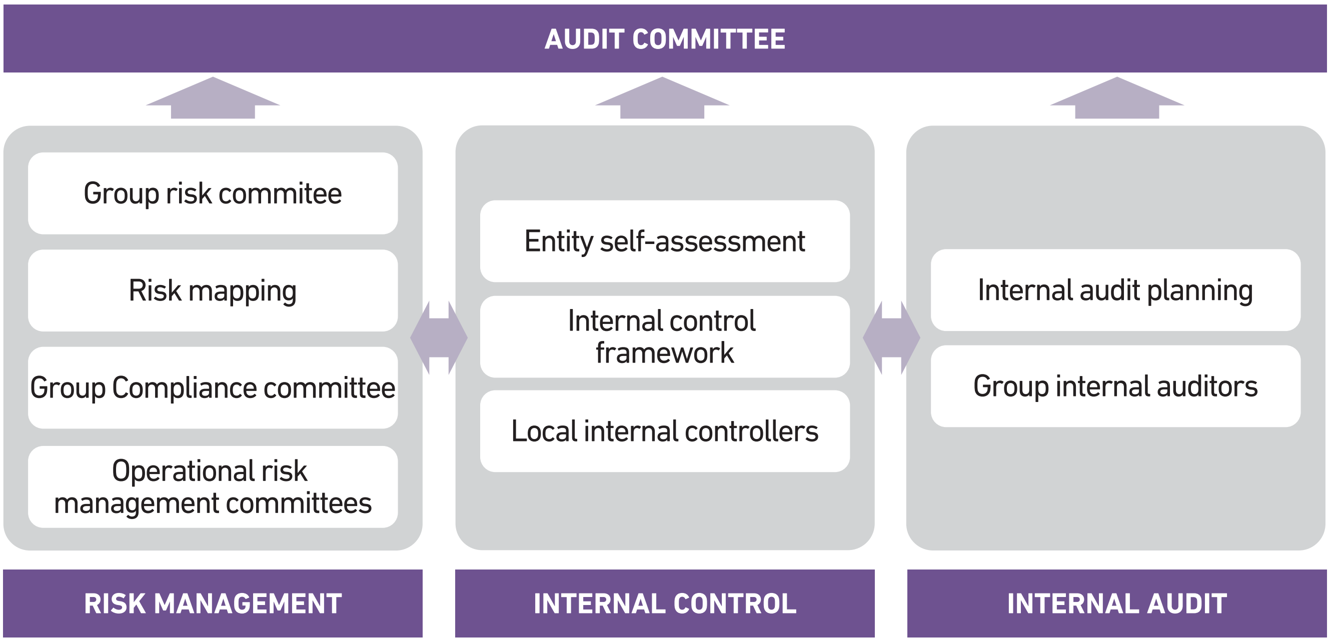
The approach is based on identifying and ranking risks, depending on their impact, probability and estimated level of control.

Major risks identified through this mapping are those that are likely to significantly impact the Group's strategy, operations, financial position or reputation. Risk factors are diverse and can be external (regulatory changes, competition, technological developments, market turmoil, natural disaster) or internal (equipment or human failure, fraud, poor decision-making, non-compliance with regulations, etc.).

The risk control mechanisms put in place include, in particular, the organizational items (a manager appointed for each risk, dedicated teams for certain subjects), training, outsourcing or risk coverage solutions (sub-contracting, insurance), specific governance (committees or dedicated bodies, reporting, indicators) and processes for managing risks in daily operations, as well as regular monitoring (audits).

More generally, the Group's risk management process is designed to be functional and dynamic, and to adapt to any changes in the environment or regulations. For example, the Group is tightening its cybersecurity and factoring in legislative changes such as the introduction of the duty of care or new rules under the Sapin 2 law.

A summary table with the main risks and the related management policies is provided in the 2017 Registration Document.



FOR MORE INFORMATION
2017 Registration Document – Chapter 3

4 – Governance – the key to striking a balance among priorities

Legrand is listed on Euronext Paris and was included in the CAC 40 at the filing date of this Registration Document. Its shareholder base is international, but is mainly based in France, the United Kingdom, the United States and various European countries. The free float is 96%. As a result, Legrand is particularly focused on its governance, ensuring that it meets the highest standards not only in terms of compliance, but in the interests of all stakeholders.

The Company refers to the principles of corporate governance for listed companies set out in the Afep-Medef Code of Corporate Governance, which can be consulted on Medef's website at: *www.medef.com*.

It was announced on February 8, 2018 that the offices of Chairman and of Chief Executive Officer were separated with immediate effect, in accordance with the best governance practice.

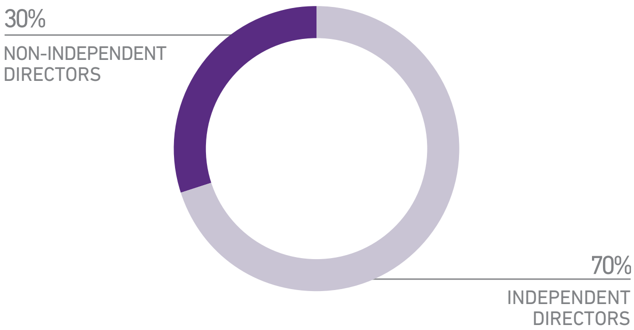
FOR MORE INFORMATION
2017 Registration Document – Chapter 7 – Paragraph 7.1.1.

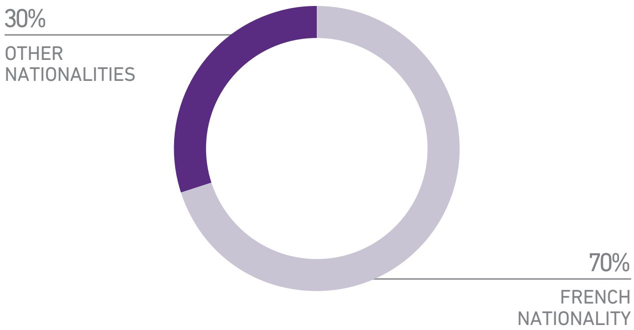
BOARD OF DIRECTORS: INDEPENDENCE, DIVERSE AND VARIED SKILLS

The Board of Directors exercises the powers vested in it by law to act in the interests of the company in all circumstances. The Board's decisions are made within the context of the Group's sustainable development approach.

Varied and complementary profiles are thus present with strategic, financial and specific skills such as financial communication, CSR, talent management and marketing.

The Board of Directors[1] is composed as follows:





In 2017, the Board of Directors met six times. In 2017, Directors' attendance rate at Board meetings was 87%.

At least once a year, the Board of Directors debates its operation (this involves a corresponding review of the Board's specialized committees). This is reflected in the Company's annual report so that shareholders are kept informed each year of the assessment carried out and, if applicable, any steps taken as a result. The Lead Director supervises the assessment of the Board's operations and those of its specialized committees.

In order to facilitate the work of the Board of Directors and the preparation of deliberations, the Board may establish specialized Committees that examine topics within their respective areas of competence and submit opinions, proposals and recommendations to the Board of Directors.

There are four permanent specialized committees which are all chaired by an independent director:

- the Audit Committee;
- the Nominating and Governance Committee;
- the Compensation Committee; and
- the Strategy and Social Responsibility Committee.

(1) Subject to approval of the appointment and re-election of directors by the Annual General Meeting on May 30, 2018.

Audit Committee	Nominating and Governance Committee	Compensation Committee	Strategy and Social Responsibility Committee
■ 3 members. ■ 100% independent members.	■ 3 members. ■ 66% independent members.	■ 3 members. ■ 100% independent members.	■ 5 members. ■ 60% independent members.
■ 7 meetings during the year.	■ 3 meetings during the year.	■ 3 meetings during the year.	■ 4 meetings during the year.
Main tasks, to: ■ Review and monitor the effectiveness of the internal control and internal audit framework in relation to the procedures for the preparation and processing of financial and accounting information; ■ Review risk mapping; ■ Monitor the financial reporting process and, where appropriate, to make recommendations to ensure its soundness; ■ Conduct a prior examination of the corporate accounts and the consolidated financial statements; ■ Ensure that the financial statements are audited by the Statutory Auditors.	Main tasks, to: ■ Make proposals regarding the composition of the Board and its committees; ■ Periodically assess the proper operation of the Board; ■ Monitor changes in corporate governance and ensure that they are applied by the Company; ■ Establish a succession plan for executives.	Main tasks, to: ■ Make proposals regarding the compensation components of executives and directors; ■ Ensure that the Company fulfills its obligations regarding the transparency of compensation.	Main tasks, to: ■ Examine major projects concerning the Group's development and strategic positioning; ■ Examine the draft annual budgets submitted to the Board; ■ Assess the balance between the Group's strategy and CSR principles; ■ Review the main findings of the independent third party body.

During 2017, the rate of Directors' attendance at meetings of the specialized committees was 99%.

THE EXECUTIVE COMMITTEE: A MULTI-DISCIPLINARY AND EXPERIENCED TEAM

The Executive Committee is made up of a tightly-knit team of nine members with diverse and complementary expertise. All members of the Committee understand the core business of the Group and its development stakes. This Committee gathers together the General Managements of countries and also the supporting operational departments of these countries. Several nationalities are present in this body (French, American and Italian), reflecting the history and geographic distribution of Legrand's business.

As of the filing date of the 2017 Registration Document, the Executive Committee which includes two womens among its members is made up as follows:

Name	Functions	Date of joining the Group
Mr. Benoît Coquart	General Manager	1997
Ms. Karine Alquier-Caro	Executive VP Purchasing	2001
Ms. Bénédicte Bahier	Executive VP Legal Affairs	2007
Mr. Antoine Burel	Chief Financial Officer	1993
Mr. Xavier Couturier	Executive VP Human Resources	1988
Mr. Paolo Perino	Chairman of Bticino and Executive VP of Strategy and Development	1989
Mr. John Selldorff	President and Chief Executive Officer of Legrand North & Central America	2002
Mr. Patrice Soudan	Deputy Chief Executive Officer, Executive VP Group Operations	1990
Mr. Frédéric Xerri	Executive VP Export	1993

FOR MORE INFORMATION
2017 Registration Document – Chapter 6 – Paragraph 6.1

5 – Very good integrated performance in 2017: targets[(1)] fully achieved

Legrand recorded a very good performance[(1)] in 2017 and demonstrated its ability to create lasting value for all its stakeholders:

- the Group's profitable growth gathered pace with an increase of +10.0% in consolidated sales, +12.9% in adjusted operating profit, and +13.2% in net profit attributable to the Group (notably reflecting both a good operating performance and a decrease in financial expense);
- normalized free cash flow was up +17.8% to €735.2 million; and
- the CSR roadmap achievement rate was 122%, Legrand thus nearly met the targets set in its five-year roadmap in year four.

FINANCIAL PERFORMANCE

Detail of financial performance:

(in millions of euros except %)	**2017**	2016	2015
Revenue	**5,520.8**	**5,018.9**	**4,809.9**
Total sales growth	+10.0%	+4.3%	+6.9%
Sales growth at constant scope of consolidation and exchange rates	+3.1%	+1.8%	+0.5%
EBITDA[(1)]	**1,241.5**	**1,109.0**	**1,056.4**
Maintainable EBITDA[(2)]	1,262.7	1,134.1	1,084.4
Adjusted operating profit[(3)]	**1,104.9**	**978.5**	**930.4**
As a percentage of sales	20.0%	19.5%	19.3%
Maintainable adjusted operating profit[(2)]	1,125.4	1,003.6	958.4
Net income[(4)]	**713.2[(8)]**	**630.2[(8)]**	**552.0**
As a percentage of sales	12.9%	12.6%	11.5%
Free cash flow[(5)]	**695.8**	**673.0**	**666.0**
As a percentage of sales	12.6%	13.4%	13.8%
Normalized free cash flow[(6)]	**735.2**	**623.9**	**617.2**
As a percentage of sales	13.3%	12.4%	12.8%
Net financial debt at December 31[(7)]	**2,219.5**	**957.0**	**802.7**

(1), (2), (3), (4), (5), (6) and (7): Please refer to section 5.15 of the 2017 Registration Document for a reminder of all the definitions.

(8) Adjusted for the net favorable effect of significant non-recurring gains and expenses resulting from announced changes in corporate taxation, primarily in France and in the United States (€85.5 million in 2017 and €61.2 million in 2016), net income for 2017 and 2016 was €627.7 million and €569.0 million, respectively. This net favorable effect is adjusted as it does not reflect an underlying performance.

2017 CONSOLIDATED SALES

Sales for 2017 stood at €5,520.8 million, up +10.0% from 2016.

Sales growth at constant scope of consolidation and exchange rates was +3.1%, with increases in all five geographical regions. These showings, which reflect strengthening of the Group's market positions in many countries, were driven both by sustained growth in new economies (+4.7%) and good performances in mature countries (+2.4%). They also illustrate successful launches of new products, as well as the commitment of teams across all countries.

The contribution of the broader scope of consolidation to Group growth was +7.8% in 2017, and is expected to be over +7%[(2)] in 2018.

The exchange-rate effect on sales was -1.1% in 2017. Based on average exchange rates in January 2018, (i) the full-year foreign-exchange impact on 2018 sales should be around -4% (around -6% in the first half of 2018 and around -2% in the second half of 2018) and (ii) change in foreign-exchange rates shouldn't have any impact on Group operating margin.

(1) This relates to integrated performance combining financial and CSR-linked extra-financial results, drawing on a broader approach to corporate scope creating value for all stakeholders.

(2) Based on acquisitions announced in 2017.

As a reminder, organic growth in sales was strong in the first quarter of 2017, thus representing a demanding basis for comparison including an unfavorable calendar effect in the first quarter of 2018 and in particular in the United States.

Changes in sales at constant scope of consolidation and exchange rates are analyzed below by geographical region:

- **France** (16.3% of Group sales): organic growth in sales in France stood at +3.2% in 2017.

  This good relative performance reflects the strengthening of Legrand's positions in France, driven by factors including successful commercial initiatives and well-received launches of new products, among them the Classe 300X door entry system and LCS3 digital infrastructure solutions.

  The new residential construction market showed strong growth throughout the year. Over the same period, new non-residential construction also expanded, while the renovation market showed very moderate growth.

  At the end of 2017, French building sector activity accelerated, fueled by a marked one-off rise in demand that drove organic growth in the fourth quarter.

- **Italy** (9.3% of Group sales): at constant scope of consolidation and exchange rates, sales were up +4.0% in Italy for 2017 as a whole.

  These 2017 showings were led by a very positive response to recently launched connected offerings, including the Classe 300X door entry system, My Home Up home systems, and the new Smarther intelligent thermostat. Against a backdrop of very slight growth in the construction market, this healthy performance also illustrated the Group's successful commercial initiatives.

- **Rest of Europe** (17.0% of Group sales): at constant scope of consolidation and exchange rates, sales rose +5.5% from 2016.

  Countries in Eastern Europe, including Russia, Hungary and the Czech Republic, turned in solid showings for the year as a whole.

  Turkey also reported strong growth in sales, benefiting from a favorable basis for comparison in the second half of 2016.

  In addition, business increased strongly in a number of mature European countries of the zone, including Spain, the Netherlands, Greece and Scandinavian countries.

  In the United Kingdom (less than 2.5% of Legrand's total sales) sales were up very slightly compared with 2016, with activity declining in the second half alone.

- **North and Central America** (33.0% of the Group's sales): at constant scope of consolidation and exchange rates, sales were up +1.7% from 2016 and +7.6% over two years compared with 2015, due notably to a very good performance in the United States in 2016[1].

  In the United States alone, organic growth stood at +1.0% for 2017[1] and was up +6.6% over two years compared with 2015. This good showing reflects Legrand's stronger positions in the country, driven by new products and successful commercial initiatives.

  Milestone's performance over full-year 2017 was at the top of the range of the aim announced[2] last November, with organic growth in sales up +3.0%.

  There was also a double-digit rise in sales in Mexico.

- **Rest of the world** (24.4% of Group sales): organic growth was up +3.1% from 2016.

  This good performance was buoyed by a number of countries in the region, including China, Indonesia, Algeria and the United Arab Emirates.

  Growth was also sustained in India, with a particularly sharp rise in the second half after a temporary slowdown in the second quarter as the GST[3] was rolled out.

  In the rest of the region, sales retreated in Brazil, Colombia and Malaysia, in particular.

ADJUSTED OPERATING PROFIT AND MARGIN

Adjusted operating profit was up +12.9% to €1,104.9 million, reflecting the Group's ability to create value through profitable growth.

Adjusted operating margin before acquisitions (at 2016 scope of consolidation) stood at 20.1% of sales in 2017, in line with the top end of the target range (20.1%). When acquisitions are taken into account, the adjusted operating margin stood at 20.0% of net sales.

By reacting quickly to adjust its price lists, Legrand more than offset, in absolute value, the impact of a marked rise in raw material and component prices in 2017.

(1) As a reminder, the US recorded organic growth in sales of +5.6% in 2016. As noted on page 4 of the press release presenting full-year 2016 results, published February 9, 2017, organic growth for 2016 as a whole would have stood at around +3% excluding one-off impacts due to the "success of the Digital Lighting Management offering", "good showings in the non-residential segment" and "one-off load-in in the retail business".

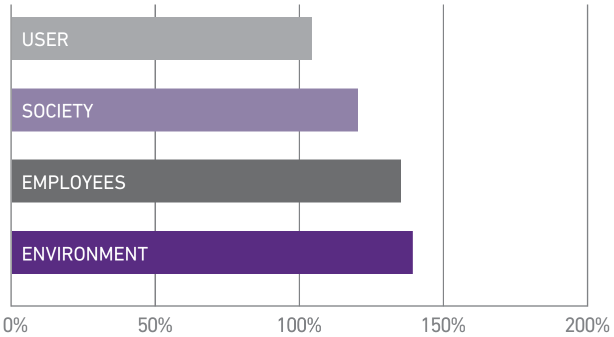
(2) As a reminder, on page 10 of the press release announcing nine-month 2017 results (published November 7, 2017), Legrand indicated that the full-year 2017 aim for organic growth in sales at Milestone was between +2% and +3%. For more details on Milestone's sales growth in 2017, readers are invited to consult page 16 in the appendices of the press release announcing the 2017 annual results and the change in governance, published on February 8, 2018.

(3) GST: Goods and Services Tax.

NON-FINANCIAL PERFORMANCE

With a 122% global achievement rate for targets set for the end of 2017 (as a reminder, the 2014-2018 roadmap comprises 21 targets with annual milestones), the Group was ahead of planned schedule. This performance reflects Legrand's capacity to push ahead on all fronts in meeting the 4 focus points of its CSR roadmap.

2017 objectives achievement rates



- **User:** Users of the Legrand Group's products and their needs are the Group's main focus and concern. It relies on innovation to offer users sustainable solutions and to drive progress in the electrical sector. Since 2014, the Group's energy-efficient solutions have avoided 2.7 million metric tons of CO_2 emissions in aggregate terms. The Group continued to deploy its communication policy on the environmental impacts of its products, with 67% of its sales achieved with products with a Product Environmental Profile (PEP), thus meeting the 2018 target a year early. In addition, nine major new partnerships and collaborative research projects were launched during the year. Around 613,000 customers have received training since 2014, while 92% of Group sales are covered by a Customer Relationship Management (CRM) system.
- **Society:** Social responsibility applies to all partners with whom the Legrand Group interacts. This interaction takes place with the utmost respect for ethical principles, particularly in terms of business practices and purchasing policy. In 2017, an additional 600 people were trained in business ethics, taking the number of people trained on these subjects to almost 2,900 since 2014. The compliance program continued to be rolled out to more than 50 countries. The Group also continued to identify and support suppliers exposed to CSR risks, and 215 action plans were set up in around 20 countries. As a socially responsible organization, the Group is also committed to helping as many people as possible gain sustainable access to electricity. In 2017, joint action with *Électriciens sans frontières* led to 320,000[(1)] people benefiting directly or indirectly from access to power. The Legrand Foundation has supported 34 projects since it was created.
- **Employees:** Legrand pays particular attention to the working conditions of its employees and its responsibilities towards them. The Group seeks to ensure respect for human rights all over the world. It is also committed to health and safety for all. It strives to develop the skills of each individual and to foster diversity. In 2017, an assessment of the risks of human rights violations was carried out on 100% of the Group's workforce considered exposed to these risks. The occupational risk management plans and the health and safety monitoring and improvement process cover more than 90% of the workforce, while the workplace accident frequency rate fell by 51% between 2013 and 2017. In all, 90% of employees attended one or more training courses and 92% of managers had an individual appraisal review.
- **Environment:** Legrand has long been committed to safeguarding the environment. This responsibility applies not only to the Group's sites, but also the design of its products. The challenge is to innovate in order to limit the environmental impact of Legrand's operations. This includes promoting the development of a circular economy. In 2017, 92% of the main industrial and logistics sites were ISO 14001 certified. The Group's average energy intensity dropped by 17% between 2013 and 2017 (at current scope). 90% of waste was sent for recycling, and 93% of the Group's sales[(2)] comply with the requirements of the RoHS regulations.

FOR MORE INFORMATION

- *2017 Registration Document – Chapter 4*

6 – 2018 outlook[(3)]

Macroeconomic projections for 2018 call for a still favorable economic environment overall. Against this backdrop, Legrand plans to pursue its strategy of profitable growth and has set the following targets for 2018:

- organic growth in sales of between +1% and +4%; and
- adjusted operating margin before acquisitions (at 2017 scope of consolidation) of between 20.0% and 20.5% of sales.

Legrand will also pursue its strategy of value-creating acquisitions. Based on the acquisitions already announced, the contribution of the broader scope of consolidation to Group growth is already over +7% in 2018.

Furthermore, Legrand continues with its efforts to achieve the 2018 targets set for the 21 priorities in the Group's CSR roadmap.

(1) Data provided by Électriciens sans frontières indicating the number of people potentially affected by projects supported by Legrand.

(2) Including Group products outside the scope of RoHS regulations.

(3) 2018 targets announced on February 8, 2018 when the 2017 full-year results were released.

GROUP OVERVIEW

02

2.1 – LEGRAND AND ITS BUSINESS

2.1.1 – Overview

2.1.1.1 A BUSINESS MODEL CREATING VALUE OVER THE LONG TERM

Legrand is the global specialist in electrical and digital building infrastructure.

More specifically, the Group offers hundreds of thousands of products across seven major categories:

- User interface: control functions (lighting, shutters, heating, etc.) and connection functions (sockets for power, for voice, data, image, for USB type charging, etc.);
- Cable management: trunking, ducting, cable support or routing systems, wire-mesh cable management systems, floor boxes, etc.;
- Energy distribution products: circuit breakers, surge protection, busbars, transformers, etc.;
- Digital infrastructure: data distribution (pre-wired copper or fiber-optic solutions for IT, telephone and video networks, RJ45 sockets, screen mounts, etc.);
- Building systems: lighting and energy management, home systems, assisted living systems, security lighting, architectural lighting, etc.;
- UPS (Uninterruptible power supply); and
- Installation components: connectors, tubes and ducts, plugs, multi-outlet units, cable ties, flush-mounting boxes, etc.

This comprehensive offering tailored to the low voltage market for the commercial, industrial and residential segments makes Legrand a global standard among all actors in its economic chain: the distributors to whom Legrand sells its products, the electrical contractors who install Legrand's solutions in buildings, product specifiers (architects, engineering firms) and end-users (individuals, companies, building managers).

Legrand's business model relies on two growth drivers to strengthen its leadership positions worldwide year after year.

The first driver, organic growth, is fueled by innovation with regular launches of new offerings – including connected products (as part of the Eliot program) with greater value-in-use for installers, building maintenance companies and end-users, supported by many marketing and sales initiatives, thanks in particular to new digital tools.

External growth is the Group's second growth driver, with the acquisition of businesses that are highly complementary with its businesses and have leading positions in their markets.

The other feature of Legrand's business model is that it is based on high free cash flow generation that has enabled the Group to finance its growth and maintain a solid balance sheet structure. Indeed, as initiatives linked to new technologies expand, Legrand is at the same time actively pursuing its initiatives targeting productivity – mainly linked to the "digitalization" of certain processes and to the optimal use of capital employed – thanks to the new industrial organization implemented in 2014. In total, profits from this industrial transformation contribute to the financing of initiatives linked to new technologies.

Thanks to the soundness of its business model and ongoing efforts to improve that model, and in keeping with the Group's four values (customer focus, innovation, ethical behavior and resource optimization), Legrand intends to continue to strengthen its sustainable, profitable and highly cash-generative growth profile in order to finance its growth over time and thus create value for all its stakeholders, while continuing to offer products that help protect the environment.

The Group is listed on Euronext Paris and is notably a stock component of the CAC 40 index as of the date on which this Registration Document was filed.

The Group markets its products under internationally recognized generalist brands, such as *Legrand* and *Bticino*, as well as under well-known local and specialist brands. Close to its markets and focused on its entire economic chain, Legrand has more than 37,000 employees, and commercial and industrial operations in nearly 90 countries.

The Group's organizational structure is based on two distinct roles:

- on the one hand, operational sales and operational marketing (Front Office), organized by country in order to respond to the specific requirements of each market in terms of relations with distributors, electrical installers, product specifiers and end-users; and
- on the other hand, activities linked to strategy, industrial operations (innovation, R&D, manufacturing, purchasing and supply chain), and general administration (Back Office), organized globally.

The Group benefits from solid, long term growth levers. Geographically, more than 80% of its sales are generated internationally, of which around 33% in the United States, the Group's top country in terms of sales (based on 2017 sales, including 12 months from the acquisitions completed in 2017). Apart from new business segments[1], social megatrends (such as aging populations, increasing willingness to reduce energy consumption and the growth of new economies) and technological megatrends (particularly digital, with the Internet of Things) offer long term growth prospects for the Group. Indeed, at the heart of these developments – in particular those linked to the emergence of the Internet of Things – lies the electrical and digital infrastructure of buildings, an area in which Legrand specializes.

More generally, Legrand is convinced that new technologies, particularly digital ones, significantly increase the value-in-use of its products and systems. The Group has therefore decided to step up its investments in this field: innovation, especially with the launch of the Eliot program in July 2015; acquisitions, in particular with the acquisition of Milestone AV Technologies, Server Technology and AFCO Systems Group in 2017; and the signing of a number of technology partnerships with major groups such as Amazon, Apple and Google or start-ups (in the lighting control field with Lumenetix and Bios Lighting – respectively specalized in color management and biological cycles), as well as commercial partnerships (for example, with BNP Paribas Real Estate and Vinci Immobilier, whose pilot residences, launched in France in 2017, are equiped with "Céliane with Netatmo", a new line of connected user interfaces. Against this backdrop, Legrand has set itself ambitious targets, such as achieving double digit average total annual growth in sales for connected products between 2014 and 2020, and doubling the number of its connected product families, from 20 in 2014 to 40 in 2020. By the end of 2017, achievements were well ahead of this schedule.

2.1.1.2 NUMEROUS GROWTH OPPORTUNITIES

Driven by social megatrends (such as environmental protection, the sharp rise in data traffic, aging populations and the growth of new economies) and technological megatrends (such as the emerging Internet of Things, Big Data, wireless and fiber-optic technology), the market for electrical and digital building infrastructure is changing, offering enriched features and the scope for long term growth. The Group's growth, both geographic and in terms of products and distribution channels, is at the heart of the global challenges raised by these megatrends.

2.1.1.2.1 International development

Strengthening the Group's presence in North and Central America

As a result of its ongoing innovation efforts, accompanied by 15 acquisitions in the North and Central America region in the last 10 years, the Group generated more than 30% of its sales in this region in 2017, thereby strengthening its leadership positions (particularly in audio-video infrastructure and power, cable management, highly energy-efficient lighting control, pre-terminated solutions for voice-data-image networks, and structured cabling for residential buildings). More particularly the United States, which represents around 33% of Legrand's sales (based on 2017 sales including 12 months of 2017 acquisitions), has been the Group's number one country in terms of sales since 2015.

More specifically, in 2017, Legrand completed the acquisition of Milestone AV Technologies, a leading player of the Audio-Video (AV) infrastructure and power in the United States. This acquisition rounds out the Group's solid positions in this field since its acquisition of Middle Atlantic Products in 2011.

Milestone's business is driven by long term evolutions, related in particular to the rapid growth of communication modes and needs (collaborative and remote working) and to technological innovation (digitalization of promotional media and streaming[2]). With over 75% of its sales generated with products that are number 1 on their markets (with the brands Chief, Sanus and Dalite), Milestone has very solid market positions and in 2017, it recorded an adjusted operating margin of 21.8%.

These good showings are the result of a growth model that is very close to that of Legrand, built on innovation, financial discipline maintained in the long term, client-centered customer support and an integrated vision of performance that takes strong CSR commitments into account.

Moreover, the complementarities between Milestone and Middle Atlantic Products, a subsidiary of Legrand and leader of AV enclosures, should enable short-term and medium-term synergies for the Group, estimated between 1% and 5% of Milestone's sales in 2016 ($464 million). In this connection, Legrand has created an Audio-Video Division in North America, that brings together Milestone and Middle Atlantic Products (the historic Audio-Video businesses of Legrand) as well as a Residential AV Business Unit that combines the Audio-Video residential offerings of Milestone, Middle Atlantic Products, Luxul, Nuvo, QMotion, Vantage and OnQ, to be distributed through the current sales teams that serve specialist channels like CEDIA[3].

Presence in the new economies

The new economies (Latin America, Central America, Eastern Europe, Turkey, Asia excluding South Korea, Oceania excluding Australia, Africa and the Middle East) offer long term growth

(1) Energy efficiency, home systems, digital infrastructure and assisted living.

(2) Continuous digital access to information.

(3) International trade association grouping all players in home systems – manufacturers, designers and integrators.

potential. Considering that around 15% of the world's population does not yet have access to electricity, and that a middle class boom is expected in many countries (for instance, according to the United Nations, Asia will have 3 billion middle class citizens by 2030, five times more than in Europe), driving demand especially for high value-added products, Legrand believes that in the long term, its market offers attractive growth potential as electricity generation and distribution infrastructures are gradually developing.

The Group sells its products in nearly 130 new economies and has a commercial and/or industrial presence in over half of them. This expansion is evenly spread, with new economies representing more than 31% of the Group's sales at December 31, 2017, the most significant country being India (close to 6% of total Group sales).

2.1.1.2.2 New technologies

Legrand is convinced that new technologies, in particular digital ones, significantly increase the value-in-use of electrical and digital building infrastructure products for both individual users and professionals.

The Group has therefore decided to step up its investments in new technologies, deploying a range of initiatives that include:

- the launch of the Eliot program in July 2015, aimed at speeding up deployment of the Internet of Things in the Group's offering. As part of this initiative, Legrand has set itself ambitious targets that include achieving double-digit average annual total growth in sales for connected products between 2014 and 2020, and doubling the number of its connected product families, from 20 in 2014 to 40 in 2020. The achievements at the end of 2017, with in particular over 30 connected product families and an average annual total growth in sales of connected products of some 28% between 2014 and 2017, are well ahead of schedule;
- R&D investments that are increasingly focused on these new technologies, with around 45% of R&D staff assigned to electronics and digital offerings in 2017;
- the signing of collaborative agreements, strategic partnerships and many technological alliances, in particular for connected products with the launch of "Works with Legrand" announced at the CES in Las Vegas in 2018, a program created to enable smart building professionals to develop solutions that are inter-operable with the Group's offering, and which counts already more than 20 partnerships. Legrand has for example, partnered with Amazon, Apple and Google and has also developed with Samsung a new connected management offering called "Guest room management" for Mariott International hotel rooms. This program also includes French players that offer solutions for the smart building such as BNP Paribas Real Estate and Vinci Immobilier as well as start-ups such as Netatmo, Lumenetix and Bios Lighting;
- the development of offerings for new uses, such as the possibility to connect to one's house from a car, designed with Renault, or the inclusion of artificial intelligence into facial recognition connected door entry systems by Shidean in China; and
- the participation in various technology alliances, such as Open Connectivity, ZigBee Alliance, BACnet International and LoRa Alliance, to ensure the interoperability of its range with those of other companies.

Legrand also uses its external growth policy to enhance its presence in the most promising areas and has thus acquired, in the past three years:

- Milestone (a leading player of the Audio-Video (AV) infrastructure and power in the United States) and Luxul Wireless (a specialist in Audio-Video infrastructures for residential buildings and small and mid-sized commercial buildings) in the Audio-Video field as well as AFCO Systems Group (an American specialist of Voice-Data-Image enclosures);
- Server Technology Inc. (a leading North American player in the smart PDU[1] segment), Raritan (which also has solid positions in the smart PDU[1] segment in North America and specializes in KVM[2] switches), as well as Fluxpower and Primetech (specializing in UPS[3]) for datacenters;
- Jontek (a frontrunner of the assisted living sector in the United Kingdom);
- IME, leading Italian contender and European specialist in measuring electrical installation parameters, in the highly promising energy efficiency segment; and
- a stake through a joint-venture in Borri, an Italian company specializing in triple-phase UPS[3].

2.1.1.2.3 New business segments

Boosted by technological progress and the emergence of new needs, particularly linked to the development of new technologies (see section 2.1.1.2.2 of this Registration Document for more details), digital infrastructure, home systems, energy efficiency and assisted living are continuing to grow. Over the past 10 years, the share of new business segments in the Group's sales has more than doubled to represent more than 38%[4] of Legrand's total sales.

(1) PDU: Power Distribution Unit.

(2) KVM: a KVM switch makes it possible to control several computers from a single screen, keyboard, mouse console.

(3) UPS: Uninterruptible Power Supply.

(4) Based on 2017 sales including 12 months of 2017 acquisitions.

Digital infrastructure and home systems

Breakthroughs in digital technology have led to sweeping changes in the day-to-day use of electrical equipment. Smartphones, telephones, tablets, televisions, computers, lighting, sound systems, household appliances, cars and more are becoming increasingly interactive, intuitive, mobile and connected. As a result of these technological developments, data flows in buildings are intensifying and becoming more complex and enriched, which requires buildings to have a stronger and enriched electrical and digital infrastructure.

As a consequence, in residential buildings, the electrical installation must not only power and protect those appliances individually – increasing the needs in terms of the building's electrical infrastructure – but also allow interactive management of all internal functions within the home, such as monitoring energy consumption, comfort, security, and audio and video distribution.

Likewise, in commercial buildings, IT and telephone networks as well as building management systems (lighting, heating and security management), use protocols that are often different yet must still communicate with each other and even converge towards a common protocol for easier management and maintenance.

Legrand offers its customers solutions that are simple to use and install, allowing smart management of the building through its digital infrastructure. In recent years, the Group has made its mark with numerous innovations, including for example, the new connected door entry system, Classe 300X that makes it possible to manage access to homes from a remote location and won an award for its design at the IF Design Awards 2016, the My Home residential system, the new LCS3 high-performance cabling system for digital infrastructures that provides datacenters with optimized space as well as easy implementation and maintenance solutions, and the Digital Lighting Management offering that provides optimized lighting management via a digital network.

Energy efficiency

Buildings currently account for around 35% of total worldwide energy consumption[1].

As a result of the introduction of new regulations in France and "energy codes" in the United States, such as Title 24 in California, increasing demand for environmentally friendly products reducing greenhouse gas emissions and the increasing scarcity of natural resources, Legrand is seeing growing demand in all its markets for products and systems that reduce energy consumption and improve the quality of electricity.

Legrand is responding to this demand by offering a series of products and solutions that can be integrated into systems for the measurement of energy consumption and energy quality, lighting management, shutter control, home automation, standby mode control, water-heater and heating management, the improvement and control of electricity quality (source inversion, reactive energy compensation, highly energy-efficient transformation, surge protection, and uninterrupted power supply), as well as electric-vehicle charging.

Please refer to section 4.2.1.4 of this Registration Document for further information on the energy efficiency business.

Assisted living

The aging of the population (according to the UN, the number of people in the world who are over 80 is expected to more than triple by 2050, from its 2017 level) poses a major challenge, in terms of economic as well as societal dependency. Faced with this challenge, and in view of growing demand from senior citizens wishing to remain in their own homes while living independently, Legrand has accelerated its expansion into the assisted living market through the acquisition of four companies, most of them front runners in this field, particularly in their own countries:

- Intervox Systems, France's leader in remote assistance systems, which joined the Group in February 2011;
- Tynetec, a frontrunner in assisted living in the United Kingdom, acquired in November 2013 and whose products include wireless nurse call systems;
- Neat, the Spanish market leader and a major player in assisted living in Europe, with which the Group signed a joint venture agreement in February 2014 and whose portfolio includes notably smart terminals for remote assistance; and
- Jontek, specializing in management solutions for assisted living platforms in the UK, which joined the Group in May 2016.

Legrand has thus become number two in Europe for assisted living and is ranked first or second in the major European markets, particularly France, the United-Kingdom, Spain and Germany.

See section 4.2.1.1 of this Registration Document for further details on the assisted living business.

2.1.1.2.4 Development of new distribution channels by the electrical sector

Due to changes in technology and ways of life, new opportunities are emerging in activities such as Audio-Video (AV), Voice-Data-Image (VDI), or IT. Legrand is building healthy positions in these new activities, and for example, it acquired Milestone AV Technologies in 2017, a leader in AV infrastructure and power in the United States, while benefiting from the development of these distribution channels through the electrical sector.

The development of Legrand's sales in these specialized channels represents significant growth opportunities for the Group and the electrical sector as a whole, providing access to new markets such as network integrators, panel builders, specialists in Audio-Video applications, maintenance, etc.

(1) Source: International Energy Agency.

As for e-commerce, it is an excellent showcase for the Group's know-how, enabling in particular end-users or project owners (architects and engineering offices) to get a complete picture of the wide variety of Legrand's offerings, in terms of both functionality and finishes. Legrand believes that the bulk of its product sales made through e-commerce will be recorded by generalist distributors, which remain the Group's main distribution channel.

2.1.1.3 PRODUCTS

Legrand believes that its activities are local and that access to its market requires new entrants to make a high initial investment, primarily due to:

- the importance of the relationship between Legrand and generalist distributors, who remain the Group's main distribution channel, and in general the need to establish relationships with numerous players in the economic decision-making chain in each country, regardless of whether they are local distributors, electrical installers, product specifiers, or end-users;
- differences in installation practices and design preferences in each country; and
- the need to offer customers an extensive range of innovative, multifunctional products and systems.

Legrand's customers can choose from hundreds of thousands of products in its catalogue. Legrand regularly updates its product range by adding innovative features based notably on new technologies.

These changes benefit installers, who gain from faster product installation and set-up times; the end-customer and prescribers, who are offered intuitive new features and designs; and lastly facility managers, with simplified, reliable maintenance to allow productivity gains.

Legrand's product ranges are designed for both the residential and commercial sector, including offices, hotels, retail outlets and public buildings.

Its products are subject to quality and safety controls and regulations. They are mostly regulated by national standards, and even international standards for some of them.

Legrand's products are divided up into seven main categories:

- user interface;
- energy distribution;
- building systems;
- cable management;
- digital infrastructure;
- UPS (Uninterruptible power supply); and
- installation components.

These categories of products are sold in most of Legrand's major geographic markets and each country has its own technical standards or specifications. In addition, the technical features and design of Legrand's products may vary, depending on whether they are intended for commercial, residential or industrial buildings.

2.1.1.3.1 User interface

User interface[1] covers all the solutions designed to create a day-to-day link between the user and the electrical installation of a building.

User interface comprises control functions (lighting, shutters, heating, etc.) and connection functions (sockets for power, for voice, data, image, for USB type charging, etc.).

Thanks to new technologies and in particular the Internet of Things, user interface, mainly wall mounted, is changing, becoming more flexible and mobile and adapting to changes in ways of life and needs of users. It is designed according to increasingly varied aesthetics and ergonomics, thus covering the economy, standard and premium market segments.

User interface ranges can offer up to 200 functions (of course switches and sockets with various designs and features, but also other user interfaces such as motion sensors, temperature control, sound systems, etc.), increasingly include electronics, and are now connected.

Legrand considers itself the world leader in interface for control and connection. It is one of the only manufacturers whose offering complies with most of the electrical standards in use around the world.

2.1.1.3.2 Energy distribution

Energy distribution products mainly include circuit protection panels and accessories: circuit breakers (modular circuit breakers, molded cases, air circuit breakers, residual current protection devices, etc.), surge protection, electrical measurement components, busbars and transformers. These products protect people and property from major electrical risks (such as electric shocks, overheating, short circuits, power surges, etc.) and provide a reliable, high-quality power supply to residential, commercial and industrial buildings. They also protect renewable energy sources.

Legrand believes that it is one of the main manufacturers of energy distribution products, and that it ranks among the top five players in the European and South American energy distribution product markets.

(1) This is a broader meaning than the concept of wiring devices previously used, which essentially covered switches and sockets.

2.1.1.3.3 Building systems

Building products and systems include:

- solutions for monitoring the electrical installation in residential, commercial and industrial buildings. These solutions cover lighting management specifically and, more generally, energy management, especially with automated or remote-controlled products that allow end-users to control electricity and data flows;
- security systems, including emergency lighting, alarms and access control systems (such as audio and video door entry systems) for residential and commercial buildings. These security systems are designed to enable rapid set-up by electrical installers, and to offer maximum flexibility, convenience and security to end-users;
- dedicated assisted-living systems.

2.1.1.3.4 Cable management

Cable management systems include trunking and ducting, cable support systems, wire-mesh cable management systems, floor boxes, electrical cable junction boxes, and various systems that enable the secure distribution of electricity and data in buildings. These items are designed to prevent any accidental contact between electrical wires and cables and other electrical or mechanical equipment, or any exposure of these wires and cables that could be hazardous for end-users. Cable management systems include a variety of plastic or metal products that enable power and data cables to be laid either in the ground (beneath the floor), or in a room's surrounds, or even in the ceiling.

Legrand considers itself the world leader in the cable management market.

2.1.1.3.5 Digital infrastructure

Legrand offers a complete range of systems for the distribution of digital data. The Group's offering in this sector includes pre-wired solutions for IT, telephone and video networks, such as copper or fiber-optic patch panels, RJ45 sockets, and copper and fiber-optic cords, enabling and facilitating the organization of networks in residential and commercial buildings and in datacenters.

Legrand considers itself to be frontrunner in Audio-Video infrastructure and power in the United States, thanks to the leading positions of Milestone in screen mounts for the commercial (Chief) and residential (Sanus) segments, projection screens (Da-Lite) and AV enclosures (Middle Atlantic Products).

Legrand also considers itself to be one of the leaders in VDI applications (excluding cables, active products and Wi-Fi) and has been very successful in this field, in particular with the new LCS3 offering, an innovative high-performance cabling system for copper and fiber optic digital infrastructures, offering simplified installation and optimized space for datacenters, as well as easier maintenance.

2.1.1.3.6 UPS

The UPS (Uninterruptible Power Supply) segment is a business that is complementary to the Group's energy distribution and energy efficiency offering, particularly for buildings with intensive digital infrastructures, such as offices, hospitals and datacenters, for which a continuous high-quality power supply is essential. The Group's offering includes modular UPS as well as conventional UPS.

2.1.1.3.7 Installation components

Installation components include power connectors (multi-pin connectors, mobile sockets and site distribution cabinets), tubes and ducts, mobile products (plugs, multi-outlet units and extensions and cable reels) and installation products (cable ties, lamp holders, junction boxes or flush-mounting boxes).

2.1.2 – History

The main stages in Legrand's development are:

- 1926: foundation of the Legrand company, specializing in the production and decoration of porcelain;
- 1946: acquisition of Legrand by the Verspieren and Decoster families;
- 1949: Legrand focuses exclusively on the manufacturing of wiring devices;
- 1966: first operations outside France, primarily in Belgium and Italy;
- 1970: Legrand is listed on the Paris Stock Market;
- 1977: first operations outside Europe and in new economies, via the acquisition of *Pial*, the leading Brazilian wiring device manufacturer;
- 1984: first operations in the United States with the acquisition of *Pass & Seymour*, the second largest U.S. wiring device manufacturer;
- 1987: inclusion of Legrand in the CAC 40 Index when the index was created;

- 1989: acquisition of *Bticino*, the leading Italian wiring device manufacturer; Legrand's total sales exceed €1 billion;
- 1995: issue of a US$400 million Yankee bond maturing in 2025;
- 1996: first operations in India with the acquisition of *MDS*;
- 1998: Legrand's total sales exceed €2 billion;
- 1999: opening of Innoval in Limoges, an 8,000 sq.m showroom and training center for Group customers;
- 2000: acquisition of Wiremold, the leading manufacturer of cable management systems in the United States;
- 2001: Schneider Electric launches a friendly Public Tender Offer for Legrand's entire share capital; the European Commission opposes the planned merger in October 2001. As planned by Legrand before the merger with Schneider Electric, a new organizational structure is introduced with the aim of separating Front Office and Back Office responsibilities (see section 2.3 of this Registration Document);
- 2002: finalization of the "demerger" from Schneider Electric. Legrand is acquired by a consortium consisting mainly of Wendel and KKR;
- 2003: delisting;
- 2005: Legrand becomes the leader in the Chinese wiring device market with the acquisition of TCL; the Group's total sales exceed €3 billion;
- 2006: Legrand is listed on Euronext Paris; Legrand joins the Global Compact;
- 2007: the Group's total sales exceed €4 billion;
- 2010: first Eurobond issue for €300 million, maturing in 2017; entry into the UPS segment with the acquisition of Inform, in Turkey;
- 2011: Legrand returns to the CAC 40 Index;
- 2012: Legrand's rating is upgraded to A- by Standard and Poor's;
- 2013: total sales for the United States/Canada region exceed $1 billion;
- 2014: publication of the new sustainable development roadmap for 2014-2018; all industrial back office functions combined under the management of the Operations Department, and creation of an Innovation and Systems Department;
- 2015: launch of the Eliot program, aimed at speeding up the deployment of the Internet of Things in Legrand's offering;
- 2016: the Group's total sales exceed €5 billion;
- 2017: acquisition of Milestone, a leading US player in Audio-Video infrastructure and power.

2.2 – A PROFITABLE GROWTH STRATEGY BASED ON LEADERSHIP DEVELOPMENT

In the medium term, excluding the effects of economic cycles, Legrand's strategy consists in accelerating its profitable and sustainable growth in line with the Group's four values (customer focus, innovation, ethical behavior and resource optimization). The Group is thus looking to expand its businesses internationally into new business segments, new technologies and new distribution channels developed by the electrical sector. Legrand relies on two development drivers to strengthen its leadership positions worldwide year after year: organic growth fueled by innovation and a strategy of targeted acquisitions of leading players in its accessible market. This approach is also based on multi-year CSR roadmaps for the sustainable development of its business activities while respecting its stakeholders. Thanks to the soundness of its business model and the ongoing efforts to improve it, Legrand intends to continue to grow while maintaining a solid balance sheet structure, to strengthen its profitable growth profile and thus create value for all its stakeholders.

2.2.1 – Legrand, a market leader with unique positioning

2.2.1.1 A GLOBAL PLAYER, SPECIALIZING IN ELECTRICAL AND DIGITAL BUILDING INFRASTRUCTURE

Legrand is the specialist in the development, manufacturing and marketing of a comprehensive range of products and systems for electrical and digital building infrastructures. This approach, deployed worldwide and underpinned by the Group's presence in nearly 90 countries through subsidiaries, branches and representative offices, has enabled Legrand to acquire unique technical and commercial expertise across its entire business sector.

By leveraging its strong local presence, Legrand has established longstanding commercial relationships with key local distributors and electrical installers, as well as with product specifiers who provide Legrand with thorough understanding of market trends and demand. Legrand maintains this close relationship with its customers by developing powerful CRM tools, continuously offering them more services, particularly through digital tools (online catalogs, product information, photos, videos and software), technical and commercial support, and training. (See section 2.3.1.3 of this Registration Document for further details).

2.2.1.2 A LEADER WITH FRONTRUNNER MARKET SHARE

Legrand believes it is the world leader in the user interface and cable management segments.

On a more global basis, Legrand also holds number 1 or number 2 positions for one or more product families in many key countries, such as:

- the user interface segment in several countries in Europe (France, Italy, Hungary, Russia), Latin America (Brazil, Chile, Peru), North and Central America (United States, Mexico) and Asia (India);
- cable management in several countries in Europe (France, Italy), North and Central America (United States, Mexico) and the rest of the world (Saudi Arabia, Malaysia);
- Audio-Video infrastructures in the United States;
- emergency lighting products in Australia, France, New Zealand and Peru;
- digital infrastructure in Colombia, the United States, Italy and Russia;
- UPS, particularly in Brazil and Turkey;
- modular protection in Algeria, Chile, Colombia and France.

Total sales generated by Legrand, with products that are number 1 or number 2 in their respective markets, represented around 69%[1] of Group sales in 2017. The Group believes that this first-rate competitive positioning makes it, in its field, the standard-setter for distributors, electrical installers, product specifiers and end-users, and boosts demand for its products.

2.2.1.3 A PORTFOLIO OF WELL-KNOWN BRANDS OFFERING A FULL RANGE OF PRODUCTS AND SYSTEMS

The Group believes that it offers a range of products that distributors, electrical installers, product specifiers, and end-users associate with a high-quality image and ease of installation, and to which they remain loyal. In particular, Legrand believes that electrical installers and product specifiers, who are the main drivers of demand, have trusted the Group's brands, products and systems for many years, given their safety, reliability and ease of installation and use.

Moreover, Legrand believes that its offering, which features several hundred thousand different products, organized into more than 90 product categories, is one of the most comprehensive on the market.

Legrand markets its products:

- both to professional customers and end-users, under generalist brands such as *Legrand*[2] and *Bticino*[3] that are world renowned and among the best recognized on the market; and
- under an extensive portfolio of more than 60 brands, either specialist, such as *Cablofil* or *Zucchini*, or very well-known local brands.

Legrand primarily markets its products under the following brands for each geographic area:

- in France: *Legrand*, *Arnould*, *Cablofil*, *Intervox*, *Planet Watthom*, *Bticino*, *Sarlam*, *S2S*, *Zucchini*, *URA* and *Alpes Technologies*;
- in Italy: *Bticino*, *Legrand*, *Zucchini*, *Cablofil* and *IME*;
- in the Rest of Europe: *Legrand*, *Bticino*, *Cablofil*, *Zucchini*, *Kontaktor*, *Electrak*, *Estap*, *Inform*, *Neat*, *Tynetec*, *Minkels* and *CP Electronics*;
- in the United States and Canada: *Legrand*, *Chief*, *C2G*, *Da-Lite*, *Finelite*, *Middle Atlantic Products*, *Pinnacle*, *Raritan*, *Sanus*, *Server Technology*, *Vantage* and *Wattstopper*;
- in the Rest of the World: *Legrand*, *Bticino*, *Cablofil*, *Lorenzetti*, *HPM*, *HDL*, *SMS*, *Indo Asian*, *Numeric*, *Megapower*, *Daneva*, *TCL* and *Shidean*.

(1) Based on 2017 sales including 12 months of 2017 acquisitions.

(2) According to an IPSOS poll conducted in 2016 in France, Legrand is by far the leading wiring device brand, with a spontaneous awareness rate of 61%.

(3) According to an IPSOS poll conducted in 2017 in Italy, Bticino is by far the leading wiring device brand, with a spontaneous awareness rate of 58%.

Legrand's brand and trademark portfolio is protected in most of the markets where the Group operates. The protection granted to Legrand's brands is based on their registration or use. Legrand's brands are registered with domestic, European and international agencies for variable periods, usually individual ten-year periods, subject to the laws making ongoing protection conditional on continual use of the brands.

As a general rule, Legrand only grants licenses on its brands to third parties in exceptional circumstances and rarely licenses brands belonging to third parties.

2.2.1.4 A BALANCED MARKET POSITIONING

Trends in the market for electrical and digital building infrastructure are naturally dependent on economic conditions. However, this market stands up well to the impact of economic cycles because of its diversity:

- the market covers the new-build and renovation sectors, the latter sector being less sensitive to economic cycles than the new-build sector, as it requires lower investments and benefits from a recurring flow of activity – arising from regular maintenance and modernization needs. Legrand estimates that around 45% of its sales were generated by the renovation market in 2017, while the new-build market accounted for around 55% of its sales in 2017;
- the market breaks down into three sectors, depending on the categories of buildings and end-users: the commercial sector where Legrand estimates that it generated 52% of its 2017 sales, which is itself composed of many vertical segments in which business trends can differ and that includes buildings like hotels, offices and retail outlets, and also public buildings like schools or hospitals; the residential sector (41% of its 2017 sales); and the industrial sector (7% of its 2017 sales), each of which has its own growth momentum;
- the market is characterized by a business flow fueled by a high level of relatively low value orders, unlike industries that are more dependent on large public or private projects. The market is therefore mostly fragmented and sustainable, and is less sensitive to the impact of economic cycles than other markets, including the medium and high-voltage or infrastructure market;
- in addition, certain businesses, such as new business segments (digital infrastructure, energy efficiency, home systems and assisted living), are driven more by technological, social and societal developments than by the construction market;
- finally, a highly diversified geographical presence limits the Group's dependence on the specific economic performance of one or several countries. In fact, Legrand has commercial and industrial operations in nearly 90 countries, and markets a wide range of products in close to 180 countries.

2.2.2 – A development driven by two growth drivers

Legrand is constantly seeking to develop its market share and sales on a profitable basis by relying on two growth drivers: organic growth, which is driven in particular by innovation and the regular launch of new products that enhance value-in-use, and targeted acquisitions of companies that are frontrunners in their business segment.

2.2.2.1 NUMEROUS INITIATIVES TO SUPPORT ORGANIC GROWTH

Legrand's strategy for growth and for increasing market share is based on various initiatives, particularly innovation, with the launch of new products that enhance value-in-use and digital commercial initiatives (e-marketing, data analytics, etc.) as well as physical ones such as opening new showrooms and concept stores.

2.2.2.1.1 Innovation at the heart of Legrand's business model

Over the long term and medium term, and on average, Legrand spends 4% to 5% of its revenue[(1)] on research and development, depending on its business mix and acquisitions.

Legrand develops its products by focusing primarily on the following priorities:

- quality, reliability and overall safety;
- simplicity, ease and speed of installation;
- enhanced product features, mainly through the use of new technologies (Internet of Things, communication, data capture and processing, remote control, etc.);

(1) Research and development expenses before purchase accounting charges relating to the acquisition of Legrand France and taking into account capitalized development costs.

- interoperability and inclusion of various new technologies in the product offering, enabling end-users to enjoy the widest possible choice of technology to suit their needs, at all times;
- the ability of Legrand's product lines to work together in an integrated system; and
- new designs.

Know-how recognized for its innovation

Legrand has long standing and well recognized experience in terms of innovation and the development of new products that create value for its economic chain, in particular for its Eliot program. Legrand adds higher value-added products to its ranges on a regular basis, for example by using materials such as leather, wood and steel, together with new high-technology solutions. Examples of these solutions include: a circuit breaker with an automatic reset function; My Home, its home automation range, which simultaneously manages lighting, security, heating and audio and video in residential buildings in a simple, ergonomic way; the connected door entry system that can be controlled remotely, the eco-meter for measuring and monitoring the main sources of energy consumption on mobile devices; the Smarther connected thermostat, which won the "IF Design Awards" in 2017; controls incorporating several communication technologies such as Zigbee or the "Céliane with Netatmo" range of connected switches and sockets, winner at the CES Innovations Design and Engineering Awards 2017 in the Smart Home and Home Appliances categories.

Legrand is also focusing its efforts on low-end product ranges, enabling it to meet all the requirements of its markets.

In addition, the Group has developed special expertise in energy efficiency in order to reduce energy consumption and minimize the environmental impact of buildings. This includes lighting management, solutions for measuring and managing consumption, and a range of solar cell equipment protection devices (see section 4.2.1.4 of this Registration Document for further details).

This continuous innovation enables Legrand to incorporate more added value in its products and thus offer integrated systems and smart electrical solutions.

Effective management of research and development activities

Research and development is under the responsibility of the seven Strategic Business Units, which decide globally on the allocation of projects to the various teams spread around the world. They are assisted in their task by the Innovation and Systems Department, whose role is to promote and coordinate the innovation approach within the Group, to define the technology roadmap, and to ensure consistency between the technologies used by the different SBUs (see section 2.3.2 of this Registration Document for further details). A significant portion of Legrand's research and development work is carried out in France, Italy, the United States and China, as well as in other countries closer to markets. As at December 31, 2017, close to 2,300 employees in more than 20 countries were employed in research and development, and nearly 30% of them in new economies.

More generally, around 45% of R&D staff worked on the electronics and digital offerings in 2017.

This global organizational structure enables the Group to optimize its research and development by designing products that share the same platform. It enables a rationalization of the number of components and a reduction in manufacturing costs, as well as the pooling of development costs and thus the dedication of more resources to high-growth businesses like digital systems. In addition, Legrand anticipates the international roll out of its products as soon as it designs them. The Group has implemented some fifty "technological bricks" covering the main electronic functions within the Group offering. For a given electronic function, such as presence detection or NFC[1] a technological brick gathers all the engineering information, the associated software and firmware, the protocols for testing and qualifying, and the processes for manufacturing. A technological brick is made available to the whole Group and can thus be used by several development teams. At Group level, this standardization approach makes it possible to pool investments in engineering and to enhance product quality by sharing experience.

An extensive patent portfolio

Legrand holds over 3,700 active patents in close to 80 countries, some of which relate to the protection of the same or similar technologies in several markets. Legrand considers that its level of dependence on third-party patents is not material to the assessment of its business development prospects.

The Group's patents cover more than 1,500 different systems and technologies. The average life of the Group's patent portfolio is greater than nine years, which also corresponds to the average life of the patents held by Legrand's competitors.

2.2.2.1.2 Innovative commercial initiatives

To stimulate demand among electrical installers, product specifiers and end-users, Legrand offers:

- a variety of training courses, mainly distance learning with webinars, for electrical installers to broaden their know-how and knowledge of Legrand products and systems;
- software to assist the design and costing of installations for professionals;

(1) Near Field Communication.

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- innovative marketing and sales tools that complement the numerous showrooms which the Group has had for years all over the world. Since 2011, Legrand has used concept stores such as "Lab by Legrand" in Paris to showcase the Group's premium user interface ranges, "B Inspired" in Brussels, or the "Experience Center" in West Hartford in the United States. Legrand continues to break new ground in terms of the services it offers its customers, for example by opening "Project Stores" in France and in India in recent years. This concept gives customers an opportunity to explore the Group's offerings in a connected and interactive showroom, and provides training in the installation of Legrand solutions.

2.2.2.2 GROWTH BY ACQUISITION IN A MARKET OFFERING A LARGE NUMBER OF EXTERNAL GROWTH OPPORTUNITIES

In the long term, Legrand plans to continue to make "bolt-on[1]" acquisitions of companies with leading positions in their market, thereby continuing to develop market share and drive growth. Given the fragmented nature of the market in which it operates, the Group focuses on acquiring small- and mid-size companies.

2.2.2.2.1 A fragmented market

The market accessible to the Group, which Legrand values at more than €100 billion compared with around €60 billion in 2007, remains highly fragmented. Indeed, around 50% of global sales are generated by small- and mid-size companies, which are often local and typically enjoy only a marginal share of the global market. With an accessible global market share of over 5% in 2017, Legrand is one of the market benchmarks. Market fragmentation is due in part to differences in standards and applicable technical norms, to end-users' habits in each country, as well as the wide variety of product offerings required to provide a building with electrical and digital infrastructure. Attempts to harmonize standards to make products usable on a very large scale have failed, especially within the European Union, due primarily to the size of the investment required to replace existing electrical networks for only limited added-value. As a result, a significant portion of the electrical and digital building infrastructure product and system market has traditionally remained in the hands of small local manufacturers, the potential acquisition of which may represent a growth opportunity for Legrand.

2.2.2.2.2 Recognized experience in growth through targeted acquisitions

In the fragmented market where Legrand operates, the Group has demonstrated its ability to identify and make mostly "bolt-on[1]" acquisitions, i.e. businesses complementary to the Group's activities and with leading market positions.

In this respect, the ongoing role of Legrand's country teams, which are very familiar with local market players, is to identify potential targets. Then, a dedicated Corporate Development unit is responsible for monitoring the entire acquisition process, and is specifically responsible for coordinating the work performed by the various Group teams that may be involved in the transaction. After the acquisition is completed, there follows the critical period of the "docking" of the acquired company to the Group. This is done by the country concerned, under continuous supervision by the General Management.

Growth through targeted acquisitions is a full-fledged part of the Group's development model. Indeed, the Group has acquired and "docked" more than 160 companies into its scope of consolidation since 1954. In particular, in 2017, Legrand carried out six external growth operations, including the acquisition of Milestone, the leader in Audio-Video infrastructure and power (see section 2.1.1.2.1).

2.2.2.2.3 Financial discipline

The pace of acquisitions takes account of the economic environment.

In this regard, Legrand maintains a disciplined financial approach, based on a multi-criteria assessment and uses, in particular, an assessment matrix that enables it to ensure that the acquisitions complement the Group's business activities:

- increase its local market share; and/or
- broaden its range of products; and/or
- boost its presence in markets with high growth potential; and
- are carried out on average, in compliance with its fiancial criteria, which primarily include:
  - an acquisition price corresponding to the usual valuation multiples compared with those applied to companies in the same sector or the same markets,
  - a positive impact on net income from the first year of full consolidation,
  - a value creation target (return on invested capital higher than the weighted average cost of capital) after three to five years.

(1) Companies that complement the Group's business activities.

2.2.3 – A business model creating long term value

2.2.3.1 A MODEL BASED ON PROFITABLE GROWTH

2.2.3.1.1 A market characterized by solid economic fundamentals

On a global basis, Legrand's accessible market is characterized by a relative lack of range commoditization, and by a very diffuse flow of business from hundreds of thousands of electricians. These electrical installers, product specifiers, or end-users pay considerable attention to products' technical features. Thus, for example, electrical installers tend to favor market-leading products that can be installed efficiently (safety, quality, reliability, and ease and speed of installation) and offer the qualities expected by the end-user (functionality, design and ease of use). This is one of the reasons why, every year, Legrand makes long term research and development investments averaging 4 to 5% of its sales ensuring a steady flow of products with new features and designs responding to customers' needs. By continually building more added value into its products and solutions, Legrand reinforces brand loyalty among electrical installers, product specifiers and end-users, enabling the Group to expand its numerous leadership positions.

While some structurally deflationary industries are seeing the price of their products steadily eroded, Legrand's market is displaying a different overall trend. In particular, end-user sensitivity to the price of products is specifically mitigated by the fact that electrical installations (including cables and labor) usually account for only a small portion of the total average cost of a new-build construction project (between 7 and 8% for a residential project, for example). Similarly, because labor represents a significant cost component for installers, they first look for products that will enable them to work efficiently, particularly with ease and speed of installation.

In addition, Legrand has developed a certain expertise in pricing, with pricing managers based all over the world who are responsible for managing sales prices. Their role is to translate into prices the innovation that Legrand's products bring to the market and to adjust the sales price for each product category, or even individual products, by taking account of trends in raw material and component prices, the overall inflation received by the Group, and market conditions. More generally, all the Group's management and finance staff have been trained on, and made aware of, price management. Historically, Legrand's average selling prices have increased every year over the last 20 years.

2.2.3.1.2 Profitability driven by commercial positions, internal processes, and continuously improving competitiveness

The Group's ambition is to continue to strengthen its commercial positions: in 2017, around 69%[(1)] of sales were generated from number one or number two positions. These positions, which give the Group the critical mass to achieve economies of scale and be recognized by its customers, have enabled it to generate high levels of profitability.

Expressed simply, the business models works as follows: in less buoyant economic conditions, which prevent the Group from exploiting growth-related operational leverage, Legrand uses active and differentiated management of its business to keep profitability under control. When economic cycles become buoyant, the Group generates profitable growth.

The functioning of Legrand's business model is based on simple and efficient internal processes. In particular, each Country Department has to fulfill a Financial Performance Contract included in its annual roadmap, in which it undertakes to deliver a given level of growth and economic margin (the economic margin is the operating profit less the cost of capital employed, expressed as a percentage of sales).

In addition, Legrand relies on its unique, efficient and responsive Back Office structure (see section 2.3.2 of this Registration Document) to constantly improve its competitiveness. Thus, by applying industry best practices at its production facilities and applying the concepts of product platforms and technology platforms (see section 2.2.2.1.1 of this Registration Document), Legrand continually optimizes its cost base and capital employed. Some of these gains are reinvested, particularly in research and development (in the various initiatives linked to new technologies, for example) and in Front Office initiatives aimed at boosting organic growth. Thus, the benefits generated by the Group's industrial transformation enable it to participate in the financing of many ongoing initiatives linked to new technology. This is reflected in the Group's control of its R&D, industrial capital expenditure and working capital requirement ratios. (see section 2.2.3.2 of this Registration Document).

The Group's adjusted operating margin amounted to 16% on average between 2003 and 2009, and nearly 20% between 2010 and 2017.

(1) Based on 2017 sales including 12 months of 2017 acquisitions.

2.2.3.2 A SOLID BALANCE SHEET STRUCTURE BASED ON HIGH FREE CASH FLOW GENERATION

By combining a high level of profitability and tight control on capital employed (working capital requirement and capital expenditure), Legrand's business model enables the Group to generate high levels of free cash flow over the long term. Free cash flow generation has thus been around 13% of sales over the past five years. This gives the Group significant financial and operational flexibility, and a solid and attractive balance sheet structure.

The strength of the Group's balance sheet also ensures the confidence of investors on whom Legrand can call when financing its growth or refinancing transactions. For instance, in 2017 the Group launched two successful bond issues, for a total amount of €1.4 billion to finance the acquisition of Milestone AV Technologies (€1 billion) and for its refinancing operations (€400 million).

The continued development of product and technology platforms, the systematic application of a "make or buy" approach to all investment projects and the transfer of some production to less capital-intensive countries should enable the Group, in the long and medium term, to maintain a ratio of capital expenditure to consolidated sales of between 3% and 3.5%.

The Group also believes that it is able to maintain its ratio of working capital requirement to sales at around 10%, excluding acquisitions.

2.2.3.3 CAREFUL MANAGEMENT OF FINANCIAL PERFORMANCE ENABLING SIGNIFICANT VALUE CREATION

To ensure a high level of profitability and strong free cash flow generation, Legrand manages its financial performance based on three pillars:

- synthetic key performance indicators;
- strong processes organized around a permanent management dialog between country managers and the Group;
- accountable, experienced and motivated senior management teams, particularly through compensation aligned with the challenges of creating value in the short and long term.

Synthetic key performance indicators

Three key performance indicators are measured for each country manager. First, the local market shares of each product family that drive profitability. Then, economic profit (after or before income tax depending on countries), defined as adjusted operating profit less the cost of capital employed. Finally, CSR performance, measured by the level of achievement of the priorities set out in the roadmap.

Solid processes organized around a permanent management dialog between country managers and the Group

As part of the management of the Group's financial performance:

- once a year, the Group signs a Financial Performance Contract with each country manager and his/her team for the coming year. This outlines several scenarios of change in revenue and economic margin (economic profit on sales); one scenario is chosen and the country manager and his/her team are fully responsible for its implementation;
- a quarterly performance review with managers from the Group's main countries. This is an opportunity during the course of the year to assess the level of achievement of the performance contract and if necessary choose a different scenario depending on whether business is better, not as good or in line with the scenario initially chosen;
- finally, comprehensive monthly reports are used to confirm that the performance of each country is in line with the latest approved scenario.

Accountable, experienced and motivated senior management teams, particularly through compensation aligned with the challenges of creating value in the short and long term.

On average, members of Legrand's senior management team have around 20 years of experience in the electrical and digital building infrastructure industry. Their experience and commitment have allowed Legrand to create and maintain a unique corporate culture, which inspires and rewards talent and initiative. The influence of its senior management team has enabled Legrand to continue growing while maintaining a strong financial performance.

Countries are run by managers who are true entrepreneurs. Management and management dialog between countries and the Group are based on the high accountability of local managers, who are incentivized to create long term value. The Group also set up long term performance linked profit sharing schemes involving more than 2,000 beneficiaries in 2017, to drive value creation over the long term and increase the management team's loyalty to the Group (see sections 4.4.3.1, 7.2 and 7.3 of this Registration Document).

For the Group's key managers, this might take the form of performance shares (see section 6.2. of this Registration Document). This scheme, with a four-year vesting period, depends on future performance conditions and thus reinforces the interest of key managers in creating value over the long term.

In addition, the Group's current and former senior management and employees held 3.83% of the Company's share capital as at December 31, 2017.

Long-term "value creation"

During the 2006-2017 period, the Group's capital employed[(1)] only increased by around 3% per year, while basic earnings per share[(2)] rose by around 8% per year over the same period.

2.3 – A STRUCTURE SERVING THE GROUP'S STRATEGY AND CUSTOMERS

Legrand has manufacturing and marketing sites and subsidiaries in nearly 90 countries. Legrand's organizational structure is based on two distinct roles: firstly, sales and operational marketing activities (Front Office), and secondly, activities connected to strategy, operations (innovation, R&D, manufacturing, purchasing, and logistics) and general administration (Back Office).

- The Front Office is organized by country in order to respond to the specific requirements of each market in terms of relations with distributors, electrical installers, product specifiers and end-users. The aims of this decentralized organizational structure, run by local managers, are to develop sales in accordance with the strategy set out by the Strategy and Development Department and approved by Senior Management, to raise commercial profitability, and to optimize the working capital requirements for each country.
- The Back Office, generally organized on a centralized basis, includes an Operations Department, responsible for innovation and research & development, manufacturing, purchasing and the supply chain, and the head office departments (Strategy and Development, Finance and Human Resources).

The specific aims of this organization, at Group level, are to define strategy, optimize industrial organization, accelerate the development of new products, keep capital employed under control, adapt the Group's resources to the business, appoint key managers worldwide, establish all internal control rules, and coordinate risk management processes.

2.3.1 – Front Office

Legrand's relationship with generalist and specialist distributors (IT, VDI, web, etc.), electrical installers, product specifiers, and end-users represents a strategic priority for the Group. Legrand is extending the marketing coverage for its markets as a whole by prioritizing areas with high long-term growth potential, such as new economies and new business segments.

2.3.1.1 THE FRONT OFFICE'S ROLE AND RESPONSIBILITIES

The Front Office acts as an interface with Legrand's distributor customers, electrical installers, product specifiers, and end-users. In each country, Front Office activities are run by a country manager who is responsible for:

- growing market share and sales;
- increasing commercial profitability; and
- optimizing working capital requirements through efficient inventory and trade receivables management.

The Group's subsidiaries in each country are given significant latitude to manage their business and staff, and country managers are real entrepreneurs.

2.3.1.2 AN ECONOMIC CHAIN ADAPTED TO MARKET FLOWS

As part of its business activity, Legrand has various means of accessing a market consisting of a wide variety of users (distributors, electrical installers, product specifiers and end-users).

- Legrand's distributors are the electrical and digital device and equipment distributors. These can be generalist distributors, the reference distribution channel for Legrand products because it

(1) Capital employed is defined as the sum of net debt and equity, less investments in associates, adjusted for asset step-up linked to the acquisition of Legrand France in 2002 and net of the related deferred tax.

(2) Based on the 2017 adjusted net profit attributable to the Group. Adjusted net profit attributable to the Group does not take into account the net favorable effect of significant, non-recurring gains and expenses resulting from announced changes in corporate taxation, primarily in France and in the United States.

offers broad expertise and unique coverage of the market, or distributors specialized in specific fields (IT, VDI, etc.), or even specific new distribution channels such as e-commerce. Sales to generalist and specialist distributors represented the vast majority of the Group's consolidated sales in 2017. Legrand's relations with its distributors are generally governed by terms and conditions of sale specific to each local market.

- Electrical installers are professionals and individuals who buy, install and use Legrand's products. The professional category includes electricians, business owners, panel builders, and industrial and commercial companies with a business activity connected to the installation of electrical products and systems. They are also very often product specifiers for the Group.
- The other product specifiers are architects, decorators and design firms, who fuel demand for Legrand's products by recommending their installation to end-users or by specifying them in the design of certain building projects.
- End-users are the people who use Legrand's products in the environment where these products are installed or used.

Legrand's distribution chain is organized so that manufacturers like Legrand sell their products, primarily to distributors, who in turn sell the products to the electrical installers responsible for installing them in end-users' buildings. This is a flow-driven business, as electricians may come to buy products from the distributors several times a week, depending on their requirements. Product specifiers play an active role in this chain by advising electrical installers and end-users on product and application choices.

2.3.1.3 A "PUSH-AND-PULL" STRATEGY

Sales and marketing are the responsibility of the Front Office, whose headcount accounted for more than 19% of Legrand's total headcount in 2017 (see section 4.6.2.2 of this Registration Document). Marketing efforts are focused on each level of the distribution chain (distributors, electrical installers, product specifiers and end-users), in accordance with the Group's "push-and-pull" strategy, the aim of which is outlined below. These efforts are primarily aimed at providing market players with information, training, and other services relating to the Group's entire range of products and systems, alongside sales. Legrand believes that making access to and use of its products easier for distributors, electrical installers and end-users enables the Group to create significant product and brand loyalty, and to generate demand for its products and systems at each level of the distribution chain.

Selling Legrand's products to electrical equipment distributors ("push")

As part of the "push" strategy, Legrand maintains close relationships with electrical equipment distributors by focusing on product availability and just-in-time delivery, and by simplifying and accelerating the ordering, stocking and dispatching of its products. The "push" strategy is also based on providing a catalog that covers all of an electrician's requirements, and includes new and innovative products. In addition, Legrand makes access to and use of its catalog easier by making an electronic version available, standardizing packaging sizes and appearance, and by introducing innovative services such as pre-sorted deliveries.

Legrand's "push" strategy includes:

- *priority inventories*. In France, many distributors have agreed to maintain permanent inventories of certain Legrand priority products. In return, Legrand ensures not only that large amounts of non-priority finished products are held in its inventory, but also that flexible and reactive production enable it to fill its distributors' orders quickly. In an emergency, products that are not stocked by distributors can be delivered anywhere in France within 24 to 48 hours via the "Dispo-Express" service;
- *inventory management*. In the United States, Wiremold and Legrand Data Communications, US subsidiaries of the Group, can access the inventory levels of some of their main distributors on a daily basis. If inventory levels drop below a pre-defined threshold, new inventories are prepared and shipped immediately;
- *intelligent sorting*. In order to optimize the logistics chain, Legrand pre-sorts its products before dispatching them to electrical equipment distributors in France, thereby anticipating the steps these distributors will have to follow in order to distribute the products to their agencies and customers. This value-added service, which is intended for the largest product flows, decreases the preparation work that the distributors have to perform themselves, reduces dispatch errors, and lowers handling costs, giving Legrand a competitive edge that is appreciated by its customers;
- *setting up international logistics platforms*. Legrand manages its international distribution via logistics platforms from which it dispatches its products. By reducing the distance between its products and customers, Legrand is improving the service provided, and significantly reducing delivery lead times. Legrand has installed logistics platforms in Asia, the Middle East and Eastern Europe. These platforms and various subsidiary-owned warehouses are connected by a single network that makes it possible to synchronize their inventories on a daily basis. Using logistics platforms also enables more products to be transported in fewer trips, thus reducing CO_2 emissions to protect the environment.

Legrand enjoys strong, long-standing commercial relationships with its electrical equipment distributors, and particularly with its two largest distributors, the Sonepar and Rexel electrical product distribution groups. In 2017, sales to Sonepar and Rexel accounted for approximately 20% of the Group's consolidated sales, although this percentage varied from country to country. Legrand believes that no other single distributor accounted for more than 5% of the Group's global revenue in 2017. Legrand's other main customers include FinDea, Graybar, CED, Lowe's, SOCODA, Wesco, Anixter, Comet, Comoli Ferrari, Partelec, Megawatt, Menards and Bunnings.

The electrical products and systems distribution structure in most countries enables Legrand to channel its products towards distributors' centralized distribution centers, and therefore benefit from their market presence and retail outlet infrastructure. This organizational structure also limits the logistics costs and credit risk that Legrand would incur if it had to deal with electrical installers and end-users directly.

Stimulating demand among electrical installers, product specifiers and end-users ("pull")

Where its "pull" strategy is concerned, Legrand believes that demand for its products is mostly determined by the requirements which electrical installers, product specifiers and end-users make known to distributors. As a result, Legrand focuses the bulk of its marketing efforts on developing and sustaining demand for its products, by actively promoting them to electrical installers, product specifiers, and end-users. Legrand focuses on providing training, technical handbooks, and business software applications, as well as ensuring reliable and rapid availability of its products.

Legrand offers training programs to local distributors and electrical installers, mainly at its Innoval international training centers in France, as well as in the Middle East, Asia and South America. In total, there are 20 training centers around the world that welcome and provide training for players in the electrical industry. These training programs are designed to expand electrical installers' expertise and service offering by familiarizing them with the Group's latest product innovations and product installation methods. The Innoval training centers in France offer more than 60 separate hands-on programs in different areas, ranging from home automation, the wiring of electrical cabinets, and fiber-optic cabling to installing emergency lighting systems, or providing training on current regulations and technical standards. In 2017, the Innoval centers received 7,300 visits from customers, while nearly 5,200 trainees attended courses. In addition, Legrand offers local training programs in many countries, including Italy, Brazil and the United Kingdom, as well as in Chile and Dubai.

More generally, Legrand also uses new communications and training technologies, and has thus introduced various on line training tools, such as e-learning and virtual classrooms (webinars).

Legrand also offers various software applications specifically designed to provide everyday support to professionals, depending on their role (from architects to electricians) or the type of project. Among the main business software applications offered by the Group, XLPro³ is aimed at designers and manufacturers of energy distribution panels, who can use it to plan the distribution and siting of panels and to visualize and cost entire projects; LCS Pro³ can be used to configure Voice-Data-Image systems simply (patching racks and communication cabinets for multimedia networks as well as UPS); the entire electrical installation can be designed quickly using illiPro, intended for the residential and tertiary markets, which allows users to select products room by room.

Legrand also publishes e-catalogs on the websites of its various brands, making it possible to search for technical, commercial and logistics data, certifications and installation tools, for all product categories. Legrand also offers online configurators in France and the United States in particular. And Legrand continuously enriches its digital marketing content for its distributor customers, specifiers and end users (rich content) and contributes actively to the development of BIM (Building Information Modeling), an innovative process for the digital planning of the building life cycle.

Finally, Legrand offers applications for tablets and smart phones (including, in particular the e-catalogue iPhone, Home + Control for the user interface connected offering "Céliane with Netatmo", or applications of the My Home residential systems solutions) which facilitate the search for information concerning products, configuration and the costing of the electrical installation.

Legrand promotes its products via marketing initiatives, particularly aimed at electrical installers. The Group also seeks to stimulate demand among end-users by actively promoting its products through advertising campaigns and targeted marketing events promoting the design and functionalities of its products. In this respect, Legrand has implemented innovative marketing and sales initiatives in recent years: the "Lab by Legrand" in Paris, where individuals, architects, decorators, distributors and electrical installers can experience the Group's high-end user interfaces in a unique setting, the multi-brand (*Legrand*, *Bticino* and *Vantage*) concept store, "B Inspired", in Brussels, and the Experience Center at West Hartford in the United States, where visitors enter a unique world of innovation and design. Finally, Legrand is also developing its relationship with end-users by continuously strengthening its presence on social networks and more generally on the Internet, especially through its corporate website *www.legrand.com* and websites in local languages in most countries where the Group operates. In 2017, the Group's websites generated more than 114 million-page views, while Legrand's YouTube© videos have been viewed over 32 million times.

Legrand's call centers, which provide a full range of information on new applications, also contribute to this promotional effort. In France, for instance, Legrand has organized its customer relations by setting up a three-level call center which provides general information about its products at the first level, detailed information on the standards that apply to products at the second level, and information enabling access to customized solutions drawn from Legrand's product portfolio at the third level.

In order to support end-users' interest for simple home DIY, Legrand markets part of its product range in specialist stores, with a particular emphasis on high value-added ranges. This system enables the Group not only to fulfill the demand from customers who want to renovate or improve their electrical installation, but also to communicate with the general public by offering aesthetically or functionally innovative solutions.

2.3.2 – Back Office

The role of the Back Office, generally organized centrally at Group level, is to optimize the industrial organization, accelerate the development of new products, keep capital employed under control and adapt the Group's Back Office resources to the business.

Since the first half of 2014, Legrand has set up an Operations Department to bring together all the Group's "industrial" Back-Office functions (product marketing, innovation, R&D, purchasing, manufacturing and supply chain) under a single Operations Department, with three priorities:

- focus more on the Group's strategic areas of activity by creating seven Strategic Business Units (SBUs) in charge of R&D and production;
- enhance productivity management by setting up a Group Operations Performance Department; and
- improve supply chain and purchasing efficiency by bringing them closer to operations.

At the same time, an Innovation and Systems department was set up to enhance coordination of innovation using a shared technology roadmap.

STRATEGIC BUSINESS UNITS

To take into account the close relationship between manufacturing and the technology used, Legrand's manufacturing and development activities are organized into seven Strategic Business Units (SBUs). These pool specific industrial process and product manufacturing expertise and are aligned with the local structure of the Group's markets:

- user interface;
- energy distribution;
- building systems;
- cable management;
- digital infrastructure;
- UPS (Uninterruptible power supply);
- installation components.

The Strategic Business Units have the following objectives:

- to ensure the best customer service rate and optimal product quality;
- to handle product marketing and develop new products;
- to define and implement industrial plans, in line with commercial development;
- to improve cost prices on an ongoing basis; and
- to control capital employed and, in particular, capital expenditure and inventories.

More specifically, the SBUs' ongoing goal is to improve their industrial performance and reduce capital employed by:

- including these criteria into the product design phase, specifically through the deployment of product platforms and technology platforms (see section 2.2.2.1.1). Product platforms enable the Group to make significant reductions in development time and the number of components used, and to increase the utilization rate of equipment. The platform concept, originally deployed for user interfaces, is being rolled out to other product categories, such as security lighting, UPS and even plastic cable management systems. Using technology platforms makes it possible to pool investments in engineering and to enhance product quality by sharing experience;
- streamlining and optimizing industrial sites;
- introducing plant specialization by product line or technology so as to reach critical mass and prevent the dispersal of resources and skills;
- systematically applying a "make or buy" approach to all new projects to determine whether to invest in new manufacturing assets or to outsource and thus gain extra flexibility and adaptability, while at the same time reducing the amount of capital employed; and

- deploying industry best practices at production facilities, aimed at overall operational excellence (productivity, capital employed, quality, customer service, etc.).

At the same time, the Group is carrying out targeted investments in the digitalization of its production tool by:

- gradually deploying data gathering and analysis applications that help control production processes in real time throughout the economic chain, and to accelerate the cycles of this chain; and by
- implementing solutions that assist intelligent production such as AGVs[1], Cobots[2], or augmented reality, which are already being used in some plants.

These initiatives come as part of a global approach of industrial excellence.

More generally, the Group permanently seeks to optimize its cost structures and reduce its impact on the environment, in particular by manufacturing products as near as possible to the areas where they are sold (this local manufacturing close to markets is mainly reflected by the approximate balance between revenue base and cost base in the various currencies). The Group is therefore actively strengthening its presence in markets that offer long term development opportunities, such as Russia where Legrand is investing in the construction of a site aimed at localizing the production of ranges of energy distribution devices and user interface sold on the Russian market.

INNOVATION AND SYSTEMS

The role of the Innovation and Systems department is:

- to promote and coordinate the innovation process within the Group;
- to define the major technology roadmaps and ensure the consistency of the technologies used by the SBUs;
- to contribute to the compatibility and the organization into consistent systems of all the Group's offerings.

PURCHASING

For more than ten years now, Legrand has been implementing a centralized purchasing policy to optimize its purchases and to reduce its consumption costs. The organization of the Group's purchases is characterized by:

- a structure adapted to its suppliers' overall organizational structure, which enables Legrand to negotiate with them on an equal footing (locally or by geographical area), thereby generating economies of scale;
- managing purchases, under the responsibility of user and buyer teams, to maximize the value of the Group's purchases by incorporating the price factor into procurement selection criteria; and
- involving buyers in the new product development process in order to make savings from the product design stage onwards, and target future suppliers.

This organizational structure has optimized purchasing by:

- consolidating purchases for the whole Group;
- purchasing raw materials and components in countries where costs are lower; and
- continuous optimization of the specifications of raw materials and components (purchasing productivity, including redesign to cost, etc.).

LOGISTICS AND SUPPLY CHAIN

Legrand's objective in terms of logistics and supply chain is to deliver products on time while optimizing transport and storage costs and inventory, and minimizing the environmental footprint of the various flows.

To that end, cycle times (supply, production and distribution) are factored in and anticipated from the new product design phase, opting for solutions that optimize the quality of service for the customer (product availability) as well as costs.

In addition, the Group's logistics facilities form a network of local, regional and central storage and distribution centers, enabling to appropriately serve the market according to the product ranges and specific geographical requirements.

This approach is based on dedicated tools and processes:

- distribution sites are connected to a central Distribution Resource Planning (DRP) tool. Every night, this records the inventories and forecasts of each subsidiary, as well as local customer orders, in order to schedule procurement at the global level and thus optimize finished product inventory levels;
- industrial facilities use powerful planning tools based on the Manufacturing Resource Planning concept. This means organizing workload schedules and procurement plans to better balance requirements and resources;
- the Kanban and just-in-time systems are being progressively rolled out across the value chain, covering procurement and outsourcing, manufacturing and inter-site flows.

This system has enabled Legrand to reduce the ratio of inventory value to consolidated sales, from approximately 17% on average between 1990 and 2002, to around 14% on average between 2003 and 2017, and to guarantee a high-quality service for its distributors in terms of availability and flexibility, speed and adaptability.

(1) AGV: Automated Guided Vehicle.

(2) Cobot: collaborative robot.

2.4 – OTHER INFORMATION

2.4.1 – Suppliers and raw materials

Legrand does not depend on any single supplier for the purchase of the main raw materials or components used in the manufacturing of its products. It considers that most of the raw materials and components required by its operations will remain available in all its major markets.

In 2017, the main raw materials used to manufacture Legrand products were:

- plastics: Legrand uses lots of different plastics of varying grades and colors in the design of its products; these are selected according to their physical properties and their ability to meet certain requirements such as durability, heat and impact resistance, and ease of molding, injection, or welding with other components;
- metals: in particular steel, which is used in mechanisms and structures, as well as brass and copper, which are used mainly for their conductive properties; and
- packaging materials.

Legrand also buys a large number of finished and semi-finished electro-mechanical and electronic components intended for incorporation in its products.

The table below sets out the relative share of the Group's raw material and component purchases as a percentage of Group sales for the 2016 and 2017 financial years:

(% of consolidated sales)	**2017**	**2016**
Raw materials	9.5%	8.6%
Components	22.5%	23.1%
TOTAL	**32.0%**	**31.7%**

2.4.2 – Property, plant and equipment

Legrand intends to optimize its industrial processes, improve its efficiency and reduce its production costs by increasing the level of industrial specialization at each site according to specific technologies or product categories; by optimizing its choice of production sites, by manufacturing close to its sales areas; by systematically implementing a "make or buy" approach on a Group-wide basis; and by applying industrial best practice in order to optimize productivity and capital employed.

The following table sets out the location, size and principal use of Legrand's major sites. All of them are fully owned, with the main exception being:

- the Ospedaletto site, which is held under a capital lease;
- the Boxtel, Corsico, Carcavelos, Diadema, Dayton, Fairfied, Fort Mill, Huizhou, Jhajjar, Istanbul, Madrid, Mumbai, Murthal, Pau, Rancho Cucamonga, Shakopee, Shenzhen, Sydney, Tijuana, Ulyanovsk, Union City, Vhegel and Wuxi, which are leased.

At the date when this Registration Document was filed, and to the best of the Company's knowledge, there have been no significant charges in the property, plant and equipment described below.

Site or subsidiary	Size *(in thousands of sq.m)*	Principal use	Location
France			
Legrand Limoges	185	Headquarters/Manufacturing/Distribution/Administrative services/Storage	Limoges and its region
Other French sites	232	Manufacturing/Administrative services/Distribution	Malaunay, Fontaine-le-Bourg, Sillé-le-Guillaume, Senlis, Saint-Marcellin, Antibes, Strasbourg, Bagnolet, Pantin, Montbard, Pau, Lagord, Pont-à-Mousson, Belhomert
Verneuil	90	Storage	Verneuil-en-Halatte
Italy			
Bticino Italy, IME	235	Manufacturing/Distribution/Administrative services/Storage	Varese, Erba, Naples, Bergamo, Tradate, Ospedaletto, Alessandria and Reggio nell'Emilia, Corsico
Portugal			
Legrand Electrica	25	Manufacturing/Distribution/Administrative services/Storage	Carcavelos
United Kingdom			
Legrand Electric	32	Manufacturing/Distribution/Administrative services/Storage	Scarborough, West Bromwich, Consett, Blyth
Spain			
Legrand España	22	Manufacturing/Distribution/Administrative services/Storage	Madrid, Barcelona
Poland			
Legrand Polska	34	Manufacturing/Distribution/Administrative services/Storage	Zabkovice
Hungary			
Legrand Zrt	30	Manufacturing/Distribution/Administrative services/Storage	Szentes
Germany			
Legrand-Bticino	15	Manufacturing/Distribution/Administrative services/Storage	Soest

Site or subsidiary	Size (in thousands of sq.m)	Principal use	Location
United States and Canada			
The Wiremold Company, Ortronics Inc., Pass & Seymour Inc., Vantage, TWS, OnQ, Middle Atlantic Products, Electrorack, Nuvo, Lastar, Raritan, Pinnacle, Solarfective, Luxul, Milestone AV Technologies, OCL, AFCO Systems Group, Finelite and Server Technology	341	Manufacturing/Distribution/Administrative services/Storage	West Hartford, Mascoutah, Rancho Cucamonga, Concord, Fort Mill, Fairfield, Anaheim, Hickory, Dayton, Somerset, Denver, Union City, Farmingdale, Maryland Heights, Shakopee, Warsaw, Reno, Toronto
Mexico			
Bticino de Mexico	56	Manufacturing/Distribution/Administrative services/Storage	Queretaro, Tijuana
Brazil			
Legrand Brazil, Cemar, HDL, SMS and Daneva	79	Manufacturing/Distribution/Administrative services/Storage	Caxias do Sul, Manaus, São Paulo, Aracaju and Vila Varela
Colombia			
Legrand Colombia	15	Manufacturing/Administrative services/Storage	Bogota
China			
Rocom, Legrand Beijing, TCL, Legrand, Shidean, Raritan	124	Manufacturing/Distribution/Administrative services/Storage	Dongguan, Beijing, Huizhou, Shenzhen, Wuxi and Shanghai
Russia			
Kontaktor and Firelec	100	Manufacturing/Distribution/Administrative services/Storage	Ulyanovsk, Moscow
Australia and New Zealand			
HPM	36	Manufacturing/Distribution/Administrative services/Storage	Sydney, Melbourne
India			
Legrand India, Indo Asian Switchgear, Numeric UPS and Adlec Power	121	Manufacturing/Distribution/Administrative services/Storage	Jalgaon, Nashik, Sinnar, Mumbai, Noida, Murthal, Haridwar, Chennai, Pondicherry, Jhajjar
Malaysia			
Megapower, SJ Manufacturing	25	Manufacturing/Administrative services/Storage	Seri Kembangan, Shah Alam
Netherlands			
Legrand Nederland, Aegide-Minkels, Milestone	50	Manufacturing/Administrative services/Storage	Boxtel, Veghel, Weert
Egypt			
EMB Egypt	10	Manufacturing/Distribution/Administrative services	Sadat City
Turkey			
Legrand Elektrik, Estap and Inform	43	Manufacturing/Administrative services/Storage	Gebze, Istanbul
Saudi Arabia			
Seico	15	Manufacturing/Administrative services/Storage	Jeddah

2.4.3 – Information by geographic region

Since Legrand's business is local, i.e. country specific, its financial reporting is organized into five geographic regions.

Please refer to section 5.4.1.1 of this Registration Document for more information on business trends by geographic region over the past two years, and to section 4.6.2.2 of this Registration Document for a breakdown of the Group's average headcount by geographic region and by category (Front Office and Back Office).

On January 1, 2016, the United States/Canada region became the North and Central America region, comprising the United States, Canada, Mexico and the other countries in Central America. This change reflects the new organization of Legrand's operations in North America, with all of these countries now headed by the same management which is in keeping with the region's market structure.

2.4.4 – Competitors

Legrand enjoys established market positions in France, Italy, and many other European countries, as well as in North and South America and in Asia. Legrand's main direct competitors include the following:

- the divisions of large multinational companies that compete with Legrand in various domestic markets, for some or all of Legrand's product ranges, such as: ABB, Eaton, Honeywell, Panasonic, Schneider Electric and Siemens;
- specialized companies which mainly offer one or two product categories, such as CommScope and Belden (VDI structured cabling), Aiphone and Urmet (door entry systems), Crestron and Nortek (building systems), Lutron (lighting control), Obo Bettermann and Niedax (cable management), Panduit (VDI and cable management), and Vertiv (former Emerson Network Power - UPS); and
- multi-specialist companies such as Hager in Germany and France, Gewiss and Vimar in Italy, Niko in Belgium, Gira in Germany, Simon in Spain, Leviton and Hubbell in the United States and Canada, and Chint in China.

INTERNAL CONTROL AND RISK MANAGEMENT

03

3.1 – ENVIRONMENT AND ORGANIZATION OF INTERNAL CONTROL AND RISK MANAGEMENT

3.1.1 – Reference framework

The Group's internal control and risk management system falls within the legal framework applicable to companies listed on the Paris stock exchange and relies on the "Reference framework for risk management and internal control systems" published by the AMF in 2010.

3.1.2 – Scope of application

The Group's internal control and risk management system covers all controlled entities that fall within the scope of consolidation of which the Company is the parent company. No entity is excluded from the scope.

The Company defines the roles and responsibilities of the various players, establishes the procedures, and ensures that internal control and risk management are performed effectively within its subsidiaries. Newly acquired companies adopt the internal control system during their integration with the Group. They are audited for the first time by the Group's Internal Audit team within around a year following their acquisition.

The scope of application of internal control concerns every area within the Company. The internal control system is regularly updated, to keep it closely aligned with risk management approach and developments in the Company.

3.1.3 – Internal control and risk management environment

The Group's internal control and risk management environment is based on the following:

- the Group's values, formally enshrined in a set of charters which have been widely circulated among its teams. For example: the Group's Charter of Fundamental Principles and its Application Guide setting out the Group's values, its Prevention Charter and Environment Charter and its Guide to good business practice. Commercial practices are framed by the Fair Competition Charter and the Guide to Good Business Practice;
- exemplary behavior, an essential means of disseminating values within the Company;
- the clear objectives set out by the Company and communicated to its employees (see section 2.2.1);
- an organizational and hierarchical structure that provides a clear definition of responsibilities and powers;
- the management policies and procedures available on the Group's intranet, applicable to all its subsidiaries;
- the IT tools and access to information systems determined according to each person's role, in compliance with the rules of segregation of duties.

The reporting structures that exist for all the Group's major business processes enable the gathering and circulation of relevant and reliable information at various levels of the Company, and ensure that a shared language exists between the Group's different organizational levels (subsidiaries and head office departments). Examples include the annual budget process, the monthly and quarterly country performance reviews, and various reports (financial, HR, corporate social responsibility, environmental responsibility, etc.), as well as the internal control self-assessment questionnaire completed by each Group entity.

3.1.4 – Resources allocated to internal control and risk management

The Group's Audit, Internal Control and Risk Management Department coordinates and organizes the monitoring of the risk management and internal control system, using key tools including risk mapping, the internal control framework, the self assessment process, audits, and action plan follow up. Assigning these tasks to a single department ensures consistent methodology and the continual adapting of audit procedures to the internal control risk areas, as well as rapid adapting of the internal control framework regarding weaknesses detected during audits.

For a dozen Group countries, including the largest contributors in terms of business (United States, France, Italy, India, China, Brazil, Russia, Colombia, etc.), the Group's Internal Control Department relies on local internal controllers who coordinate the process in their respective units. In smaller subsidiaries, internal control is the direct responsibility of the entity's Chief Financial Officer. In the Group as a whole, the equivalent of 26 staff members were fully dedicated to internal controls in 2017.

The manager in charge of this function at Group level has direct access to the Chair of the Audit Committee with whom he confers independently in connection with the preparation for Audit Committee meetings.

The manager in charge of this function at Group level reports directly to the Chairman and Chief Executive Officer, which ensures he/she enjoys the required authority within the Company.

Aside from is provided with the Internal Control Department, other key contributors include:

- the General Management, in connection with the overall design and management of the Group's internal control system;
- the Company's governance bodies, particularly the Audit Committee, whose tasks include monitoring the effectiveness of the system;
- the Risk Committee, in connection with management of the Group's risk mapping;
- the Group's various departments, some of which coordinate the internal control and risk management approach within the various operational committees;
- the Finance Department in general, and especially the CFOs appointed in the Company's various subsidiaries, who play an ongoing role in organizing the control environment and ensuring compliance with procedures;
- the managers, at all levels of the organization, who are responsible for managing the internal control system in their particular area.

Section 3 of the integrated report contains a summary diagram presenting the existing governance structure on internal risk management and control.

LIMITATIONS

It should be noted that the internal control system, outlined above and detailed below, though well designed and implemented, cannot provide an absolute guarantee that the Group's targets will be met and that every risk, particularly of error, fraud or failure, will be completely controlled or eliminated.

3.2 – INTERNAL CONTROL SYSTEM

3.2.1 – Definition and purposes of internal control

The Group's internal control system consists of a set of resources, behaviors, policies, procedures, tools and actions tailored specifically for Legrand, which:

- enable it to take appropriate account of significant risks, whether strategic, operational, reputational, financial or compliance related; and
- contribute to the control of its business activities, the efficiency of its operations and the efficient use of resources.

The internal control system is a wide-ranging scheme not limited solely to procedures for making accounting and financial reporting data more reliable. More generally, its objectives are to:

- ensure compliance with laws and regulations;
- ensure that instructions are applied and that the objectives set by the General Management are achieved;
- to guarantee the proper functioning of the internal procedures, especially those that contribute to the protection and safeguarding of assets;
- provide an assurance of the reliability of financial and accounting information;
- support both organic and external growth;
- contribute to the optimization of procedures and operations.

The risk management process continually feeds into the internal control process, which, as a result, adapts in response to developments in the Group's risk environment.

3.2.2 – Procedures, controls and assessments

The Group's internal control activity (procedures and controls) are defined in internal control standards which are regularly updated. These internal control standards, as well as all the legal, financial, management and accounting rules applied by the Group, can be accessed on the Group's website.

Internal control activities, and particularly the controls in place, are reviewed annually using a self-assessment mechanism which is mandatory for all entities and supported by a dedicated tool.

The self-assessment process covers matters concerning the internal control environment, and the controls over the Group's main processes (e.g. Purchasing, Sales, Inventory management, Payroll, Fixed assets, etc.). The questionnaire evolves each year as part of a continuous improvement process. The questionnaire is adapted to take account of the strengths and weaknesses identified during audits and self-assessments, and of changes in risks and in the control environment.

The size of the questionnaire varies depending on the size of the respondent entities.

The results of these self-assessment questionnaires and tests are systematically reviewed, consolidated and analyzed by the Internal Control Department.

The 2017 self-assessment campaign showed that the Group's entities have achieved an overall rate of 90% conformity with the minimum requirements of the internal control scheme, similar to 2016. The Group considers that this is a satisfactory conformity rate. Targeted support is provided to help all entities to reach this level, and cross-functional initiatives are launched as and when required. In 2018, specific actions will be carried out to tighten the management rules for access to IT, to support the roll-out of new procedures as part of the compliance program, and to prevent fraud.

The IT system used to support the internal control process includes a module for overseeing the action plans defined by the subsidiaries.

The Group's internal control system, and any changes it may undergo, are presented annually to the Audit Committee.

The tools, procedures and results of internal control reviews are available to the Company's Statutory Auditors, and there are regular consultations to optimize the internal control framework and coverage of risk areas, which reinforce the internal control scheme and risk control.

3.3 – RISK MANAGEMENT SYSTEM

3.3.1 – Definition and purposes of risk management

A risk represents the possibility of an event occurring that might have adverse effects on people, resources, the environment, the Group's objectives or its reputation. A risk is also the possibility of missing a strategic or other opportunity.

Risk management is a dynamic system that enables managers to identify, analyze and deal with the main risks regarding the Company's strategic objectives, in order to keep them at an acceptable level.

It seeks to be comprehensive, so as to cover all of the Group's activities, processes and assets.

Risk management is considered as a business management leverage tool, and has the following objectives, namely to:

- ensure the safety of the Group's employees;
- preserve the value, assets and reputation of the Group;
- secure the Group's decision-making and procedures to encourage achievement of its objectives and thus the creation of value for all stakeholders;
- ensure that the initiatives undertaken are consistent with Group values; and
- rally Group employees around a shared vision where major risks are concerned, and to raise their awareness both of the risks inherent in their activity and of newly emerging risks.

3.3.2 – Risk management procedure

The risk management procedure consists of three stages:

1) Risk identification: the risk environment has been jointly determined using data gathered during interviews and workshops with the Group's senior executives ("top-down" approach), supplemented by contributions from Group subsidiaries and functional departments ("bottom-up" approach), by business experts and by external benchmarking.

2) Assessment of identified risks: risk assessment and classification are carried out by a panel of Group senior executives using a dedicated tool. Risks are assessed and ranked according to the probability of their occurrence and their potential impact on the basis of a homogeneous set of criteria. The risks are then prioritized based on an assessment of how effectively they are controlled. Risk analysis is supported by a regular review of specific indicators (KRI – Key Risk Indicators). These indicators, drawn up on the basis of historic and prospective data, are tracked by the relevant functional departments and fed back to the Group's Risk Manager in charge of coordinating the process.

   On the basis of this risk identification and assessment, a risk map is produced, which is submitted to the Risk Committee for approval. Risk factors and risk control systems are detailed in section 3.6 of this chapter.

3) Dealing with risk: the measures applied to deal with risk comprise the reduction, transfer, or acceptance of a risk. Action plans are defined and the owners of the risks identified within the functional departments, with the help of the Group's Risk Manager. The Risk Committee validates the procedure for dealing with the main risks and monitors the progress of the action plans.

The risk management process is supported by a specific tool enabling documentation of the methodology, closer involvement of the players, and facilitation of its leadership and reporting.

Governance is provided by semi-annual meetings of the Risk Committee, chaired by the Group's General Management and attended by the functional and operational departments.

The Audit Committee is also regularly informed of the subjects addressed. The approach to assessing and dealing with risk is the subject of an annual discussion with the Audit Committee, during which a review is made of the major risks, of the risk control mechanisms in place, and of any current action plans. The minutes of the Audit Committee meeting are submitted to the Board of Directors.

3.4 – INTERNAL AUDIT SYSTEM

3.4.1 – Definition and objectives of the internal audit

The purpose of the internal audit is to provide objective assurance of the degree of control over operations, of the processes for managing, controlling and governing risk, and to make recommendations on how to increase their efficiency.

3.4.2 – Audit planning, implementation and follow-up

An audit plan is drawn up each year, taking into account the rules for its preparation:

- the rotation of audits across all the Group's reporting entities and functional departments;
- the audit of the Group's new acquisitions within a year of them being taken over or invested in;
- follow-up audits on the action plans put in place by operational entities, if the situation requires it;
- the audit of the systems for controlling the risks identified in connection with risk management;
- specific and cross-functional audits aimed at covering major or emerging risks.

After approval by the General Management, the audit plan is presented annually to the Audit Committee.

Every audit assignment always results in a report. These reports are distributed to General Management and a summary of them is presented quarterly to the Audit Committee.

The recommendations expressed in the audit reports address directly the inherent risks in the identified weaknesses in internal control, thereby strengthening the previously mentioned bottom-up approach. Correct implementation of action plans is monitored systematically by the Internal Control Department.

3.5 – PROCEDURES FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

Objectives

The internal controls applied to accounts and finance must meet the following objectives, namely to:

- ensure that the published accounting and financial information complies with applicable regulations;
- ensure that the instructions concerning this information, issued by the Group's General Management, are applied;
- safeguard the Group's assets;
- detect and prevent fraud and accounting irregularities, wherever possible;
- ensure the reliability of internal financial and accounting information, as well as the information disclosed to the markets.

Main contributors

- General Management, in connection with the setting up and structuring of the Group's internal control system and the preparation of financial statements for approval and publication;
- the Board of Directors which approves the consolidated financial statements, based particularly on the work of the Audit Committee;
- the Internal Audit Department, which, through its work, makes a certain number of recommendations both to General Management and to the Audit Committee on improvements to the internal controls applied to the accounting and financial areas;
- the Statutory Auditors who, through their external audit work, express an independent opinion on the published consolidated financial statements.

Control mechanism for accounting and financial information

This mechanism is based on the definition and implementation of processes to prepare and review financial and accounting data so that it can be used internally for management purposes and disclosed externally for publication to the markets. The mechanism is deployed through concerted action involving contributions from the following staff within the Finance Department:

FINANCE MANAGERS IN SUBSIDIARIES

Finance managers of the subsidiaries who are appointed by, and report functionally to, the Group's Finance Department, are specifically entrusted with responsibility for internal control and with the role of Compliance Officer in their respective subsidiaries. Nominees for these positions are reviewed systematically by the Group's Finance Department, to ensure consistently outstanding levels of expertise.

GROUP FINANCE CONTROL

Group Finance Control, who reports to the Group Finance Department, plays a key role in monitoring and controlling subsidiaries' performance and their enforcement of procedures. He/she coordinates the preparation of annual budgets and regularly performs an in-depth review of achievements and estimates. This work is based on the rules for the preparation of financial reports and the budget that can be found in the standards for internal control procedures.

All subsidiaries issue a detailed consolidation report every month, which includes a balance sheet with its analytical review and an income statement with its analyses, to enable detailed monitoring of their performance.

CORPORATE FINANCIAL ANALYSIS

The Corporate Financial Analysis unit, which reports to the Group Finance Department, prepares and analyzes the Group's consolidated financial statements. It prepares and circulates, on a monthly basis, a progress sheet showing the Group's consolidated performance and the variance between actual results and the results forecast in the budget. This data is formally reviewed each month by the Finance Department and the General Management.

Accounting data are consolidated by a dedicated team using the consolidation reports available through a software application deployed in all Group subsidiaries. Consolidated financial statements are prepared on a monthly basis (except at the end of July) in according with a schedule circulated to all subsidiaries. This allows them to plan accordingly and provide financial information in a timely manner.

Almost all consolidated entities have their annual and/or consolidation reports reviewed by the local affiliated offices of the Group's Statutory Auditors or by independent auditors.

GROUP FINANCING AND CASH FLOW

The Treasury Department reports to the Group Finance Department.

Bank account signatories are individually approved by the Group Finance Department. Cash flow is monitored through specific procedures. Investment, borrowing and hedging transactions are centralized and controlled by the Group's Finance Department. All bank accounts are managed in agreement with the Group Treasury Department, which ensures consistency in the relationships with banks.

INFORMATION SYSTEMS

The Information Systems Department reports to the Group Finance Department.

In order to reduce the risks associated with the reliability of accounting and financial data processing, the Group has implemented a full set of IT procedures to mitigate security risks and data back-up plans.

In addition, the deployment of internal control helps strengthen and harmonize processes related to the implementation and operation of information systems, as well as protection and access to system and network conditions.

The very nature of the activity of data processing in a changing environment in terms of the scope of Group activity and the information systems used makes IT risk management a process of continuous improvement.

3.6 – RISK FACTORS AND CONTROL MECHANISMS IN PLACE

At the date of this Registration Document, the risks described below are those identified by the Group as possibly having a material impact on its business, image, financial position, results or its ability to achieve its objectives. Other risks that are not identified, emerging or appearing as significant at the said date, may also have an adverse effect on the Group.

All the identified risks and threats are analyzed on a regular basis as part of the risk management process outlined in section 3.3 of this Registration Document.

The table below summarizes the key risks and associated control systems.

Risk factors	Structural risk reduction criteria and main systems in place	
Strategic risk		3.6.1
Political, social and economic environment	■ Global presence ■ Sectoral diversity of the offering and new growing business activities ■ Monitoring current events and activities by geographic region	3.6.1.1.
Competitive environment	■ Market intelligence ■ Investment in R&D and *marketing* ■ Cost controls ■ Cost of sales management ■ Development of e-commerce	3.6.1.2.
Disruptive technology and digital transformation	■ Chief Digital Officer and digital acceleration plan ■ Eliot program ■ Dedicated team for Innovation and Systems & the Cross-functional innovations program ■ Innovation and R&D ■ Strategic partnerships	3.6.1.3.
Acquisitions & docking	■ M&A team ■ Rigorous due diligence process ■ A proven integration process based on multidisciplinary expertise	3.6.1.4.
Intellectual property	■ Dedicated department and network of correspondents within the Group ■ Occasional recourse to experts ■ Use of consulting firms with an international reputation	3.6.1.5.

Risk factors	Structural risk reduction criteria and main systems in place	
Operational risks		3.6.2
Supplier default or sustainable practices	■ Systematic approach to the qualification of suppliers ■ Identification of critical suppliers (interdependence, financially vulnerability, risks relating to Corporate Social Responsibility) ■ Supplier risk reduction approach (multi-sourcing strategy, security *of supply*, CSR action plan) ■ CSR audit of suppliers ■ Responsible purchasing policy – “Responsible Supplier Relations” accreditation	3.6.2.1.
Cost and availability of resources, raw materials and components	■ Market monitoring ■ Globalised purchasing ■ Sensitivity analysis of cost of raw materials ■ Backup plan	3.6.2.2.
Talents and skills	■ Talent management process ■ Incentives and retention mechanisms for key employees ■ Onboarding for new employees ■ Quantitative and qualitative indicators via dedicated reporting	3.6.2.3.
Business continuity	■ Limited concentration of industrial activities ■ Identification of risks and vulnerabilities, and prevention plan ■ Regular investments in modernization and maintenance of industrial facilities ■ External audits ■ Worldwide program for insurance against risks of accidental damage and operating losses	3.6.2.4.
Continuity and security of IT systems	■ Dedicated team ■ Security masterplan ■ Specific governance ■ Audit of the systems in place	3.6.2.5.
Reputational and compliance risk		3.6.3
Product quality and safety	■ Quality policy ■ ISO 9001 certification for production sites ■ Qualification of products by certified laboratories ■ Customer dissatisfaction management process ■ Satisfaction surveys ■ Product recall management procedure ■ A department responsible for monitoring regulations and standards ■ Use of external experts	3.6.3.1.
Business ethics	■ Network of *compliance officers* in each country ■ Compliance program ■ Guide to Good Business Practice ■ Competition charter ■ Risk and control matrix in place for each country ■ Whistleblowing for ethics and fraud ■ Training and communication plan	3.6.3.2.
Employment practices	■ Head of Occupational Health & Safety (OHS) and network of correspondents ■ Prevention policy based on international standards ■ Legrand’s Charter on Human Rights ■ Mapping of risks to human rights at work ■ Responsible purchasing	3.6.3.3.
Data privacy	■ Application of the Privacy by Design principle for Eliot products ■ Security audits and intrusion tests ■ Systematic Privacy Impact Assessment of smart products ■ Team for the EU General Data Protection Regulation project	3.6.3.4.
Environmental protection and climate change	■ Dedicated department and network of correspondents in the Group ■ Limiting our Environmental Footprint: a priority of the 2014-2018 CSR roadmap ■ ISO 14001 and ISO 50001 certification and environmental audits ■ Environmental reporting in line with Grenelle 2 and the Global Reporting Index ■ Carbon footprint reduction plan	3.6.3.5.

Risk factors	Structural risk reduction criteria and main systems in place	
Financial risks		3.6.4.
Internal control and non-compliance	■ Group internal audit team ■ Internal control guidelines and self-assessment system ■ Systematic fraud reporting	3.6.4.1.
Counterparty risk	■ Regular monitoring of the credit rating of the main CDS[(1)] counterparties	3.6.4.2.
Financing and liquidity risk	■ Regular monitoring of the debt repayment schedule ■ Available headroom	3.6.4.3.
Interest rate risk	■ Debt mostly at fixed rates	3.6.4.4.
Currency risk	■ "Natural" hedging of currency risk ■ Hedging of significant intragroup foreign exchange positions	3.6.4.5.
Customer credit risk	■ Specific reports on trade receivables ■ Credit risk insurance scheme	3.6.4.6.
Risks relating to litigation	■ Review of material litigation	3.6.4.7.
Value of brands and goodwill	■ Annual impairment tests	3.6.4.8.

(1) CDS: Credit Default Swap.

3.6.1 – Strategic risks

3.6.1.1 POLITICAL, SOCIAL AND ECONOMIC ENVIRONMENT

The Group's business could be affected by changes in the local or wider political, social or economic climate, and in the sectors and countries where the Group operates.

Legrand's product sales mainly depend on demand from electrical and digital installers and building firms. This in turn is primarily a function of the level of activity in the renovation and new construction sectors for residential, commercial and industrial buildings in the regions where Legrand operates. The level of activity in these sectors is, to varying degrees, sensitive to fluctuations in the local and wider political, social and economic situation.

Legrand's operations are spread across the world's major markets, which limits the impact of an economic downturn in specific geographic regions.

The overall balanced distribution of business between the commercial, residential and industrial construction sectors, and between new construction and renovation, limits these risks.

Furthermore, the Group's new business activities that are driven by social and technological mega-trends, also limit these risk (see section 2.1.1.2).

Finally, in order to adapt to these risks as swiftly as possible, the Group continuously monitors changes in the overall situation of the regions concerned. Each month, it performs an in-depth review of the sales and profitability of all its businesses, in consultation with local managers, so that it can react immediately if a risk occurs.

3.6.1.2 COMPETITIVE ENVIRONMENT

The market for the Group's products is competitive in terms of pricing, of product and service quality, of development and of the period required for new product launches.

Some of the Group's local competitors, including some of those mentioned in section 2.4.4 of this Registration Document, may, because of their size, have greater financial and marketing resources than the Group. The Group's competitors may be able to launch products with superior features or at lower prices, to integrate products and systems more efficiently, to enter into long term contracts with certain of the Group's customers, or to acquire companies targeted for acquisition by Group. The Group could lose market share if it is not able to offer a broad product range or technology and prices which are at least comparable to those offered by its competitors, or it may not be able to take advantage of new business opportunities arising from its acquisitions. The Group's net sales and profitability could be affected as a result. Furthermore, in order to remain competitive, the Group regularly launches new products which, if not well received, could negatively affect its business in the countries where these products are launched.

Some competitors could benefit from better knowledge of their national markets and from their long established relationships with electrical installers and, as a result, have a competitive advantage. In addition, changes in the market for the Group's products towards integrated and connected systems could see new entrants emerge and lead to increased competition, resulting in a fall in sales, a loss of market share or an increase in the Group's costs, due to additional sales and marketing expenses or research and development costs.

Moreover, in markets where the end-user is particularly sensitive to price rather than product appeal or features, imports of less expensive products manufactured in low-cost countries and sold at lower prices, including counterfeit products, could lead to a drop in the Group's market share, and/or a decrease in the average selling price of its products in the markets in question.

In addition, the market in which Legrand operates could be open to vertical integration, since some distributors also choose to become producers.

Finally, e-commerce developments could cause the Group to lose market share to new entrants with online distribution channels (see section 2.1.1.2.4).

The Group is aware of these risks and therefore engages in ongoing and sustained efforts in terms of market intelligence, brand positioning, active management of the product mix, price management, research and development and marketing, to develop new distribution channels and thus increase the added value of its products and the attractiveness of its offering while maintaining a tight rein on costs and maintaining or growing its market share (see section 2.2.2.1 of this Registration Document).

3.6.1.3 DISRUPTIVE TECHNOLOGY AND DIGITAL TRANSFORMATION

The digitization of the economy and rapid development of connected objects could undermine the Group's ability to enter new high growth markets or threaten its traditional markets should its products fail to meet the new user expectations.

To address these new challenges, and in parallel with the roll-out of the Eliot program and its range of Connected Objects, the Chief Digital Officer manages a digital program designed to improve the customer experience, the employee experience, and operational excellence through the contribution of new technology.

Furthermore, an Innovation and Systems Department, that works cross-functionally with the Group's various Strategic Business Units (SBUs), monitors system architectures, interoperability, technology trends, standardization and intellectual property, enabling it to define the Group's strategic objectives, particularly in terms of innovation. An innovation program organized around four key themes (Energy efficiency, the Internet of Systems and artificial intelligence, Installation trends, and New technologies) underpins the projects managed by each SBU.

Moreover, each SBU analyzes the Group's products, technologies and markets on an ongoing basis. Research and development expenditure represents, on average, between 4% and 5% of Group sales over the long term, while the amount spent on electronic and digital technology has been increasing for many years.

Finally, the Group has signed multiple partnerships with major players in new technology to jointly develop offerings of connected and interoperable products. For years the Group has also been a member of various technology associations and alliances.

3.6.1.4 ACQUISITIONS & DOCKING

The Group's growth strategy, in line with the guidance given by the Strategy and Social Responsibility Committee and the Board of Directors, mainly relies on bolt-on[(1)] acquisitions with strong market positions or new technology and offering synergies with its existing businesses. The Group may not be able to complete transactions or obtain financing on satisfactory terms, to successfully integrate acquired businesses, technologies or products, to effectively manage newly acquired operations or to achieve the anticipated cost savings. It could also experience problems integrating acquired businesses, including possible incompatibilities of systems, of procedures (particularly accounting systems and controls), of policies and business cultures; or the departure of key employees and the assumption of liabilities, particularly environmental liabilities. All these risks could have a material adverse effect on the Group's businesses, results and financial position.

A dedicated acquisitions team in the Sustainable Development and Strategic Processes Department works closely with country managers to identify appropriate targets, and coordinates the acquisition process with the head office departments – finance, legal, industrial, logistics and marketing (see section 2.2.2.2 of this Registration Document). The Group conducts audits and due diligence prior to any planned acquisition, based, where appropriate, on advice provided by outside consultants, in order to ensure in-depth examination of the target company's position. At every important stage in the transaction, and according to a formal process, each planned acquisition is subject to validation reviews

(1) Small to mid size acquisitions that complement the Group's business activities.

to confirm its advantages and to set the terms and conditions for its completion. The acquired company is then integrated into the Group's financial reporting system, and, in broader terms, anchored in the Group in accordance with dedicated processes overseen by a multidisciplinary steering committee chaired by senior management. An initial internal audit is conducted as part of this integration process within around 12 months of the acquisition to establish the action plans required to ensure that the acquiree's processes comply with Group standards.

The first consolidation of these acquisitions may result in booking significant *goodwill* and brands values in the assets. This could lead to a risk of impairment in the event of a significant decline in performance of these companies. This financial risk is described in section 4.6.4.8 of this chapter.

3.6.1.5 INTELLECTUAL PROPERTY

The Group's future success depends in part on the development and protection of its intellectual property rights, particularly the Legrand and Bticino brands. Legrand could also incur significant expenses for monitoring, protecting and enforcing its rights. If Legrand were to fail to adequately protect or enforce its intellectual property rights, its competitive position could suffer, which could have an adverse effect on its business, results and financial position.

Furthermore, in spite of the precautions taken, Legrand cannot fully guarantee that its activities will not infringe the rights of third parties. If this were to happen, Legrand could be subject to claims for damages and might be prevented from using the disputed intellectual property rights.

To minimize this risk, Legrand pays particular attention to managing its intellectual property, and relies on a dedicated team at its Innovation and Systems Division. This team is in charge of monitoring patents, designs, trademarks and domain names, and for tackling counterfeiting. It also takes joint action with other major market players within professional organizations such as Gimélec, IGNES, and ASEC.

It draws on input from intellectual property representatives in each of the Group's SBUs in France and in key foreign subsidiaries. The primary role of these representatives is to bring to the Group's attention the position of the SBUs in all strategic decisions relating to intellectual property, such as filing and extending rights and waiver of title.

Finally, Legrand also uses external consulting firms to assist it in drafting its patents or to deal with certain in defense of its rights, working in close collaboration with the Group's Legal Department and its legal team.

A net total of €1,892.0 million in trademarks and patents was recognized in assets at December 31, 2017, compared with €1,722.6 million at December 31, 2016.

The Group's strategy for tackling counterfeiting is described at section 4.2.1.2 in the Chapter concerning the CSR roadmap.

3.6.2 – Operational risks

3.6.2.1 SUPPLIER DEFAULT AND SUSTAINABLE PRACTICES

The Group's suppliers and subcontractors are a vital link the value chain and, as such, represent a significant risk factor:

- the financial or operational failure of one or more suppliers, without an alternative solution, could pose a major risk to business continuity.
- Moreover, the Group's reputation could also be tarnished through a supplier's poor practices in terms of environmental safeguarding, business ethics, compliance with labor laws or human rights and fundamental freedoms.

Globally, the geographic spread of supplies (by origin: France 14.1%, Italy 14.6%, Rest of Europe 14.1%, North and Central America 22.5%, Rest of the World 34.7%) is not seen as a major risk factor (country or geopolitical risk) for the Group.

An analysis of purchases shows that the risk of dependence on suppliers is limited; indeed, purchases from Legrand's ten largest suppliers accounted for about 6% of the total value of purchases in 2017 (virtually unchanged from 2015), with no single supplier reaching the 1% threshold.

The Purchasing Department has introduced a systematic policy for supplier certification and approval that includes operational risk and CSR (corporate social responsibility) risk.

In addition, to reassess the risks regularly, an annual supplier risk analysis is carried out covering, among other things, the risks of interdependence, suppliers' financial strength, and CSR-related criteria. Suppliers presenting significant risks for the Group are identified, and are the subject of dedicated action plans (more stringent contracts, back-up inventories, alternative suppliers, CSR improvement plan, etc.).

Finally, to ensure that suppliers observe the Group's commitments in terms of CSR, the Group Purchasing Department has established a supplier audit methodology for categories of purchases that are at risk or in sensitive regions. In 2017 and to calibrate its CSR audit methodology, Legrand commissioned seven benchmarking audits from an external organization.

Details can be found in section 4.3.2 of this Registration Document, "Ensuring responsible purchasing".

Finally, Legrand has "Responsible Supplier Relations" accreditation, awarded to French companies demonstrating sustainable and balanced relations with their suppliers. This accreditation is granted for a three year period and is part of the ongoing application of the Responsible Supplier Relations Charter. Legrand's accreditation was renewed in 2015 following an audit by an accreditation-approved firm, ASEA.

3.6.2.2 COST OF RAW MATERIALS AND COMPONENTS

Legrand is exposed to the risk of an increase in the price of raw materials, primarily metals, plastics, packaging materials and components. Legrand may not immediately or in the long term be able to pass on increases in costs of raw materials and components through price increases on its products. The Group's costs could therefore increase without an equivalent growth in sales, directly impacting the Group's operating margin.

The price of components and raw materials are analyzed on an ongoing basis, with a job function dedicated to analyzing the centralized purchasing performance. This performance is tracked by special committees. Purchase price effects are reported monthly by producing entities and shared with sales entities so that selling prices may be adjusted if necessary.

The sensitivity analysis on the price of raw materials, carried out regularly, is discussed in chapter 8, Note 5.1.2.3. NB: no specific financial hedging instrument for raw materials risk was used in 2017.

3.6.2.3 TALENT AND SKILLS

In general, Legrand's key employees are long-standing employees of the Group. They have built up excellent knowledge of Legrand and its activities and of the entire sector in general. The loss of any one of these key employees could constitute a loss of know-how, or product or market expertise, and could result in Legrand's competitors possibly being able to obtain sensitive information. The loss of key employees could also adversely affect the Group's ability to retain its most important distributors, continue the development of its products, or implement its strategy. The Group's internal and external development is also partly dependant on its ability to hire, train, motivate, promote and retain new talent in all regions in which it operates.

Legrand has developed a Human Resources policy to attract, retain and develop the expertise, talents and skills required for the conduct of its business worldwide. The human resources function is present in all countries with a subsidiary or an office, depending on the size; it is present on site, or if not, then at regional level.

In particular, Legrand has rolled out programs to motivate and retain its key staff (see section 2.2.3.3. of this Registration Document), and makes skills and talent management one of the priorities of the Group's CSR roadmap. Detailed information can be found in section 4.4.3.1. of this Registration Document.

The main mechanisms are training, annual performance reviews (the CAPP - Competency Appraisal Performance & Perspective - process), the talent management process (identification, succession plan, mobility committees) and manager retention schemes.

Moreover, the Group carried out several major initiatives in 2017, including a highly selective corporate training program, a mobility platform to encourage international transfers, and strong local development policies (Mexico, USA) to strengthen the employer brand and retain key talent.

To anticipate and control potential risks, the Group has introduced monthly reports which enable the preparation of consolidated quantitative and qualitative data with a broad scope (almost 90% of the workforce). The results are presented to the Group's Human Resources Department on a regular basis. It includes labor risks and the related trend analysis, as well as the results of the employee retention strategy. The employee-related indicators summarized in section 4.6.2 of this Registration Document are consolidated in an annual HR report.

Notification systems are also in place to alert the Group if key talent leaves.

Internal communication, too, is important in motivating staff and creating a sense of belonging, by providing regular information on the Group's strategy and objectives. A range of media are used, all conveying the Group's core values embodied in the Charter of Fundamental Principles:

- onboarding seminars ("Welcome Days" for new hires) to share the Group's vision, strategy, culture and values;
- information resources, such as the Group intranet "Dialeg" and local Dialeg intranets, or the online magazine.

3.6.2.4 BUSINESS CONTINUITY

Events of natural or other origin sometimes occur (such as fires, natural disasters, climate change, health risks, geopolitical events, machine failure, etc.) that could disrupt or interrupt a site's activity.

The likelihood that such events will occur and the overall exposure that could result for the Group are limited by the number and geographic dispersion of industrial sites for all operational activities.

In addition, a regular analysis of the risks and vulnerabilities of the Group's sites is carried out jointly with the Group's insurers. These analyses cover events linked to climate risk (floods, snow, storms) and technical hazards (fire, machinery breakdowns, gas leaks, etc.). This enables the potential damage to property and related operating losses to be assessed.

Based on these analysis, the Group Real Estate Department manages investments in the prevention, protection, modernization and maintenance of industrial and logistical facilities. The same analysis are carried out upstream on new building construction projects.

As part of its prevention policy, Legrand conducts joint audits with experts from the Group's insurance companies to evaluate the level of fire protection and take any action deemed necessary. In 2017, 49 such visits were made to the Group's facilities.

Finally, Legrand has taken a global insurance policy to cover direct accidental damage to property and the potential operating losses resulting from such accidents.

3.6.2.5 SECURITY AND CONTINUITY OF IT SYSTEMS

Because of the scale and number of its international operations, processes and sites, Legrand's business activity requires multiple and often interconnected information systems. In addition, the development of connected products (Eliot) is a new aspect of the Group's exposure to specific cybercrime risks.

The risk of failure in these systems (networks, cloud, infrastructure and applications) operated directly or by service providers, or in both cases, the risk of a security breach, could slow or partially disrupt the Group's industrial and commercial activity, impact the quality of customer service, or compromise the level of security and confidentiality expected by our stakeholders.

Such failures could originate from inside the Group (configuration error, system obsolescence, lack of infrastructure maintenance, poor IT project management, malice) or from outside (viruses, cybercrime, etc.).

To deal with these risks, Legrand relies on a specific organization, system and resources.

The following skill sets are deployed within the ISD:

- a Head of Information Systems Security and his team, who work on improving system quality and security and are in charge of defining and implementing policies and projects specific to these areas, such as data backups and security plans, data protection, and dissemination to all employees of guidelines on the use of IT resources, cybersecurity and data backups, etc. This department is also responsible for conducting regular security audits and intrusion tests on the Group's information systems, with the support of external service providers;
- project teams, responsible for implementing information systems and infrastructure, are organized in accordance with established governance structures;
- support teams, responsible for continuity of service of infrastructure and applications, define the investment and maintenance programs required;
- a specific team, which assists and monitors the subsidiaries, as regards both the subsidiaries themselves and the application programs.

In addition, Legrand has introduced a cybersecurity masterplan which aims to strengthen and supplement all the protection, detection and response measures already implemented as part of its security policy. This masterplan is structured around the following seven components:

- a detailed analysis of IT risks;
- an IT systems security policy, based on applicable standards and best practice (ISO 27002, recommendations of the French National Cybersecurity Agency, etc.);
- the inclusion of security in IT projects through a specific methodology;
- an employee awareness program for cybersecurity;
- a structured incident handling process involving a Computer Emergency Response Team (CERT);
- a legal and regulatory monitoring system;
- a specific program dedicated to the security and processing of personal data for the Eliot connected objects and its cloud.

Relationships with suppliers responsible for outsourced IT services are governed by contracts that include continuity and security related clauses and by a governance designed for this purpose.

IT related risks are coordinated by specific governance (monthly, quarterly and annual committee meetings, with oversight by the Group Risk Committee).

3.6.3 – Reputational and compliance risks

3.6.3.1 PRODUCTS QUALITY AND SAFETY

Despite product testing, Legrand's products might not operate properly or present errors and defects, particularly on the launch of a new range of products or enhanced products. These errors and defects could cause personal injury and/or damage to property and equipment. Such accidents have in the past, and could in the future, result in product liability claims, loss of revenue, warranty claims, costs associated with product recalls, litigation, delay in market acceptance or harm to the Group's reputation for safety and quality.

Legrand cannot guarantee that it will not be faced with significant product liability claims or product recalls in the future, or that it will be able to successfully settle such claims, or conduct these product recalls, at an acceptable cost. Moreover, a product liability claim or product recall, even if successfully concluded at a nominal cost, could have a material adverse effect on the Group's reputation for safety and quality, and on its business.

In response to standards and safety issues, the Group has introduced a global quality control program which includes a process of ISO 9001 certification for production sites, product qualification by certified laboratories, and products conformity and quality monitoring plans. The same product qualification and quality control processes are implemented by the Purchasing Department for trade products.

In addition, a customer dissatisfaction management process identifies product defects and allows appropriate corrective action to be taken. Customer claims are systematically recorded and evaluated in real time using a single tool. If necessary, an instant alert procedure is set in motion with industry contacts and the team responsible for product expertise.

The Group conducts regular customer satisfaction surveys on product lines and service quality.

As detailed in section 4.2.1.2 of this Registration Document, "ensuring the safety of users of electrical equipment" is one of the Group's CSR concerns. Legrand may also launch product recalls at its own initiative as a preventive measure and in the event that products could present a material risk. In 2017, one product recall or withdrawal operation was initiated.

Provisions for product warranties totaled €29.1 million at December 31, 2017, compared to €21 million at December 31, 2016.

Legrand's products, which are sold in approximately 180 countries, are subject to numerous regulations, including trade, customs and tax regulations applicable in each of these countries and on an international level. Changes to any of these regulations and their applicability to Legrand's business could lead to lower sales or increased operating costs, and result in a decrease in Legrand's profitability and income.

In addition, Legrand's products are subject to quality and safety controls and regulations arising from national and international standards, such as European Union directives or the National Electric Code in the United States, and product norms and standards adopted by international organizations such as the European Committee for Electrotechnical Standardization or the Federal Communication Commission (FCC), and the International Electrotechnical Commission. A change or more stringent application of these quality and safety standards could require the Group to make capital expenditures or implement other measures to ensure compliance, the costs of which could have a material adverse effect on the Group's business, results and financial position.

In order to follow changes in regulations, Legrand has set up a compliance department that is in charge of managing related risks.

3.6.3.2 RESPECT FOR BUSINESS ETHICS

In most of the markets where it sells its products, Legrand is subject to local and international regulations in the areas of competition law, embargoes, export control and the fight against money-laundering and the financing of terrorism. A dispute involving Legrand with regard to these regulations could have a material impact on the Group's business, reputation, results and financial position.

Because of its international exposure and the development of a planned business (as opposed to sales flow activity), the Group faces a growing risk of being obstructed by these laws and regulations.

To address this, Legrand launched a Group-wide compliance program in 2012. This program is one of the objectives of the CSR roadmap 2014-2018. The program was further strengthened in 2017 by compliance with the requirements on the prevention of corruption and influence peddling under the French Sapin II Law (Law no. 2016-1691 of December 9, 2016).

The complete system is detailed in section 4.3.1. of this Registration Document.

Where specific advice is required, the Group contacts specialized law firms or the relevant authorities.

3.6.3.3 EMPLOYMENT PRACTICES

With commercial and industrial sites in nearly 90 countries, more than 37,000 employees worldwide, and countless subcontractors and suppliers, Legrand could face situations in which the Group's guidelines on working conditions and respect for human rights are not respected, for employees of the Group and/or for its subcontractors.

In addition to the ethical concerns this raises, the regulations are also changing, for example with Law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and principal contractors. This law makes it compulsory to have a vigilance plan to identify risks and prevent violations of human rights and fundamental freedoms, or threats to health and safety and the environment. Failure to comply with this obligation could lead to penalties on the Company and corporate civil liability may be incurred.

Moreover, apart from the financial and legal risk, non-compliance with these principles could have a major impact on the Group's image with its stakeholders.

The Group is already set up to prevent and limit these risks, since "Respecting human rights" and "Guaranteeing occupational health and safety" are two of the issues covered by the CSR roadmap 2014-2018 (please refer to sections 4.4.1 and 4.4.2, respectively).

The Group's response as part of the vigilance plan is described in section 4.3.2 "Ensuring responsible purchasing".

Detailed information on the systems and governance in place can also be found in these sections.

3.6.3.4 DATA PRIVACY

The Internet of Things (IoT) is leading to an increase in the volume of personal data to be processed. Such data could be used for fraudulent purposes or misappropriated, infringing users' privacy and security.

Given that there is a close link between practical value, security and respect for users' privacy, any leak, theft or loss of data could have a major impact on user confidence in Legrand's products, and thus on the Group's sales.

The Group could also be sued for damages.

Finally, with the entry into force of the EU General Data Protection Regulation (GDPR), scheduled for May 2018, the Group's obligations regarding data processing and protection will increase, and it could be fined for failing to meet those obligations.

To address this risk and fulfill its regulatory obligations, the Group has established a program involving a dedicated team, specific governance and several working groups.

Detailed information can be found in section 4.2.2.3 of this Registration Document.

3.6.3.5 ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

The main industrial processes that take place on Legrand's sites focus on the injection and molding of plastic components, the stamping of metal parts and the assembly of plastic, metal and electronic components, as well as the painting or surface treatment of components, on a less frequent basis. These activities may have an impact on the environment, even if this impact is, by nature, limited. Because of these activities, certain of Legrand's sites are, like those of similar companies, subject to obtaining permits and authorizations and to extensive and increasingly stringent environmental laws and regulations regarding, in particular: emissions, asbestos, noise, health and safety, the treatment of hazardous substances or preparations, methods of waste disposal, and remedial measures to deal with any potential environmental contamination.

If Legrand were to fail to comply with relevant regulations, the authorities could suspend Legrand's operations and/or may not renew the permits or authorizations it requires to conduct its business.

Moreover, Legrand may be required to pay potentially significant fines or damages as a result of past, present or future violations of environmental laws and regulations, even if these violations occurred prior to the acquisition of companies or lines of business by Legrand. The courts and regulatory authorities, or third parties, could also oblige or seek to oblige Legrand to undertake investigations and/or implement remedial measures concerning current or historic contamination of operational or former facilities or to install waste treatment facilities off site. Any of these actions could harm the Group's reputation and adversely affect its business, results and financial position.

Legrand has designed and developed an environmental risk prevention and measurement policy. This policy includes regulatory monitoring supported by a network of environmental correspondents appointed at each Group industrial site who liaise with their equivalent departments in the SBUs and with Group's headquarters.

Concerning the Group's operational activities, Legrand has rolled out an environmental risk identification policy ("Material Environmental Aspects"). In 2015, the Group also committed to obtaining ISO 50001 certification for multiple sites. At the end of 2017, 92% of industrial and logistics sites consolidated within the

Group for more than five years were ISO 14001 certified, while 25 were ISO 50001 certified.

With regard to ISO 14001 and ISO 50001 certification, internal or external environmental audits were conducted in 2017: about 180 audits for ISO 14001 and eight for ISO 50001.

Warning systems are in place to quickly inform the Group about actual or suspected pollution.

Provisions for environmental risks are recognized when environmental assessments are available or remedial works are probable and their cost can reasonably be estimated. These provisions amounted to €8.6 million at December 31, 2017, none of which were individually significant.

Concerning the environmental risks related to products, the Group, over and above the regulatory requirements of the RoHS Directive and the REACH regulation in Europe, has committed to complying with the restrictions on the substances identified in the RoHS Directive for all of its products sold worldwide.

With regard to the challenges of climate change, the Group could be impacted at several levels:

- faced with this new risk, Legrand has conducted a preliminary study into the vulnerability of its sites. So far, this analysis has focused on the exposure of the Group's sites to the increased risk of extreme weather events and natural disasters. (For more details about this analysis, please refer to chapter 4 of this Registration Document.);
- on the profitability of its offerings, if a carbon emissions tax is introduced. Legrand has anticipated this risk by increasingly including the carbon dioxide price per ton into its operational considerations, notably investment decision processes since early 2016;
- by loss of trust amongst stakeholders, and in particular investors and customers, when there is no commitment to reduce our energy footprint or by not fulfilling our commitments. Legrand has joined two international initiatives against global warming: the Science Based Targets initiative, which calls on companies to commit to CO_2 emission reduction targets; and the Global Alliance for Energy Productivity, an international alliance that seeks to improve energy efficiency.

For more details concerning the impact of Group activity on greenhouse gas emissions, the reader is also invited to refer to section 4.5.1. of this Registration Document.

3.6.4 – Financial risks

Counterparty, liquidity, currency and interest rate risk and the corresponding financial instruments are also described in Note 5.1.2 on the management of financial risk, found in chapter 8.

3.6.4.1 INTERNAL CONTROL WEAKNESSES

Legrand's international presence, its ongoing expansion and the diversity of its businesses result in many complex administrative, financial and operational processes. Its entities have varying levels of maturity in terms of internal control, operate in a variety of legal environments, and use different information systems.

In this context, a flaw in the internal control system could make an internal or external fraud (theft, embezzlement, etc.) possible and/or result in the recording of inaccurate and/or inappropriate transactions or operations. Weakness in internal controls could also mean that corruption is not detected or prevented. More generally, the Group's performance may be limited by inefficient processes.

In a bid to prevent a major failure in internal control, Legrand has defined a corpus of mandatory charters, rules, procedures and key controls that apply to all its subsidiaries. These rules and procedures are regularly updated to keep pace with changes in Legrand's business, organization, processes and tools.

The Company's fundamental principles also include an ethics component, the requirements of which are impressed on all members of staff.

The correct operation of the internal control system is assessed each year to ensure using a self-assessment process (see section 3.2.1 of this Registration Document), as well as through regular reviews and audits.

Legrand makes every effort to include automated controls and audit tools in IT systems to optimize internal control within processes. The correct use of these tools is checked regularly by general or specialist internal auditors.

Legrand has implemented a systematic procedure for reporting fraud to the Internal Control Department so that the necessary corrective action can be taken. In the event of fraud, it is mandatory that a detailed form specifying the circumstances and amounts at stake be forwarded to the Group's internal control management, for validation of the proposed action plans. If this occurs, the Audit Committee is informed.

3.6.4.2 COUNTERPARTY RISK

The Group's exposure to financial counterparty risk is related to its cash surpluses, existing in the form of cash, bank deposits, short-term investments and hedging instruments set up by the Group. Cash and cash equivalents stood at €823 million at December 31, 2017.

The Group seeks to place these assets with solid counterparties, regularly monitoring their external rating and objective market data, such as credit default swaps. The Group also selects leading insurance companies so as to restrict its counterparty risk (see Note 3.7 of the notes to consolidated financial statements).

Additionally, the Group could find itself unable to repatriate funds blocked in countries that limit or suspend foreign exchange, or that prevent the repatriation of foreign capital.

In general and except in specific situations, the Group incorporates the bank accounts of its subsidiaries in a cash pooling mechanism, allowing cash to be repatriated to the Group automatically and daily. In countries where this mechanism cannot be set up, the Group endeavors to limit cash amounts to the extent possible. In addition to centralized day-to-day cash management, cash held by subsidiaries whose bank accounts cannot be linked to the cash pooling mechanism is monitored twice a month by the Group's Treasury Department.

3.6.4.3 FINANCING AND LIQUIDITY RISK

The banking and financial indebtedness of the Group is described in section 5.5.2 of the management report, as well as in note 4.6 to the consolidated financial statements in chapter 8 of this Registration Document.

Legrand considers that the management of liquidity risk depends primarily on having access to diversified sources of financing across a wide range of maturities. This item represents the basis of the Group's financing policy. Although the Group has, in the past, demonstrated its capacity to generate significant levels of free cash flow enabling it to finance its growth, its capacity to comply with the covenants contained in some loan agreements and to refinance or repay its borrowings in the manner provided for therein, will depend on its future operating performance and could be affected by other factors (economic environment, conditions of the debt market, compliance with legislation, regulatory changes, etc.).

The Group has an investment grade rating from Standard & Poor's (A- with a negative outlook), a testament to the strength of the Group's business model and of its balance sheet.

Furthermore, over and above pure financial and banking performance investors could decide not to invest with Legrand if the Group does not demonstrate its commitments and performance concerning societal and environmental challenges, for example concerning the greenhouse gas reduction plan. (the reader is invited to read section 3.6.3.5 on this specific risk). The Group has defined a CSR strategy and set out its commitments in a CSR roadmap. The annual progress of this roadmap is presented in the Registration Document (see sections 4.1.1.4 and 4.1.2.2, below).

The debt repayment schedule is regularly monitored (by extending its term by re-financings and by early repayment of maturities in volatile market conditions) or by Headroom (immediately available financing).

The total amount of net financial debt (€2,219.5 million as of December 31, 2017) is fully funded by credit facilities maturing at the earliest in 2018 and at the latest in 2032. The average life of gross debt is more than 6 years.

At that same date, the available credit lines (€900 million), net of short-term marketable securities (€120 million), amounted to €780 million. There are no covenants associated with the credit lines.

However, Legrand could be obliged to devote a significant part of its cash flow to the payment of the principal and interest on its debt, and this could consequently reduce the funds available to finance its daily operations, investments, acquisitions or the payment of dividends.

However, the Group has a structurally high level of free cash flow, amounting to €695.8 million in 2017.

At December 31, 2017, its cash and cash equivalents stood at €823.0 million.

3.6.4.4 INTEREST RATE RISK

The Group is exposed to the risk of interest rate rises (see note 5.1.2.1 to the consolidated financial statements in chapter 8 of this Registration Document).

The Group manages this risk by using a combination of fixed and floating rate debt and through interest rate hedging arrangements, if necessary.

Contracts for swaps entered into between Legrand and financial institutions could provide that the swap counterparty require

Legrand to deposit, into a pledged or blocked account, a sum in collateral equal to its net liability determined on a market basis, pursuant to the provisions of the relevant financial hedging contract. At the date of filing of this Registration Document, Legrand has no outstanding interest rate swaps.

3.6.4.5 FOREIGN CURRENCY RISK

The Group operates internationally and is therefore exposed to currency risk arising from the use of several different currencies. The Group therefore has certain assets, liabilities, revenues and costs denominated in currencies other than the euro. (mainly the US dollar, Indian rupee, Chinese yuan, Brazilian real, Russian ruble, Australian dollar, British pound, Mexican peso, Turkish lira, and Polish zloty). The preparation of the Group's consolidated financial statements, which are denominated in euros, requires the conversion of these assets, liabilities, revenues and costs into euros at the applicable exchange rate. Consequently, fluctuations in the exchange rate for the euro versus these other currencies could affect the amount of these items in the Group's consolidated financial statements, even if their value remains unchanged in their original currency. These translations have resulted in the past, and could result in the future, in material changes in the Group's results, in the value of the assets and liabilities on its balance sheet and of its cash flows, from one period to another.

Moreover, to the extent that the Group may incur expenses that are not denominated in the same currency as that in which corresponding sales are made, exchange rate fluctuations could cause the Group's expenses to increase as a percentage of net sales, thus affecting its profitability and cash flows. However, where possible and when justified economically, the Group seeks to balance its revenues and costs by geographic region, which gives a certain degree of protection.

With regard to the balance sheet, natural hedges are preferred, for example by seeking a balance, when justified, between the allocation of net debt or debt servicing by currency, and of operating income or cash generation by currency.

The details regarding the exchange rate risk are discussed in Note 5.1.2.2 to the consolidated financial statements in chapter 8 of this Registration Document.

3.6.4.6 CUSTOMER CREDIT RISK

Credit risk is the risk linked to Legrand's outstanding trade receivables.

As stated at chapter 8 in notes 2.1 and 5.1.2.4, a significant portion of Legrand's income is from sales to its two electrical equipment distributors, which represent almost 20% of consolidated net sales. The Group considers that no other distributor accounted for more than 5% of consolidated net sales.

Therefore, Legrand may have a significant open balance on its trade receivables, which exposes it to the risk of customer insolvency or bankruptcy. Trade receivables stood at €624.9 million at end December 2017. (Note 3.5 to the consolidated financial statements gives detailed information about this).

Furthermore, Legrand's global presence means that the Group operates in regions where credit risk is higher than in the Group's historical markets.

Consequently, Legrand imposes strict monitoring of its trade accounts receivable. Credit limits are set for each customer, debt collection is closely monitored, with systematic reminders when payment deadlines are missed, and the balance of outstanding trade receivables is monitored carefully at each of Legrand's product distribution subsidiaries. The Group's Finance Department reviews specific indicators monthly using reporting and analysis tools. These indicators are part of the elements considered to be key to assessing the commercial performance of Legrand's subsidiaries and the individual performance of their respective management teams.

When the situation warrants, the Group is organized to use credit risk insurance (insurance program with a world-class player) or factoring.

3.6.4.7 LITIGATION RISK

The Group could be faced with legal proceedings related to specific laws or regulations, or to non-compliance with contractual commitments, which could have a significant impact on its reputation, financial position or cash flow.

- The major risks related to laws and regulations are dealt with in section 3.6.3 "Reputational and compliance risks".
- Risks related to non-fulfilment of contractual commitments could generate legal expenses and penalties.

To ensure that material legal proceedings are dealt with at the highest level, a joint review procedure exists between the Legal Department and Group Management Control for major litigation.

The Group considers that no litigation currently in process, either individually or in aggregate, should have a material adverse impact on its business, results or financial position (see section 8.5 "Legal Proceedings and Arbitration" of this Registration Document).

There are no other governmental, legal or arbitration proceedings, or pending or threatened litigation of which the Company is aware, that could have or have had a material impact on the financial position of the Company and/or Group in the past 12 months.

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3.6.4.8 VALUE OF INTANGIBLES (GOODWILL AND BRANDS)

As at December 31, 2017, the Group's intangible assets mainly included brands with an indefinite useful life (€1,048 million) and goodwill distributed by geographic region (€3,930 million).

These assets may pose an impairment risk due to internal or external factors, which could have a material impact on Legrand's financial situation and results.

An annual review of the value of these intangible assets is carried out and verified by the Statutory Auditors.

- For goodwill: the calculation assumptions used in impairment tests take into account both known and anticipated trends in sales and results per cash generating unit (CGU) at the calculation date. Rates used can vary from one year to another, depending on market conditions (risk premium, interest rates, etc.).
- For brands: impairment tests are carried out on the Group's three brands with an indefinite useful life (Legrand, Bticino, Cablofil) to compare their value in use against their carrying amount.

As in previous years, Legrand recorded no impairment loss for goodwill or brands in 2017. The criteria for goodwill impairment tests are described in note 3.2 to the consolidated financial statements in chapter 8 of this Registration Document, which also contains a sensitivity analysis of the main criteria.

Furthermore, the Statutory Auditors in their report on the consolidated financial statements at year end December 31, 2017 deal with this subject by means of specific audits: the Key Audit Matters (KAM).

3.7 – INSURANCE POLICIES AND RISK COVERAGE

Legrand has taken out global insurance policies to cover its assets and income from identifiable and insurable risks. Working closely with brokers, it seeks the insurance market's most appropriate solutions that offer the best value for money in terms of coverage.

The major risks incurred by the Group across all its operating activities are covered by a risk and insurance management policy centralized at headquarters.

These insurance programs are contracted from reputed and financially sound international insurance companies without recourse to a captive reinsurance structure. These policies provide global coverage for the Group and take into account the specific risks and activities related to the Group's operations, including property damage and the resulting operating losses, and product liability.

Legrand intends to continue its practice of maintaining global insurance programs where practicable, increasing coverage where necessary and reducing insurance costs through risk protection and prevention and through self-insurance (adapted deductibles).

Legrand believes that the coverage offered by these insurance programs is adequate in scope, amounts insured and limits of cover. [The Group regularly reviews its insurance coverage with the help of its brokers.] The Group's insurance and risk management policy and related prevention programs are periodically presented to the Risk Committee by the Legal Department (and to the Audit Committee as part of its annual review of the Group's main risks).

3.7.1 – Civil liability

The global, integrated “civil liability program” covers possible claims arising from the Group’s liability for physical injury, material damage and consequential loss arising during production or after product delivery, as well as damages arising from accidental pollution. More specifically, it covers the costs of removal/reinstallation, product withdrawals or recalls.

3.7.2 – Property damage and operating loss insurance

Subject to the usual excesses, exclusions and limits, the Group’s accident and operating loss insurance program covers direct damage property arising from any unexpected and accidental event (such as fire, storm, explosion, electrical damage, water damage, etc.) affecting the insured property, as well as the consequential operating losses.

In addition to this insurance program, and as mentioned in section 3.6.2.4 of this Registration Document, Legrand has an active industrial and logistics risk prevention policy, and intends to continue risk awareness and prevention campaigns in its operating entities.

3.7.3 – Other cross-sector risks insured

The Group’s other main insurance programs cover the following risks: D&O (Directors’ and Officers’) liability, employer liability, credit insurance, and attacks on its IT systems and data.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

04

4.1 – THE GROUP'S CSR STRATEGY

Corporate Social Responsibility (CSR) is an integral part of Legrand's development strategy. Its aim is to enable **everyone to be connected to electricity and new technologies in a sustainable way**, ensuring progress for all stakeholders involved in Legrand's activities. By embracing this commitment, the Group seeks to give more meaning to ethics and transparency in managing its operations and in its relations with different stakeholders, taking a holistic approach to the Group and its ecosystem through integrated thinking.

The CSR strategy involves all Group entities and subsidiaries, which are committed to implementing it worldwide.

In addition to reading Chapter 4 of this Registration Document, please refer to the latest information, data and examples published on the website at www.legrand.com.

4.1.1 – Definition of the priority issues

Legrand's CSR strategy and its 2014-2018 roadmap are based on three guiding principles:

- the achievements of previous roadmaps, to maintain Legrand's longstanding commitments while taking into account new subjects emerging from developments affecting the Group's businesses and the economic, social, societal and environmental context in which they operate;
- taking into account the regulatory and legislative requirements and standards concerning CSR ("hard law" and "soft law");
- dialogue with internal and external stakeholders to define the priority issues.

This approach helps engage Legrand, a responsible player with regard to its economic, social and environmental ecosystem, over a medium and long term perspective.

4.1.1.1 CSR STANDARDS APPLIED

Legrand applies the main international standards concerning Corporate Social Responsibility. These include:

- the Universal Declaration of Human Rights;
- the Declaration of the International Labour Organization (ILO);
- the Global Reporting Initiative (GRI) and ISO 26000 guidelines, which are also used as tools to evaluate the Group's approach (see cross-reference tables in sections 4.6.5 and 4.6.8 respectively);
- the United Nations Sustainable Development Goals (2030) (see cross-reference table in section 4.6.7);
- the Ten Principles of the United Nations Global Compact (see cross-reference table in section 4.6.6);
- the obligations under article 225 of Act No. 2010-788 of July 12, 2010 establishing the national commitment to the environment ("Grenelle 2 Law"). This article requires CSR information to be made public and introduces a mandatory audit of this information by an independent third party. The Group's response to these obligations is set forth in detail in this Registration Document: the relevant chapters are shown in the cross-reference table presented in chapter 4.6.4 and the certification report is presented in chapter 4.7. With this year's Registration Document, Legrand proposes wherever possible to apply the principles of the "statement on extra-financial performance", which will be fully applicable from 2018.

Focus: Confirmation of the Group's commitment to the Global Compact

"Legrand stands by its commitment to the ten principles of the Global Compact.

Since we joined the Global Compact in 2006, we have made consistent efforts, within our sphere of influence, to see progress in areas relating to human rights, working standards, protection of the environment and the fight against corruption. In perfect accord with the Group's Charter of Fundamental Principles, these principles are incorporated into company policy through our CSR strategy.

This results in a model for business development founded on social, societal and environmental values, which we actively promote in all our subsidiaries and in relationships with our stakeholders in all parts of the world.

In the interest of transparency and continued progress, we are including in this Registration Document a progress report on Legrand's project."

Benoît Coquart, Chief Executive Officer of Legrand

These external standards are adopted by the Group's entities in the form of guidelines and charters which all employees are expected to observe, namely:

- the **Charter of Fundamental Principles**, which lays down the rules on how to behave and conduct business and incorporates the principles of anti-corruption and respect for human rights. The text has been translated into a dozen languages and is accompanied by a practical guide;
- the **Fair Competition Charter**, which defines the rules on compliance with competition law;
- the **Guide to Good Business Practice**, which focuses on preventing corruption and fraud. Other matters relating to conflicts of interest, lobbying, political contributions or compliance with international trade rules (compliance with sanctions, fight against money laundering, financing of terrorist activities) are also covered;
- the **Prevention Charter**, which sets out the key principles of Legrand's health and safety policy. It defines three principles: compliance with national legislation and regulations, incorporation of safety into operating policies, and the harmonization of prevention strategies;
- the **Charter of Human Rights**, detailing the rules that the Group wants its own businesses and suppliers to apply;
- the **Environment Policy**, which sets out the requirements and fundamental aspects of the Group's environmental strategy;
- the **Energy Policy**, which includes commitments for continuous improvement of energy performance;
- the **Quality Policy**, which sets out Legrand's principles regarding the quality of its products;
- the **Purchasing Policy**, which establishes the principles of sustainable, balanced and mutually beneficial supplier relations.

These documents are promoted and disseminated locally by ethics and environmental representatives, human resources managers, the purchasing community, quality assurance officers and health and safety teams.

These documents are available from the CSR Resource Center on our website (*www.legrand.com)*.

4.1.1.2 DIALOGUE WITH STAKEHOLDERS

Legrand's CSR strategy involves close interaction with its stakeholders. It is based on:

- its historic involvement with players in the electrical sector;
- its culture of social dialogue;
- its dialogue with local communities;
- Legrand's willingness to listen to stakeholders' expectations so that it can respond accordingly.

Legrand identifies eight stakeholders as priorities:

1) its customers and users of its products and solutions, whether they are specifiers, installers or end customers;
2) its employees and trade unions;
3) its suppliers and subcontractors;
4) the scientific community, industry and the education sector;
5) the financial and extra-financial community (notably banks and rating agencies);
6) its shareholders;
7) civil society;
8) NGOs and charitable organizations.

Legrand maintains a detailed mapping of its stakeholders on which it identifies their expectations, Legrand's responses and forms of dialogue. This mapping is available at *www.legrand.com*.

The activities of the Group's subsidiaries, functional departments and SBUs (Strategic Business Units) are part of an approach involving reciprocity and dialogue with their customers, suppliers, employees and partners. This approach encourages knowledge-sharing and dialogue on CSR. For example, Legrand is involved in studies, surveys and round tables, both within and outside the industry, which are important sources of information and opportunities to share best practice. The Group is therefore a member of the CSR committees set up within professional bodies (GIMELEC, FIEEC, etc.), the Club des Directeurs du Développement Durable (C3D), and the Institut du Capitalisme Responsable. Locally, Legrand's teams may take part in studies, working groups and committees on CSR topics in their countries.

Focus: Legrand first signed the CAPIEL Code of Conduct "Diriger nos business de façon durable" (Sustainable business management) in 2012

It is committed to guiding and supporting stakeholders in its market by setting ambitious standards for itself in the fields of ethics, social responsibility, the environment and customer satisfaction. Year after year, the Group strives for continuous improvement in each of these areas, focusing on creating value over the long term. These objectives apply to the entire supply chain, from suppliers to product sales.

4.1.1.3 MATERIALITY STUDY

In 2013, Legrand conducted its first materiality test which established the Group's CSR priorities and thus helped to identify the key issues in the 2014-2018 roadmap (detailed below).

In 2017, Legrand wanted the principle of materiality to remain central to its CSR approach, reaffirming its alignment with the "statement on extra-financial performance" and its commitment to focusing on priority issues for Group stakeholders with a significant impact on the development of its business.

Methodology

An extensive materiality survey was conducted in the first half of 2017 among all the Group's stakeholders. This was based on a questionnaire which was used to update the 2013 matrix and thus prepare the ground for the Group's next roadmap (post-2018). The methodology is based on the principles of the AA1000 AccountAbility Principles Standard, which in the absence of an internationally qualified standard offers basic principles for stakeholder consultation.

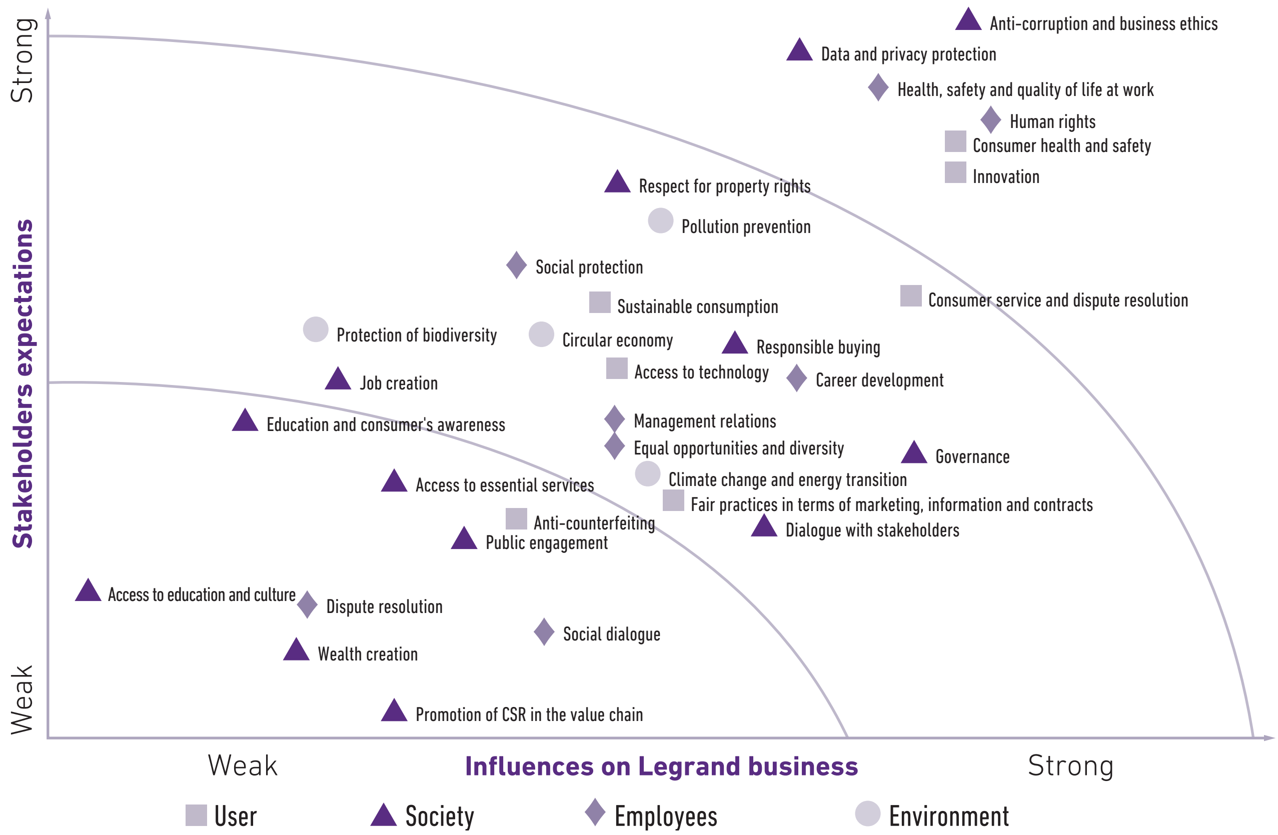
Key issues for consultation were selected in view of the CSR practices of various institutional players (including the UN Sustainable Development Goals, OECD and Global Compact), applicable standards (including core ISO 26000 issues), and companies within its inner or outer ecosystem. This search for issues that are material for humanity and the environment, across all sectors, identified 33 issues that were the subject of consultation.

This list of issues took the form of an online questionnaire for all stakeholders, available in nine languages. Nearly 3,700 responses were received from internal and external stakeholders in 70 countries, with a representative distribution across all stakeholders. More details can be found at *www.legrand.com*, since the Group wanted to be completely transparent about the results of the survey.

Results

The survey was used to generate the materiality matrix shown below. It reveals the priority issues for which stakeholders have high expectations and which have a major influence on Legrand's business. The issues are ranked from 1 to 3 depending on their level of priority, 1 being the highest.

This **confirms the 10 key issues** for the Group and its stakeholders which have been included in the Group's 2014-2018 CSR roadmap. For more information, please refer to the benchmarking against ISO 26000 described in section 4.6.8 of this document.



Link between the identification of priority issues and the priorities of the CSR roadmap

Once the priority issues had been identified by the materiality test, the Group set out its commitments in a CSR roadmap. The annual progress of this roadmap is presented in the Registration Document (see sections 4.1.1.4 and 4.1.2.2 below).

4.1.1.4 PRESENTATION OF THE 2014-2018 ROADMAP

Since 2007, Legrand has defined and coordinated its CSR strategy through multi-year roadmaps, built around the key issues of this strategy and their performance indicators. The first two roadmaps covered the periods 2007-2010 and 2011-2013.

In 2014, Legrand continued this trend by publishing its third CSR roadmap for the period 2014-2018. The roadmap is based on the four focus points and the 10 key issues described below. It identifies 21 priorities for its various businesses and entities, to be achieved during the period 2014-2018 (these priorities are detailed in section 4.1.2.2 of this Registration Document). Each year, the global results of this roadmap are published at the same time as the annual financial results. The detailed results are published in the Group's Registration Document.

User

1. Providing sustainable solutions
2. Playing a driving role in the electrical sector

Society

3. Acting ethically
4. Ensuring responsible purchasing
5. Enabling access to electricity for all

Employees

6. Respecting Human Rights
7. Guaranteeing health and safety at work
8. Developing skills and promoting diversity

Environment

9. Reducing the Group's environmental footprint
10. Innovating for a circular economy

Please refer to section 4.1.2.2 of this Registration Document for the entire 2014-2018 roadmap, together with the progress indicators at the end of its fourth year of implementation.

4.1.2 – CSR governance and performance management

4.1.2.1 CSR GOVERNANCE

The **CSR Department** is responsible for overseeing and implementing the Group's CSR strategy. It is attached to the Strategy and Development Department, whose Executive Vice-President is a member of the Group's Executive Committee.

This central structure relies on several **specialist functional departments**: Legal and Compliance, Human Resources, Group Purchasing, and the SBUs (Strategic Business Units). These coordinate networks of around 300 representatives located within the Group's subsidiaries, who work directly on the different areas comprising the Group's CSR strategy.

For example, corporate governance subjects that relate to business ethics are overseen by the Legal and Compliance Department, which reports to the Finance Department. Matters relating to human rights are managed jointly by the CSR Department and the Human Resources Department.

The **CSR Steering Committee** is composed of the Group's functional departments, the SBUs (Strategic Business Units) and the main country departments, meets three times a year with the Chief Executive Officer to approve and follow up on the actions of the Group CSR strategy.

Within Legrand's Board of Directors, the **Committee on Strategy and Social Responsibility**, composed of five directors, three of them independent, guarantees that the Group's strategy remains compliant with CSR requirements. Once a year, the CSR Department presents the previous year's results to this committee, together with targets for the coming year (see section 6.1.3 of this Registration Document).

This arrangement gives Legrand's General Management coherent oversight of its CSR activity, from General Management to the Group entities (including progressively the acquisitions).

Finally, in accordance with article 225-102-1 of the French Commercial Code (Grenelle 2 Law), the content of this chapter has been audited by an independent third party for 2017. One of the Group's Statutory Auditors, Deloitte & Associés, who have been retained for this purpose, have produced a certificate of completeness of the information relating to CSR, as well as a reasoned opinion on its accuracy. In addition, Legrand wanted, on voluntarily basis, to have a "moderate assurance opinion" on all 31 indicators comprising the CSR roadmap. This certificate can be found in section 4.7.

4.1.2.2 PERFORMANCE MANAGEMENT

The implementation and management of the roadmap are handled jointly by the CSR Department with the managers of the SBUs and subsidiaries, and by the functional departments (HR, Purchasing, Occupational Health & Safety, Environment, etc.) with the local representatives concerned. Legrand keeps track of its CSR performance through an organized reporting process for non-financial data. This process involves:

- the departments and countries that are directly responsible for producing the data;
- the functional departments and SBUs (strategic business units) that analyze these data;
- the CSR Department, tasked with consolidating the data and then comparing them against the commitments of the roadmap.

Reporting enables the various units to capitalize on best practices and share them within the Group.

This deployment is accompanied by different tools: procedural guidelines (definitions and reasons behind the issues and priorities, how each entity contributes, their performance evaluation grid, individual and consolidated dashboards for the Group), communication tools and best practices, available on the Group's intranet.

The progress and evaluation of the 21 priorities of the roadmap are consolidated through 31 indicators. Most of the data used to measure these indicators are derived from the Group's reporting tools, especially those pertaining to Occupational Health & Safety, Human Resources, Environment and Marketing.

For more information on the Group's reporting tools, see section 4.6.1 of this Registration Document.

The 31 indicators mentioned above are deployed at two levels:

- locally: for each priority item, the achievements of each entity are ranked on four levels ("Insufficient", "Deployment", "Performance", "Excellence"). Each year they are provided with a CSR dashboard. This allows them to track their performance over time, relative to the Group as a whole;
- at Group level: the Group's overall CSR performance results from the consolidated results of all its entities. Measured on quantitative indicators, performance is compared against a baseline established at the end of 2013.

Approximately 10% of the local CSR performance described above is included in the criteria for measuring the individual performance of the Directors of subsidiaries, regions or SBUs. At the end of 2017, the CSR performance levels of more than 50 reporting scopes (subsidiaries, regions or entities) have been assessed, representing all Group activities (apart from new acquisitions not included in the Group's report, as per the rules described in section 4.6.1 of this document). Of these reporting scopes:

- 83% were ranked at the "Performance" level (rating greater than or equal to 2.5 on a scale of 1 to 4) versus 78% in 2016;
- 13% were ranked at the "Deployment" level (rating between 2 and 2.5) versus 20% in 2016;
- 4% were ranked at the "Insufficient" level (rating below 2) versus 2% in 2016.

Individualized action plans are drawn up and deployed across all of the above reporting scopes so that each can meet the target set by the Group, namely a minimum rating of 3 by the end of 2018.

In 2017, 10% of the variable compensation of the majority of Executive Committee members, including the Chief Executive Officer, was indexed to overall CSR performance. Since 2016, one third of the performance criteria for performance shares awarded under a three-year plan to members of the Executive Committee, including the Chief Executive Officer, and to key managers has been indexed to overall CSR performance linked to the roadmap.

The performance of certain departments within the Group is also partially assessed on the basis of CSR criteria, including, for example, the rate of completion of individual appraisal reviews for some human resources functions, or the evaluation rate of suppliers according to sustainable development criteria for buyers.

Each year, Legrand includes a roadmap progress report in its Registration Document. This is calculated based on intermediate annual targets and the annual achievement rate is calculated on these intermediate targets. The rates of achievement of annual targets for 2017 were the subject of a voluntary audit moderate assurance by one of the auditors, Deloitte & Associés. Please refer to section 4.7 of this Registration Document for more information about this approach and the associated results.

Roadmap 2014–2018: 2018 targets	2014: Target achievement rate	2015: Target achievement rate	2016: Target achievement rate	2017: Target achievement rate	Ref.
Focus: User					4.2
Issue no. 1: Providing sustainable solutions					4.2.1
■ To increase by 50% Group sales of solutions that improve living conditions and comfort	57%	47%	51%	47%	4.2.1.1
■ To actively continue the deployment of initiatives to improve product quality and tackle counterfeiting in the electrical industry	93%	94%	89%	96%	4.2.1.2
■ To provide product environmental data compliant with ISO 14025 for products accounting for two-thirds of Group sales	101%	101%	102%	106%	4.2.1.3
■ To avoid the emission of 1.5 million metric tons of CO_2 equivalent	74%	105%	100%	110%	4.2.1.4
Issue no. 2: Playing a driving role in the electrical sector					4.2.2
■ To continue to provide training to industry players by further innovation in response to local needs and conditions	122%	130%	146%	153%	4.2.2.1
■ To continue to develop university partnerships and collaborative research projects, and implement the resulting innovations	83%	131%	114%	110%	4.2.2.2
■ To provide feedback mechanisms and customer satisfaction measurement for 95% of Group sales	109%	112%	104%	104%	4.2.2.3
Focus: Society					**4.3**
Issue no. 3: Acting ethically					4.3.1
■ To have an additional 3,000 employees trained in business ethics	273%	198%	152%	131%	4.3.1.1
■ To cover 100% of Group sales through a compliance program monitoring scheme	110%	105%	107%	88%	4.3.1.2
Issue no. 4: Ensuring responsible purchasing					4.3.2
■ To support 100% of the sensitive suppliers in implementing an improvement plan for environmental issues, fundamental rights in the workplace, and business ethics	100%	124%	131%	116%	4.3.2
Issue no. 5: Enabling access to electricity for all					4.3.3
■ To enable an additional 800,000 people to have access to electricity, whether directly or indirectly	141%	167%	153%	165%	4.3.3.1
■ To ensure the widest possible access to the initiatives of the Legrand Foundation	100%	100%	100%	100%	4.3.3.2

04

Roadmap 2014–2018: 2018 targets	2014: Target achievement rate	2015: Target achievement rate	2016: Target achievement rate	2017: Target achievement rate	Ref.
Focus: Employees					**4.4**
Issue no. 6: Respecting Human Rights					4.4.1
■ To map and annually assess workforce exposure to the risk of human rights violations in the workplace and deploy measures for improvement as appropriate	100%	108%	100%	100%	4.4.1
Issue no. 7: Guaranteeing health and safety at work					4.4.2
■ To extend and maintain an occupational risk management plan covering 90% of the Group's workforce	106%	100%	100%	102%	4.4.2.1
■ To implement the health and safety monitoring and improvement process and maintain coverage of at least 90% of the workforce, with the objective of reducing the Group's workplace accident frequency rate by 20%	211%	235%	184%	182%	4.4.2.2
Issue no. 8: Developing skills and promoting diversity					4.4.3
■ To maintain a dynamic approach to talent and skills management, adapted to employee expectations and market needs	71%	90%	104%	107%	4.4.3.1
■ To increase the number of women in key positions by 25%	127%	125%	113%	136%	4.4.3.2
■ To reduce the pay gap between men and women in the Group's non-managerial positions by 15%	274%	94%	142%	184%	4.4.3.3
Focus: Environment					4.5
Issue no. 9: Reducing the Group's environmental footprint					4.5.1
■ To achieve ISO 14001 certification at more than 90% of the Group's industrial and logistics sites	102%	104%	102%	102%	4.5.1.1
■ To reduce energy intensity by 10%	315%	175%	247%	213%	4.5.1.3
Issue no. 10: Innovating for a circular economy					4.5.2
■ To deploy the principles of a circular economy from the product design phase through to end-of-life recovery	100%	87%	118%	103%	4.5.2
TOTAL ACHIEVEMENT RATE	**123%**	**120%**	**122%**	**122%**	

4.1.3 – Recognized CSR performance

To promote transparency and openness, in particular towards investors and shareholders, Legrand regularly responds to requests relating to its non-financial performance. These are recognized and rewarded by its inclusion in the world's leading CSR indexes, particularly at the end of 2017:

- FTSE4Good;
- ESI Excellence Europe and Excellence Global;
- Euronext Vigeo: Eurozone 120, Europe 120;
- MSCI SRI Index: World, ACWI, Europe;
- STOXX® Global ESG Leaders, STOXX® Global ESG Environmental Leaders, STOXX® Global ESG Governance Leaders, STOXX® Global ESG Social Leaders, EURO STOXX® Sustainability Index.

Legrand has also received the following recognition and ratings:

- "Prime" status in Oekom Research's Corporate rating;
- Inclusion in the "2017 Sustainability Yearbook", published by the asset manager RobecoSAM;
- 51st place in the "Corporate Knights 2018 Global 100 Most Sustainable Corporations in the World";
- Grand Prix of the CAC 40 General Assembly awarded to Legrand by the *Institut du Capitalisme Responsable*. Legrand distinguished itself thanks to the presentation of value creation by key stakeholder.

To allow access to the information, a special CSR analysts' room has been created on our corporate website *www.legrand.com*.

4.2 – OFFERING USERS SUSTAINABLE SOLUTIONS

Legrand places the user and the user's needs at the center of its attention and its concerns. The Legrand user may be the end consumer, the electrician, or the professional installer. The Group harnesses innovation to offer sustainable solutions to everyone and drive progress in the electrical sector.

4.2.1 – Providing sustainable solutions

The solutions developed by Legrand are the answer to some of the major global challenges of today and tomorrow. Firstly, the **environmental challenges**, linked to the depletion of raw materials and the impact of global warming. Secondly, the **social challenges**, mainly relating to the aging population and increasing urbanization (especially in new economies). Finally, the **technological challenges**, with increasing digitalization, the advent of smart grids and the rapid increase in digital streams.

The Group's objective is therefore to develop solutions so that everyone can use electricity sustainably:

- Legrand is helping to make the functions of electrical installations available to the largest number of people, whether these functions serve basic needs or satisfy expectations for enhanced and intelligent systems. The Group is therefore developing products and solutions to improve people's **living conditions and comfort**;
- as an industry leader, Legrand is committed to ensuring the safety of users of electrical equipment by striving for **product quality** and actively fighting against counterfeiting;
- since improving the **energy efficiency** of buildings is a priority, the Group believes it is important to inform users about the **environmental impact of its products** and designs solutions that will reduce electricity consumption.

4.2.1.1 IMPROVING THE LIVING CONDITIONS AND COMFORT OF USERS

There are several ways in which Legrand's products can be used to improve living conditions and comfort, not least through:

- "value" product ranges, allowing the widest possible access to high-quality solutions for the home without compromising on electrical safety;
- products and solutions that limit power outages and optimize the building's energy efficiency, reducing energy bills for the occupants;
- assisted living systems for the home, enabling people to have a better life at home, for longer.

The product offering, designed to fulfill the criterion of improving living conditions and comfort, is defined by the Group's marketing teams, depending on the type of products and solutions. Coefficient factors may be applied if, in a given range, not all products included meet the criteria of this product offering. These may be updated from year to year as the ranges evolve, based on surveys carried out on a sample of subsidiaries. These are then extrapolated to the Group as a whole.

Group priority 2014-2018

To increase by 50% Group sales of solutions that improve living conditions and comfort.

Key performance indicator:

Percentage of sales generated in the residential building sector with:

- affordable ranges of switches, sockets and circuit breakers to suit every budget;
- solutions that limit power outages and optimizing energy efficiency;
- home systems enabling people to have a better life at home for longer.

Annual targets:

	2014	2015	2016	2017	2018
Growth in the proportion of sales generated with these solutions compared with 2013	+4%	+10%	+19%	+32%	+50%

2017 achievement:

The percentage of Group sales represented by these offerings increased by 15% between 2013 and 2017. This was below the 32% growth target that the Group set itself at the end of 2017. Sales for this product offering contributed less to total sales than the target set for the year, particularly in some of the mature markets. In addition, the Group's external growth has focused on companies that do not necessarily contribute to the product categories included in this segment. Nevertheless, the Group is continuing to strengthen its position in the assisted living sector, as well as launching ranges in new economies.

	2014	2015	2016	2017	2018
Target achievement rate*	57%	47%	51%	47%	

* *Calculated against annual targets.*

Products resulting from frugal innovation

The Group's frugal innovation approach is reflected by the development of **product ranges that meet these basic needs**. It involves rethinking certain offerings by redesigning products to suit users' primary needs. It means using innovative design to meet the expectations of users who are yet to become customers, either for cost reasons or because the products themselves do not meet their requirements.

In practical terms, it does not mean downgrading the existing offering, but rather designing a specific offering that meets local constraints in terms of the right cost and essential functionalities, with high-quality, user-friendly products guaranteeing electrical safety and, where necessary, including the latest technology.

Legrand's frugal innovation approach can be seen in the design, development and marketing of affordable ranges of accessories (sockets, switches) and circuit breakers, that enable buildings to be permanently and safely equipped at price levels affordable for the greatest number. This is mainly intended for the emerging economies:

- in China, with the Yi Pin and K2 ranges, designed to be installed in new builds constructed as part of the Social Housing Project;
- in India, with the Group's subsidiary Indo Asian and its range of Glint accessories for the residential market, designed in response to the budgetary constraints specific to this type of requirement;
- in South and Central America, with the Domino Sencia accessory ranges, or with Luzica and New Galica in Colombia.

For more information on solutions that address these basic needs, see our website *www.legrand.com*.

Products promoting energy efficiency

To combat energy poverty, Legrand designs **solutions limiting power outages and optimizing energy efficiency**. This means consuming less electricity and reducing energy bills across the board by adopting simple solutions.

In the home, for example, solutions range from sensors to complete automation equipment. This allows lighting, heating and other sources of electricity consumption to be controlled and programmed, optimizing electricity consumption and ultimately reducing energy bills.

In commercial or industrial buildings, the offering consists, for example, of lighting management, office equipment management, security lighting or even network metering and monitoring. Further examples include capacitor banks, which increase system performance, and network analyzers, which measure consumption and energy quality.

For more information on the Group's energy efficiency solutions, see section 4.2.1.4, or visit the website at *www.legrand.com*.

Products dedicated to assisted living

Legrand provides support to people with diminishing capacities for independent living with solutions that improve comfort and safety. These **home systems allow people to enjoy living at home safely and for longer**.

By 2050, the global population over the age of 80 is set to more than triple compared with 2017 (source: UN). These social changes represent new challenges for electrical and digital infrastructure, particularly in terms of:

- guaranteeing the safety of people who are frail, with a range of everyday devices, such as switches and plugs that are easy to use, or enhanced home automation functions, such as *My Home*, which offers centralized or remote commands. Lighting paths, which highlight obstacles, aid orientation and prevent falls, reducing the latter by up to 30% (source: trial carried out in association with Corrèze Regional Council in France). Finally, safety in the home, which involves the use of technical sensors such as smoke, gas and carbon monoxide detectors;
- facilitating access to building features, such as shutters or heating, with Legrand home automation solutions (e.g. Legrand's *Céliane* lighting control systems or *Bticino* 300 X connected door-entry systems) means that home environments can be programmed from a single control point, with lighting, heating and access set to match personal needs and preferences. *Céliane* systems can even be coupled with remote control systems to offset specific motor or sensory deficiencies;
- facilitating communication with the outside world by sending reports on the status of the dwelling and information on the activity of its occupant to a support center, which can then respond to alerts remotely and take control of home automation systems. The solutions of the subsidiaries Intervox Systèmes, Neat and Tynetec can be used, via wearable alarm devices, to trigger a manual or automatic alarm (fall sensor) and alert a remote support center in the event of illness, for example.
- keeping pace with technological advances, such as the digitization of telecommunications networks that transmit calls between homes for the elderly and support centers. The range of NOVO carephone systems from Neat and REACH IP from Tynetec allow the Group to be part of the switchover from telecommunications networks to IP technology. The monitoring platforms from Jontek (acquired in 2016) also reflect Legrand's ambition to offer technologically advanced solutions.

For more information on the Group's solutions for assisted living, see the website *www.legrand.com*. For more information about the Group's initiatives for the Silver Economy, see section 2.1.1.2.3.

4.2.1.2 ENSURING THE SAFETY OF USERS OF ELECTRICAL EQUIPMENT

Given the potential risks associated with the use of electricity, user safety is paramount for Legrand. The Group is therefore committed to ensuring that the products it places on the market are of the highest quality and that they conform to the relevant standards. To protect users, Legrand is involved in an ongoing industry campaign to prevent counterfeiting.

This roadmap priority is based on the deployment and maintenance of means to combat counterfeiting and maintain product quality. Specifically, the Group has set itself the goal of completing at least one significant action each year in the fight against counterfeiting. The term "significant" here means being able to take action by involving several partners, potentially in several different countries.

In terms of product quality, the aim is to ensure that the product risk management policy is properly applied within the Group.

Group priority 2014-2018

Extend the deployment of initiatives in favor of product quality and against counterfeiting in the electrical industry.

Key performance indicators: the number of seized counterfeit products, anti-counterfeiting measures, the percentage of Group sales compliant with the product risk management policy.

Annual targets:

To monitor the number of seized counterfeit products, introduce at least one major anti-counterfeiting measure, and ensure that 100% of sales are covered by the product risk treatment policy.

2017 achievement:

The Group slightly underperformed on the indicator for the implementation of the product risk management procedure, since 93% of its sales are generated within entities that apply the principles, against an annual target of 100%. The changes in this indicator between 2015 and 2016 are due to the redefinition of key control points of the procedure to include a greater degree of rigor. In 2017, a comprehensive communication on the subject of product risk was carried out. This will continue in 2018 and will enable the Group to strengthen this process. The targets set for counterfeiting have meanwhile been achieved, with the seizure and destruction of about 945,000 counterfeit products and the action plans implemented to tackle counterfeiting in several countries.

	2014	2015	2016	2017	2018
Target achievement rate*	93%	94%	89%	96%	

* *Calculated against annual targets; each subject has a 50% weighting in the target achievement.*

Quality policy

The Group's quality policy, managed by the Group's Operations Department, is deployed within SBU (Strategic Business Units), and in each country. It defines the Group's commitments in terms of quality, and, specifically, compliance with the regulatory requirements, the need for product reliability, and the organization, control, measurement and monitoring of processes. Management systems (which are ISO-certified) reduce and prevent risks.

The Group's quality policy is essentially implemented through:

- **ISO 9001 certification** issued by independent bodies for the quality management system at each of the Group's sites. At the end of 2017, 93% of sites were certified. This validates the improvement loops built into the Group's quality systems (control and monitoring mechanisms);
- **production quality control procedures**, which require frequent or systematic checks to be introduced, depending on the manufacturing specifications of the products. These are accompanied by a list of safety functions to be systematically tested because of their criticality (e.g. ground continuity). A system is also put in place to monitor product quality: the aim here is to certify product quality through additional tests carried out under a plan reviewed annually, to ensure that the basic product performance conforms with original quality and certification standards throughout the period of manufacture and marketing of the products. A monitoring plan is drawn up for a predefined period, at the end of which it must be reviewed. This includes: the list of products to be monitored, testing, analysis of test reports, and a final report;
- these measures may be supplemented by a product audit incorporating the technical and production quality specifications, as well as the product documents (catalogue pages, notices, datasheets, etc.) for review;
- **laboratory accreditation processes**, overseen by the SBUs and carried out before products are brought to market;
- the **product risk management procedure**, applicable to all Group products irrespective of brand and target market, includes fast-track internal processing for potentially critical situations. In the most sensitive cases, product withdrawal or recall actions could be launched. In 2017, one operation of this type was carried out within the Group;
- the **customer dissatisfaction management process** ranks dissatisfaction according to different levels of severity: those that could have implications for the safety of goods or people, or that have significant financial implications, are dealt with according to the rules laid down in the product risk management procedure.

Non-product quality indicators are closely monitored at the country and business unit level. Any divergence from these indicators is systematically analyzed and corrected by implementing action plans. The increased accountability of all Group employees is encouraged through the application of the quality policy which may be consulted at *www.legrand.com*.

For more information on the unsatisfactory cases management process, please refer to section 4.2.2.3 of this Registration Document.

Fight against counterfeiting

Coordinated by the Group's Intellectual Property Department, which is part of the Group's Operations Department, the Group is engaged in an ongoing fight against counterfeiting and for consumer protection on two levels:

- by internal anti-counterfeiting mechanisms (see Copytracer, below), and particularly by the SBUs' intellectual property representatives;
- by actively participating in the seizure and destruction of counterfeit electrical products, working closely with the customs agencies of the countries concerned. Through global communication strategies via trade unions or industry associations FFB (Fédération Française du Bâtiment), IGNES (Industries du Génie Numérique Énergétique et Sécuritaire), BEAMA (British Electrical and Allied Manufacturers' Association), to raise awareness among all stakeholders, including installers and distributors.

In 2017, the Group seized 945,000 counterfeit products. Almost 80% of these seizures resulted from actions instigated directly by Legrand's teams in China. The remainder result from Legrand taking part in actions carried out jointly by members of the electrical industry and customs supervision.

In general, since January 2006, more than 6.5 million counterfeit devices (primarily switches and sockets) and circuit breakers under all the Group's brand names, as well as 21 production molds, have been seized and destroyed. Legrand has also shut down some 10,000 links to websites selling counterfeit goods.

Copytracer, protecting the user

Customer satisfaction also depends on the Group's ability to guarantee the authenticity of its products to customers. To combat counterfeiting, Legrand has introduced a system known as Copytracer Legrand. This is a unique registration number applied to certain Legrand products (e.g. new generations of modular circuit breakers, Valena wiring devices in Russia).

This system applies a specific mark to the Group's products to differentiate between original products and copies and other counterfeits that are often synonymous with risk for users. It is gradually being extended to all Group subsidiaries and brands. Since 2014, it has been introduced by the Egyptian, Polish, Italian, Russian, Indian, Hungarian and South African subsidiaries, as well as other core subsidiaries.

Focus: anti-counterfeiting campaign in Peru

- Legrand is one of the founding members of EPEI (Association of international manufacturers of electrical equipment) in Peru. One of the association's main missions is to tackle counterfeiting. In 2017, the EPEI worked with the Peruvian intellectual property office (Indecopi), the Peruvian customs agency (Sunat) and a local legal advisor to establish a procedure for seizing, based on registered industrial models, consignments of counterfeit goods at customs To date, around 130,000 sockets and switches have been seized through this procedure, which involves all stakeholders in the electrical industry in the fight against counterfeiting.

For more information on Legrand's fight against counterfeiting, see section 3.6.1.5 of this Registration Document on "Risks related to intellectual property".

4.2.1.3 INFORMING CUSTOMERS OF THE ENVIRONMENTAL IMPACT OF PRODUCTS

Reducing the environmental impact of buildings requires careful design choices. Product environmental information, in accordance with ISO 14025, specifically informs users of the environmental impact of the electrical products they use. This is a unique advantage for users of Legrand products.

Group priority 2014-2018

Provide product environmental data compliant with ISO 14025 for products accounting for two-thirds of Group sales.

Key performance indicator:

Percentage of Group sales of products sold with a PEP (Product Environmental Profile), in compliance with ISO 14025.

Annual targets:

	2014	2015	2016	2017	2018
To achieve a sales coverage rate of:	51%	55%	59%	63%	66%

2017 achievement:

At the end of 2017, 67% of the Group's sales were generated using products with a PEP, enabling the Group to meet the 2018 target a year early.

	2014	2015	2016	2017	2018
Target achievement rate*	101%	101%	102%	106%	

* *Calculated on year-end sales (excluding services and acquisitions in 2017) compared with annual targets.*

An industry-wide approach

The Product Environmental Profile (PEP) is a reference tool for information on the environmental impact of electrical products. It is based on an international benchmark standard, ISO 14025 – Environmental labels and declarations – Type III environmental declarations.

The information provided is taken from the LCA (Life Cycle Assessment), which calculates the environmental impact of a product or service over its entire lifetime using the EIME (Environmental Improvement Made Easy) calculation software, applying the rules defined by ISO 14040 – Environmental Management – LCA.

NB: LCA techniques and calculations are also used to optimize the environmental performance of products during the design phase. This subject is covered in section 4.5.2.

The PEP ecopassport® program was first developed in France with leaders in the electrical industry which are members of the PEP Association (of which Legrand is a founding member). It now has a global reach and is today recognized by countless operators for environmental reporting programs and sustainable building certification worldwide. On the basis of a set of rules defined by the program and currently being standardized, PEP ecopassport® provides a strict framework for the LCA approach, and characterizes the environmental information to be provided: a review of the materials used, information on hazardous substances when present, environmental impacts on air, water and natural resources based on the calculation of at least eight indicators. Each stage in the life of the product or service is taken into account, from the extraction of raw materials needed for manufacturing to the end of product life, as well as the production, distribution, implementation and use stages.

In 2015, with the publication of the third edition of the Product Category Rules (PCR ed3), the rules of the PEP ecopassport program were updated to facilitate the use of PEPs in the LCA of a building. PEPs that comply with these new rules have been aligned with the requirements of European standard EN 15804 (Sustainability of construction works – Environmental product declarations), the benchmark for type III environmental declarations for construction products. Legrand's PEPs offer all the environmental indicators necessary for a building's LCA calculation.

A recognized tool

The PEP environmental declaration and the associated PEP ecopassport® program are recognized by several construction rating systems. For example, version 4 of the Leadership in Energy and Environmental Design (LEED) scheme, a standardization system for high-performance buildings, and the first global standard in this area, emphasizes the importance of environmental information conforming to ISO 14025 for the electrical equipment installed in a building. Not only do PEPs enable Legrand to position itself on projects with more added value, but they also allow the industry to deliver projects with better environmental performance, thereby adding value to the building in which these solutions are installed.

More than 1,650 PEPs available

By including all environmental data in a single document, the PEP provides the supply chain with authentic, reliable information enabling an informed technical choice to be made while acknowledging the environmental aspects, particularly in buildings with environmental certification (HQE, LEED, BREEAM, etc.).

Legrand has filed more than 1,650 PEPs in the official database of the PEP ecopassport® program (pep-ecopassport.org). These documents can also be accessed on the websites of the Group's various brands, or on request from customer service departments. For example, about 5,400 downloads of these documents were recorded on Legrand's French website in 2017.

Thanks to the efforts of its R&D teams, 67% of Group sales were generated by products covered by PEPs at the end of 2017.

In 2017, some 250 new PEPs were developed for the Group's various international offerings. All R&D centers involved in the Legrand Way for Eco-conscious Design participated in this effort to create PEP ecopassport® for their market. This environmental information has also been made available to customers in China, Brazil, India and the United States.

For more information about the PEP ecopassport® program, see the section on our website *www.legrand.com*.

4.2.1.4 IMPROVING ENERGY EFFICIENCY IN BUILDINGS

Because buildings are responsible for 35% of energy consumption and 20% of CO_2 emissions (global data, source: International Energy Agency), reducing the energy consumption of buildings is a major part of the fight against global warming. Installing equipment to improve energy efficiency in buildings is therefore a priority for Legrand. The aim is to reduce CO_2 emissions through solutions that improve energy consumption.

Group priority 2014-2018

Avoid the production of 1.5 million metric tons of CO_2 equivalent.

Key performance indicator: number of metric tons of CO_2 emissions avoided by using the energy efficiency solutions sold each year by the Group.

Annual targets:

	2014	2015	2016	2017	2018
Millions of metric tons of CO_2 avoided using the energy-efficient solutions marketed by the Group	0.18	0.43	0.83	1.2	1.5

2017 achievement:

A total of 1.28 million metric tons of CO_2 emissions were avoided due to the sale of the Group's energy efficiency solutions, against a target of 1.2 million tons by end 2017, enabling the Group to achieve its 2017 target for this priority.

	2014	2015	2016	2017	2018
Target achievement rate*	74%	105%	100%	110%	

* *Calculated against annual targets.*

Simple and accessible solutions

The Group offers energy-efficient solutions for residential, commercial and industrial buildings, both new builds and those being renovated. They are easy to install, adapt and use and can be implemented by the Group's usual industry partners. These solutions serve the needs of investors and specifiers working in the field of energy efficiency (Energy Service Companies, Facility Managers, System Integrators, Technical Consultants on Green Buildings, etc.).

In energy distribution, Legrand contributes to a building's energy performance with the following solutions:

- **reactive energy compensation and harmonics filtration:** Alpes Technologies offers a full range of services and products that improve energy quality and reduce the environmental impact, particularly in terms of CO_2 emissions;
- **energy-efficient transformers and busbars** to optimize power distribution and reduce system losses;
- **high-quality uninterrupted power supply:** the Group's UPS ranges are based on smart power factor correction circuitry, which optimizes the absorption of energy inputs: efficiency remains at a high and constant level, even at a low rate of charge. Through its subsidiaries Inform (Turkey), SMS (Brazil), Meta System Energy and Borri (Italy), Numeric (India), S2S (France), Primetech (Italy) and Fluxpower (Germany), Legrand offers conventional UPS ranges, high-tech modular UPS facilities for critically important systems (data centers and financial institutions), and photovoltaic power inverters.

In energy management, Legrand contributes to a building's energy performance with the following solutions:

- **lighting, heating and plant management:** the Group's solutions manage energy and reduce waste and therefore electricity bills, with a quick return on investment for users. The Group has recently expanded in this area with the acquisition of Q-Motion and Solarfective for natural lighting management, and CP Electronics, a leader in energy-efficient lighting control in the United Kingdom. In addition, digital lighting management solutions optimize energy consumption by adapting to usage;
- **analysis, measurement and monitoring of electrical equipment:** these are essential steps when preparing an energy audit (i.e. ISO 50001 audit) and managing installations. The Energy Distribution SBU continues to develop innovative, smart solutions (linked to Eliot, Legrand's connected objects program) to monitor and control energy management in buildings. For example, with the new EMS CX³ (Energy Management System) solution, it is now very easy to check whether an electrical installation is functioning properly and to monitor and control it directly from the unit itself or remotely via a computer, tablet or smartphone. The Group has expanded in this area with the acquisition in 2015 of IME, a leading Italian player and European specialist in the measurement of electrical installation parameters;
- **photovoltaic panel connections:** Legrand offers photovoltaic panel connection solutions for residential and commercial use;
- **electric vehicle charging solutions:** Legrand offers a domestic type socket, Green'up Access, which can charge at 14 A (3.2 kW). It also has a range of charging stations, Green'up Premium, mainly designed for houses, public or company car parks and apartment buildings. These have been joined by a smart range (IRVE 3.0), launched in 2017;
- **energy savings for data centers:** largely thanks to Minkels, the Dutch acquisition that specializes in data-center equipment, the Group provides energy-saving solutions for data centers. For example, the Varicondition Cold Corridor® solution is a system based on the complete separation of hot and cold air flows, to increase efficiency and energy savings. Following the acquisition of Raritan and Servertech, the data center offering is completed with smart PDUs[1] to analyze energy consumption and improve performance.

CO_2 emissions avoided

Using the Group's energy efficiency solutions helps reduce energy consumption with a commensurate reduction in greenhouse gas (GHG) emissions.

Energy saved using the Group's energy-efficient solutions is calculated from Group sales of energy-efficient solutions, a return on investment, and the cost of electricity in the countries concerned, respectively for France over a period of five years and €90/MWh in line with industry-wide data. In other countries, the local cost of electricity and the impact on return on investment is balanced when it comes to calculate energy saved. Besides, the calculation of GHG emissions avoided in each country concerned takes into account the carbon content of local electricity. For each of Legrand's national markets for energy-efficient solutions,

(1) PDU: Power Distribution Unit.

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combining all these factors helps to estimate, based on the corresponding sales in the country since 2014, the total CO_2 emissions avoided from using the products sold for one year. The estimate gives an avoided GHG value of 1.3 million tons of equivalent CO_2 in 2017. Sales in 2017 have a 50% weighting in the calculation to obtain a value which is the closest approximation of the actual period of use of equipment purchased in 2017.

Since 2014, the Group's energy-efficient solutions have thus avoided, in aggregate, a total of 2.7 million metric tons of CO_2 emissions.

Focus: Responsible and transparent information

Energy-efficient products are identified by a symbol which is found on all of the Group's commercial brands. To help customers make an informed choice, the Legrand Group has endeavored to communicate the benefits of its energy-efficient solutions using three indicators: the financial saving, the product lifespan and the CO_2 emissions avoided. Calculations are based on regulatory or standard specifications, and/or evidence from recognized outside experts. This information is also backed up with concrete examples of installations presenting solutions for specific applications and building types.

4.2.2 – Playing a driving role in the electrical sector

Users of the Group's products include professional electrical installers and product specifiers. Legrand is committed to helping them drive change, particularly in view of the social, environmental and technological developments within the electrical industry. The challenge is to foster skills enhancement across the industry and to stimulate innovation. Legrand also places particular importance on customer satisfaction and feedback in order to make continuous improvements to the products and services offered to users.

4.2.2.1 FOSTERING SKILLS ENHANCEMENT ACROSS THE ELECTRICAL INDUSTRY

Because electrical trades are becoming increasingly high-tech, technical support is often required today for high value-added systems. Legrand is committed to training all industry players to help them develop their skills. People want to have access to training anywhere, at any time and in a wide range of formats. To meet these needs, Legrand uses new communications and training technologies. For example, the Group has introduced various e-learning online training tools and virtual classrooms.

Group priority 2014-2018

To continue to provide training to industry players by further innovation in response to local needs and conditions.

Key performance indicator: number of customers trained by the provision of tools and training tailored to their needs.

Annual targets:

	2014	2015	2016	2017	2018
Customers trained (in aggregate)	100,000	200,000	300,000	400,000	500,000

2017 achievement:

Legrand has trained nearly 613,000 customers since 2014, exceeding its target of 400,000 customers by more than 50%. This positive performance is mainly due to the results of the U.S., Chinese, Chilean and Peruvian subsidiaries.

	2014	2015	2016	2017	2018
Target achievement rate*	122%	130%	146%	153%	

* *Calculated against annual targets.*

Dedicated training centers

Legrand is committed to designing innovative programs to teach its direct and indirect customers about the features of its products, their benefits and applications, market trends and best practices in terms of installation. The courses provide both of hands-on experience and online learning for distributors, installers and builders, teaching them about new products and how to install the Legrand product range safely and efficiently.

Legrand offers training programs to local distributors, specifiers and electrical installers, mainly at its international training centers in Europe, the Middle East, South America, the United States and Asia. In total, there are more than 20 training centers around the world for electrical industry players. Moreover, Legrand's subsidiaries are continuing to increase the number of training centers, as was the case in South Africa, Algeria, Morocco and Senegal this year, for example.

The training courses offered allow electrical installers to keep up with the latest innovations and installation methods used by the Group, and to expand their know-how and range of services. The courses help them keep their skills up to date, consolidate their knowledge and develop their commercial offering.

The Innoval training centers offer more than 60 hands-on programs which reproduce the actual site conditions, in different areas, ranging from home automation, the wiring of electrical cabinets and fiber-optic cabling, to installing security lighting systems or providing training on current regulations and technical standards. Tailor-made courses are also available for professionals at each stage of their commercial development.

In 2017, more than 7,300 customers and around 5,200 apprentices attended training courses at Innoval centers in France.

For more information on the Group's training strategy, see section 2.3.1.3. More information on training can be found on the website at *www.legrand.com*.

4.2.2.2 STIMULATING TECHNOLOGICAL INNOVATION

To encourage and drive innovation, Legrand works closely with industry and with the scientific and academic communities. For example, the Group is involved in collaborative research projects and works in competitive clusters or technology transfer centers. It also works with startups and SMEs in various forms (collaborative research projects, co-development of products and services, investee companies). This acts as a catalyst for the industry, particularly in disruptive or growth areas such as the Silver Economy, personal comfort and well-being, energy efficiency, building security, electric vehicles, connected objects, digital networks and access to electricity. The Group is also extensively involved in education through its partnerships with training establishments, regular discussions with engineering schools, and support for the creation of new, specialist courses.

By sharing innovation, it can expedite its growth and drive progress throughout the entire electrical sector.

Group priority 2014-2018

To continue to develop university partnerships and collaborative research projects, and implement the resulting innovations.

Key performance indicator: number of new and significant collaborative research projects or partnerships embarked on during the year.

Annual targets:

	2014	2015	2016	2017	2018
Partnerships established (in total)	6	13	21	30	40

2017 achievement:

Legrand embarked on 9 major new collaborative research partnerships and projects in 2017. This brings the number of significant partnerships established since 2014 to 33 (versus a target of 30), which is testament to Legrand's commitment to accelerate the forging of new technology and research partnerships.

	2014	2015	2016	2017	2018
Target achievement rate*	83%	131%	114%	110%	

* *Calculated against annual targets.*

Collaborative projects

Legrand is a member of several competitive clusters, designed to bring local businesses, training centers, research laboratories and universities together in partnerships to develop innovative collaborative projects. The Group is a founding member of ALPHA RLH, created in January 2017 in the Nouvelle Aquitaine region in France following the merger between ELOPSYS and Route des Lasers to form a high-tech cluster specializing in the fields of photonics and microwaves.

Legrand is also a founding member of S2E2 (Science et Système de l'Énergie Électrique – Science and Electrical Power System), focusing on electrical energy for the Centre-Val de Loire and Nouvelle-Aquitaine regions in France.

The Group is also involved in various collaborative projects, such as:

- Legrand is the lead participant in Cocaps, a collaborative research project certified by the S2E2 competitiveness cluster with French government funding from the single interministerial fund. It is aimed at developing low-cost sensors providing enriched information on presence detection and activity inside buildings, information that is essential for the automation of assisted living functionality, energy management, comfort and, ultimately, security.
- Legrand has continued its pioneering work on developing sensor networks in partnership with CEA-Leti (French Atomic Energy Center), which it began in 2016. The aim of this collaboration is to develop autonomous power supply solutions for wireless controls and sensors. Other innovative research projects have been carried out with CEA Tech and its various laboratories in the materials, energy and digital fields.
- in 2015, Legrand participated in the funding round held by Netatmo, a specialist in connected objects for the home. Legrand is therefore involved in providing Netatmo with the resources it needs to pursue its strong growth. Netatmo products (weather station for smartphone, thermostat for smartphone, security camera with facial recognition) have been successfully marketed in Europe, the United States and Asia. In addition to giving Legrand closer proximity to the latest trends in the Internet of Things, this partnership will also facilitate collaboration for the development of interoperable electrical and

digital infrastructure products with wider practical applications, such as the Céliane™ with Netatmo solution, unveiled at the CES in Las Vegas in 2017. This innovative solution is expected to be launched in 2018 in more than 20 countries.

- Legrand is a member of various **alliances** in the field of interoperability, such as the Open Connectivity Foundation, Zigbee Alliance and Thread Group, which seek to promote the worldwide adoption of products, systems and services comprising the Internet of Things based on shared technology and open-source languages.

Cooperation with major international players is also a key pillar of Legrand's technological strategy:

- a partnership agreement has been signed with **Samsung** covering two aspects, namely the development of comprehensive smart solutions for hotel rooms, where Legrand can provide expertise in room controls and Samsung with smart TV and related services, and the co-development of the Smart Home System for the U.S. market, based on the Samsung Artik digital platform and Legrand's electrical infrastructure products;
- in 2017, Legrand joined forces with **Renault** in the first trial of seamless connectivity between the smart home and connected car, in which information is sent to the vehicle dashboard to enable users to control the systems in their home, from the video door entry to the smart thermostat;
- Legrand and **La Poste** have been working together since 2015 to integrate La Poste's Digital Hub with Legrand's connected offering (via the Legrand Cloud), with solutions installed in eco-neighborhoods in France.

To open up its ecosystem to its partners, Legrand unveiled the **Works with Legrand** program at the Las Vegas CES in January 2018. This will allow third parties to connect to its solutions to offer new services and functionality, thereby creating added value for the end user. Works with Legrand is hosted on a site where all the resources needed to interface with Legrand products are available.

Legrand and Artificial Intelligence:

The vast new field of Artificial Intelligence (AI) will transform the user experience, particularly in building applications. Legrand has embarked on a program based on partnerships with players specializing in AI, voice recognition, image recognition and self-learning. It is working on integrating the functions of prediction, action, dialogue and visualization into its solutions. Legrand's partners are major players in this area, such as Apple with Siri, Amazon with Alexa, and Google with Assistant.

Focus: Legrand and startups

Legrand is a signatory of the "Open Innovation Alliance", aimed at fostering innovation between large enterprises and startups and promoting the values of mutually beneficial collaboration. In 2017, the Group also took part in the first "French Tech Survey" to assess collaboration between startups and large corporations, and to share best practices in purchasing, co-development, commercial cooperation and investment. Legrand was named as one of the winners in the 2017 French Tech Survey.

It is internationally renowned for its work with startups through major cooperation and investment initiatives, particularly in the United States. The Group is also involved in the French Tech program in France, particularly in the Health and Smart Buildings networks.

For more information on innovation management, please refer to section 2.2.2.1.1 of this Registration Document.

Engagement with the academic community

The Group is involved with the academic community, especially in innovative fields that represent opportunities for the electrical industry, such as access to electricity, energy consumption management, personal well-being, health and safety, as well as assisted living and electric vehicles. Legrand's subsidiaries work with local universities in areas of interest to the Group, with a view to developing the skills of future electrical industry professionals.

For more information about innovation at Legrand, visit the website at *www.legrand.com*.

Participation in legislative and regulatory developments

Legrand is involved in environmental standardization through the work of CENELEC's Technical Committee, TC111X, in charge of environmental aspects for electrical and electronic products and systems. This work mainly covers energy efficiency and resource efficiency. For example, Legrand's experts, members of the French and Italian mirror committees, were directly involved in drafting the future standard dealing with product category rules (PCRs), applicable to the Life Cycle Assessment (LCA) of electrical and electronic products and systems.

Through its membership on the Technical Secretariat (TS) for UPS systems, Legrand is also involved in the Product Environmental Footprint (PEF) project. The aim of this project, funded by the European Commission, is to draw up methodological guidelines for the definition of the PCR required for an LCA that reduces the environmental impact of products and services over their entire life cycle.

Legrand also supports various Green Building initiatives (e.g. LEED, Green Star, BREEAM, HQE, etc.). It is a member of the Green Building Council (GBC) in several countries, including for example the United States, United Arab Emirates, Vietnam, Singapore and China.

The Group is also involved with government authorities in the construction of the regulatory framework for energy efficiency in buildings, for example, in France (Effinergie label), the UK (Part L and Smart Home), and the USA (Ashrae). The Group is involved in the national debate in France on the energy transition (nuclear, renewables, smart grids, etc.). In the United States, the Group is a partner of the Alliance to Save Energy. This organization brings together business leaders, policymakers and heads of environmental protection and consumer associations all over the world who are committed to promoting energy efficiency through political, research, technological, communication and public awareness initiatives.

Focus: New sustainable building website of the EGBC (Emirates Green Building Council)

An active member of the Emirates Green Building Council since 2008, Legrand Dubai has worked alongside BASF in developing the "Green Building Tooltips" website. Launched in June 2017, the website offers a wide range of digital resources, information and guidance for establishing best practice in energy efficiency and sustainable development, both for users and building industry professionals.

http://emiratesgbc.org/green-building-tooltips/home/

Involvement with professional bodies

As a global player, Legrand is present alongside other companies and civil society in various local and international bodies and organizations. Legrand is predominantly involved with professional bodies such as associations of electrical and electronical equipment manufacturers, as well as chambers of commerce.

In addition, Legrand participates in associations whose role is to advance climate change issues in civil society and push for the necessary adaptation of our environment, such as the Green Building Association and the Alliance to Save Energy.

The total number of commitments of this type paid to third parties is less than 0.1% of the Group's total sales. In 2017, no funds were used to fund political parties. This follows the Charter of Good Business Practice which requires prior validation by the Group of this type of contribution. An end-of-year report was also produced for audit purposes.

4.2.2.3 ENSURING CUSTOMER SATISFACTION AND FEEDBACK

Monitoring customer satisfaction offers valuable insights for improving products and services and understanding customers' needs. This is why customer feedback is one of Legrand's fundamental values. The Group intends to strengthen its image as the partner of choice by improving the way it handles any customer dissatisfaction, by delivering its products to industry deadlines and continuously improving the customer relationship. Customer relationship management is formalized through standard contracts that specify the general terms and conditions of sale and are adapted to the different geographical areas, under the responsibility of the Sales Managers in each country.

The four values and quality policy of the Legrand Group can be found at *www.legrand.com*.

Group priority 2014-2018

To provide feedback mechanisms and customer satisfaction measurement for 95% of Group sales.

Key performance indicators:

- percentage of Group sales covered by a customer service rate indicator;
- percentage of Group sales made by entities with a CRM (Customer Relationship Management) tool;
- percentage of Group sales made by entities with the SOLUTIO (customer dissatisfaction management) tool;
- percentage of Group sales made by entities using customer satisfaction surveys.

Annual targets:

	2014	2015	2016	2017	2018
Sales coverage rate achieved on at least 2 of the above 4 indicators	75%	80%	85%	90%	95%

2017 achievement:

The roll-out of CRM and customer feedback tools continued in 2017.

At the end of 2017, the principal indicators for this priority were the following:

- customer service rate indicator: 95%;
- CRM tool deployed: 92%;
- SOLUTIO tool deployed: 95%;
- customer satisfaction surveys: 74%.

In 2017, service rate measurement continued to be rolled out (+11 points compared with 2015), while customer satisfaction surveys are also encouraged (74% of the Group's sales covered, as against 65% in 2014).

	2014	2015	2016	2017	2018
Target achievement rate*	109%	112%	104%	104%	

* *Calculated in relation to the average of the two highest achievement rates of the above four indicators, i.e. SOLUTIO and the service rate in 2014, the CRM and SOLUTIO in 2015, and the service rate, CRM and SOLUTIO in 2016 and 2017, compared with annual targets.*

Customer satisfaction

The availability of Group products for its customers is key to customer satisfaction. As a result, Legrand monitors the **service rate** for its different subsidiaries to measure the Group's ability to fill orders from its customers in the desired quantities and time frame. This service rate is consolidated by the Group Supply Chain Department.

The Group has introduced a standard system for enhanced **customer relationship management**. This has boosted customer satisfaction and loyalty by continually exceeding customer expectations. For example, 92% of Group sales are covered by a CRM (Customer Relationship Management) tool such as Salesforce. This incorporates a corporate social network, Chatter, which allows projects and information to be shared more widely. From a marketing perspective, it facilitates the reporting of market data.

Subsidiaries' Customer Service Departments have local responsibility for ensuring the satisfaction of their customers. These send comments or requests for product improvements to SBUs to inform the debate on product developments. The **dissatisfaction monitoring software** SOLUTIO provides a direct connection between the after-sales departments of each subsidiary, the quality departments of the SBUs and the central product risk management department. Information is shared in real time, and technical issues or customer dissatisfaction is registered immediately for optimized processing. At the end of 2017, 95% of Group sales due to have the SOLUTIO tool were already included within the reporting scope of the tool.

In addition, **satisfaction surveys** are carried out at different levels:

- multi-criteria surveys are carried out regularly by the Group's subsidiaries to measure the brand perception, quality, price, service, etc. with customer panels or focus groups. Subsidiaries are encouraged to carry out these surveys annually, which is the case for the majority of subsidiaries having implemented them;
- every year, the Group's key distributors evaluate its performance and services (marketing, technical support, supply chain, distribution policy, cooperation). These assessments are carried out by independent service providers. The Strategy and Development Division analyzes these results and shares them with all countries. Meetings are held every two years with distributors to develop, monitor and discuss business relationships. Regular meetings are also held with product specifiers to discuss their expectations.

Collaborative innovation

The value and functional properties of the Group's products are essential for customer satisfaction. They are involved in the Group's innovation processes through shared creativity workshops, for example through the UCD (User Centered Design) project, which includes the end user in the product development process. Based on ISO 13407, the project offers a design approach centered on the user and how the product is used.

Legrand has also introduced a "Future Home" program in which users participated in identifying major trends impacting on housing and its use, as well as emerging expectations around electrical products. The program has resulted in concrete innovative concepts which are now being analyzed by the Group's SBUs (strategic business units).

Responsible communication

The Group undertakes to comply with responsible communication principles and codes for all information communicated (advertising, direct marketing, public relations, promotional campaigns) and all its tools (digital, booklets, brochures, etc.).

The Director of Group External Communications, reporting to the Executive Vice-President Strategy and Development, is responsible for ensuring the implementation of these principles throughout the Group's subsidiaries, with a dedicated team of more than 190 people. Local teams manage their own communications, in accordance with the regulations and, where there is no self-regulation body locally, communications are systematically checked for compliance with Group values and the specific cultural requirements of some countries and validated by the Group.

For each international product launch, and for all Corporate Communication activities, traditional and digital communication is handled by Group External Communications, in accordance with Group rules. All communication must be approved by the Director of Group External Communications and his team. Communication tools – particularly the source files – are held in a database accessible only to the department's communications officers and the communications officers of the Group's subsidiaries.

Compliance with Group rules is verified before these are distributed to subsidiaries, which may not adapt the creative concepts to the local context. The directors of subsidiaries are also briefed so that they can apply these principles to their own media relations. The Group has been found to be compliant with these principles and ethics since their introduction, with no occurrences of non-compliance.

The Group is a member of associations that prepare principles for voluntary communication and codes of conduct, including for example the *Union des Annonceurs* (UDA) and the *Utenti Pubblicità Associati* (UPA), which are the advertisers associations in France and Italy, respectively.

These associations comply with a range of European and national regulations, including:

- ICC Code no. 240-46/557 of February 3, 2010: Framework for responsible environmental marketing communications, and the consolidated ICC Code of advertising and marketing communication practice;
- the Charter of commitment and objectives for responsible advertising of the French Ministry of Ecology, Energy, Sustainable Development and Territorial Development, the Secretary of State for Industry and Consumption and the French Advertising Standards Authority (BVP);
- the Self-regulatory Commercial Advertising Code (*Codice di Autodisciplina della Comunicazione Commerciale*) of the IAP (*Istituto dell' Autodisciplina Pubblicitaria*) in Italy.

The UDA has also established an advertising self-regulatory authority, the ARPP, which is tasked with responding to cases of non-compliance with established principles and codes. The Group undertakes to respect the ARPP's decisions, for example with regard to advertising submitted ahead of campaign launches. The UDA has published the Responsible Advertising Charter, a checklist for responsible communication aimed at marketers, as well as a charter setting out standards for the respectful portrayal of people in advertising, which is recognized by the French Ministry for Solidarity and Social Cohesion. The UDA has been a member of the Global Compact since 2004, but is also a member of the WFA (World Federation of Advertisers) and of two programs: "Responsible Advertising and Children Program" and the "Responsible Marketing Pact".

Processing of personal data

Legrand undertakes to respect the privacy of its customers, partners, managers and employees, to protect their personal data, and to process that data in accordance with the applicable rules and laws.

Legrand is mindful of the wider context of the digitization of the economy and the rapid development of connected objects. To address these new issues, the Group has appointed a Chief Digital Officer and has set up the Eliot program to develop interoperable and connected objects and solutions offering sustainable benefits for consumers and professionals. True to its policy of development in accordance with the prevailing standards and regulations, Legrand relies on the work currently being done on the subject of data (ISO 27001) and listens to customer-users based on the three pillars of digital trust: utility, security and privacy. Given the close link that exists between utility, security and privacy, Legrand is involved in and promotes the work of digital economy association ACSEL, the French hub for digital transformation.

The Internet of Things (IoT) means that more and more personal data are being processed. In this respect, Legrand remains true to its values and considers it paramount to respect the users of its products. With this in mind, Legrand has introduced an approach promoting the Eliot (Privacy by Design), a program that promotes data protection and security from the development stage of connected objects, thus anticipating the entry into force of the EU General Data Protection Regulation (GDPR) expected in May 2018. In particular, security audits and regular intrusion tests are carried out by Legrand or by leading cybersecurity companies. These are conducted in the form of simulation of hacking throughout the process, from software development to production. Legrand also implements PIAs (Privacy Impact Assessments) to measure and minimize the impact of personal data processing on users' privacy.

Finally, Legrand takes particular care in handling its employees' data, and in 2016 introduced internal company rules for transfers of data outside Europe.

4.3 – ACTING ETHICALLY TOWARDS SOCIETY

Social responsibility applies to all the partners with which the Legrand Group interacts. This interaction must take place with the utmost respect for ethical principles, particularly in terms of business practices and purchasing policy. As a socially responsible organization, the Group is also committed to helping as many people as possible gain sustainable access to electricity.

4.3.1 – Acting ethically

The Group's commitments

One of the basic tenets of Legrand's social responsibility is to abide by ethical principles. This approach covers the themes of compliance with competition rules, the application of best business practices (particularly on anti-corruption), the prevention of conflicts of interest and management of fraud risks, the observation of international embargoes and sanctions, and the prevention of money laundering and terrorist financing. These themes are reflected in the four pillars of the Group's compliance program.

Concerning compliance with the competition rules, the Group prohibits formal or implicit agreements between companies, whether horizontal between directly competing companies, or vertical between players at different levels in the economic chain. Such agreements may have the effect of distorting or reducing competition. The Group also prohibits the exchange of commercially sensitive information with competitors and abuses of dominant position that could lead to the closure of the market to the arrival of new players or exclude existing competitors, to the detriment of customers and end consumers.

The Group defines corruption as unlawfully or inappropriately offering an advantage in return for a favor or advantage, or to influence someone's actions. Legrand prohibits corruption in its dealings with public authorities, customers, suppliers or other partners (by bribes, commission or illegal payments, for example). The Group is extremely attentive to other situations that might prove legal or illegal, depending on the circumstances or the local legal context, such as facilitation payments and lobbying for example. In addition, strict procedures apply to business gifts, hospitality and entertainment. Donations to charities are also regulated.

The Group defines fraud as the willful use of deception by one or more members of management, individuals in charge of governance, employees or third parties to obtain an undue and/or unlawful advantage. The notion of fraud includes various concepts: first, the misappropriation of assets by an employee and any attempt to derive a personal benefit from his or her employment at the expense of the company; second, non-compliance with accounting standards and communication to the Group of financial data that is known to be materially false; third, failure to obey the law. Fraud is strictly prohibited within the Legrand Group.

The Legrand Group does not tolerate non-compliance with the laws on export control or trade embargoes against a country or individuals, particularly financial and economic sanctions imposed by the United Nations Security Council, the U.S. Government and the European Union. Furthermore, each Group subsidiary has a duty to monitor compliance with national regulations that may have been enacted by some countries and that impose economic, trade or financial sanctions against certain states.

Lastly, Legrand is committed to enforcing anti-money laundering legislation and seeks to have reputable customers with legitimate operations, financed by lawfully obtained funds.

The Group's commitments and rules regarding business ethics are enshrined in its guidelines and charters. The Guide to Good Business Practices illustrates how the Group views and conducts business; it sets out the values shared by the Group's employees. In terms of trade relations, Legrand's Competition Charter sets out the best practices to adopt and explains how to abide by competition rules. These documents supplement the Group's Charter of Fundamental Principles. All Group employees must adhere to these rules, particularly if they are in contact with the Group's customers, suppliers or business partners. All these documents can be found at *www.legrand.com*.

The Group demonstrates its commitment in these areas through two priorities in its CSR roadmap: employee awareness and training, and checking that its compliance program is properly implemented.

Focus: Every country director has signed a letter of commitment pledging support for the compliance program.

Since June 2015, the commitment of General Management has cascaded down to the Group's various departments and countries, which must sign a letter pledging compliance with the rules on business ethics. The letter is relayed by the countries, departments and SBUs at the highest level of their organization. Reflecting the two priorities of the CSR roadmap, the letter confirms the signatories' commitment to training local staff and effectively implementing the rules and procedures of the Group's compliance program. They reaffirm their deep commitment to local deployment of the program's actions, thus ensuring that the right messages are conveyed within the organization. This letter is published on the local intranet of each subsidiary and department or SBU.

The ethical business rules that the Group applies do not stop at its subsidiaries: they also apply to its suppliers and subcontractors. Legrand expects them to adhere to the sustainability standards contained in its Ethical Supplier Relations Code. Compliance with these rules is a major factor in supplier selection and management.

The Group's compliance guide sets out the rules and obligations to be observed by all Group employees.

The General Management has affirmed its strong commitment to business ethics by signing the Global Compact and by adhering to the main universal principles and the international reference documents, including: the Universal Declaration of Human Rights and additional compacts; the United Nations Sustainable Development Goals; the guiding principles of the OECD on the fight against bribery of foreign public officials in international business transactions; the guiding principles of the OECD for multinational companies; the United Nations Convention against Corruption; transnational or national legislation and regulations on competition and anti-corruption.

Organization of business ethics within the Group

Business ethics is the responsibility of the Group Legal and Compliance Department. The Group Executive VP Legal Affairs also acts as Group Compliance Officer. Her role is to limit the risks of non-compliance by defining a framework designed to enforce the rules and regulations on business ethics.

The Group has set up a compliance program based on the regulatory and legislative framework, the best practice rules defined by the Group, and an analysis of the risks relating to business ethics for the Group (please refer to section 4.3.1.2 of this Registration Document).

The program is coordinated by the Group Compliance Committee. This multi-disciplinary internal committee brings together the managers of head office departments (HR, Group Purchasing, Group Operations, Finance, Export and Strategy) and meets quarterly. Its two main tasks consist of defining core areas of concern, and monitoring the results of these actions.

The Group Compliance Committee reports annually on its work to the Group Risk Committee, which in turn reports to the Audit Committee and the Board of Directors. The Group's Compliance Officer works directly with these Committees. She has direct access to the Group CEO, advising him on matters relating to business ethics and submitting policies proposed as part of the compliance program to him for approval.

The Group's business ethics approach therefore closely involves head office departments, which thus contribute to strengthening the established rules and to developing awareness, training and monitoring activities.

Monitoring procedures and policies associated with compliance are also fully integrated within the Group's internal control program. Compliance risks are thus assessed according to an occurrence/impact matrix. Risk is managed by the Group Audit and Internal Control Department.

The Fraud and Alerts Committee deals with cases of non-compliance under the supervision of the Group Compliance Officer.

Group subsidiaries locally implement the rules defined and adapt them according to local laws and regulations. The Country Chief Financial Officers have been named as Country Compliance Officers and ensure that all entities within their scope implement the program.

Group compliance program

The Group's compliance program covers all aspects of business ethics: compliance with competition rules, the application of best business practices (particularly on anti-corruption), the prevention of conflicts of interest and management of fraud risks, the observation of international embargoes and sanctions, and the prevention of money laundering and terrorist financing.

This program is organized around five stages:

1. A strong commitment from the Group's General Management, echoed by local divisions by signing a letter pledging to comply with the rules on business ethics. The program translates into local action plans based on the priorities set and a specific communication plan; the Country Compliance Officers are responsible for overseeing the program and report to the Country Compliance Committees on the achievement of targets.
2. The Group's compliance risk analysis methodology: Legrand has identified compliance risks within the four pillars of the program, namely competition, anti-corruption, fraud and embargoes and money laundering. The risks are the subject of an annual self-assessment by the Group's various countries and entities as part of the internal control process.
3. Clear policies and control mechanisms: these must be applied locally and meet the Group's requirements. They are supplemented by practical guides tailored to the local context and designed to define the Group's rules and tools (e.g. do's and don'ts). Audits are performed to identify inappropriate practices. These might, for example, concern registers of guests and expenses, purchasing processes, or agreements with business partners.

4. Training and communication: a communication plan promotes the program, while the Group's messages and tools are translated into the local language and circulated among the employees. The training offered by the Group, on e-learning, anti-corruption and webcasting for example, is received by the employees concerned (please refer to section 4.3.1.1.).
5. The approach for internal audit, implementation of action plans in response to the risks identified and for continuous progress: each Group subsidiary undergoes a self-assessment of its internal control system which includes checks on compliance with business ethics (for more information, please refer to section 3.2.2.). In addition, business ethics is included in the internal audit programs.

Improvements and corrective actions

Cases of non-compliance are referred to the Group's Legal and Compliance Department, as well as to Group Internal Audit by various means: audits or self-assessments of the entities, the whistleblowing mechanism for ethics and fraud, reporting lines, Compliance Officers or ethics representatives.

The Group undertakes to communicate on any non-compliance. In line with this principle, the Group does not currently consider there to be any extraordinary circumstances, or governmental, legal or arbitration proceedings, that have a significant probability of materially affecting, or that have recently affected, its financial position, assets or business.

Five cases of proven fraud were recorded in 2017, plus multiple attempts to commit fraud from outside the Group, all of which were foiled. None of these cases posed a significant threat to the subsidiary concerned or to the Group. Corrective action plans have been systematically implemented to address the risks identified. In accordance with the Group's governance principles, these cases have been reported to the Group Audit Committee.

In 2017, 7 ethics and fraud alerts were reported to the Group. None of these alerts represented a significant risk. They were examined and handled in accordance with Group procedures as detailed in the Charter of Fundamental Principles and on *www.legrand.com*.

No legal action is pending against the Group for anti-competitive behavior, violations of antitrust laws or monopolistic practices. No legal action is pending against the Group for non-compliance with laws and regulations on business ethics, except for the case concerning the implementation of the UN Oil-for-Food program, in respect of which a Group subsidiary was acquitted by a trial court in June 2015. In these last two matters, no major financial or non-financial sanctions have been applied to the Group.

The compliance program set up by the Group and described above is a tool aimed at preventing the occurrence of such risks.

Optimization of the compliance program in line with the Sapin II Law

In 2017, the Group evaluated its compliance program with regard to the requirements of the French Sapin II Law (Law no. 2016-1691 of December 9, 2016) on the prevention of corruption and influence peddling.

(i) Commitment of the General Management of the Legrand Group to preventing and detecting corruption

The Group's General Management is uncompromising when it comes to behavior that runs counter to business ethics in general, and any risk of corruption or fraud in particular: no form of corruption or fraud is tolerated. This zero-tolerance approach is the cornerstone of the policy for the prevention and detection of corruption. It signals the commitment of General Management to ensuring that behaviors are consistent with business ethics and obey strict rules.

(ii) Guide to Good Business Practice

This reflects the commitment of the General Management to unreservedly and unequivocally involving the Legrand Group in the prevention and detection of corruption and fraud. Its aim is to foster a culture of compliance. It applies to all employees and is adopted wherever the Group operates, even abroad, without prejudicing the application of stricter anti-corruption laws where relevant. The Guide defines and illustrates situations and behaviors that could constitute corruption or fraud and that must be proscribed. Behaviors that are contrary to the commitments and principles of the Guide may lead to penalties, as defined by the Group's internal procedures, or any other local measure.

(iii) Whistleblowing mechanism

Legrand has introduced a mechanism for receiving reports from its employees concerning the existence of conduct or situations contrary to the Group's charters and guides, in addition to reports from employees and other external and occasional service providers about circumstances and risks relating to corruption and influence peddling. The Group's whistleblowing mechanism is accompanied by procedures for the protection of whistleblowers. These are designed to protect the rights of whistleblowers and, more importantly, their identity, as well as the details of the alleged events and the people implicated.

(iv) Risk mapping

The Legrand Group maps its compliance risks. This provides insights into the factors that could affect the Group's business and performance, enabling it to better understand and control these risks, and to guard against the legal, human, economic and financial consequences that could result from a lack of vigilance. Its aim is to ensure that the Group's compliance program is effective and appropriate. Compliance risk mapping is evaluated annually and updated on the basis of changes in the business or in the regulatory or economic environment.

(v) Procedures for the evaluation of third parties

In the course of its business, Legrand has business relations with various third parties (customers, suppliers, intermediaries, subcontractors, banks, etc.). Any association with third parties unable to offer sufficient guarantees in terms of integrity poses a legal, commercial and financial risk to the Group, whose image and reputation could also be affected. To avoid being directly or indirectly implicated in cases of corruption, fraud or non-compliance with international sanctions, the Group has put in place specific evaluation procedures. These ensure that effective or potential business partners provide sufficient guarantees in terms of integrity.

(vi) Accounting control procedures and tools for preventing and detecting corruption

The Group has set up accounting control procedures in four areas of its compliance program: compliance with competition rules, the application of best business practices (including anti-corruption), the prevention of conflicts of interest and management of fraud risks, the observation of international embargoes and sanctions, and the prevention of money laundering and terrorist financing. These procedures cover Legrand's various processes (finance, accounting, taxation, treasury, purchasing, sales, fixed assets, inventory, human resources), and take into account interactions with the Group's internal and external stakeholders. These procedures are also based on the principle of the segregation of duties, with different people responsible for approval, action and decision-making. The procedures and their effectiveness are assessed by Group Internal Control.

(vii) Training program for corruption risks

On this point, please refer to section 4.3.1.1 of this document, in the paragraph "communication and training".

(viii) Internal evaluation and control program

To ensure the adequacy and effectiveness of the measures implemented, each year Internal Audit evaluates the five stages of the compliance program to measure its effectiveness and deployment in the Group's entities and countries. Evaluation of the compliance program covers five key controls: involvement and sponsorship of local departments; self-assessment of risks carried out annually by the Group's various countries and entities; monitoring procedures and mechanisms implemented locally; training and communication to promote the program; oversight and compliance audits.

4.3.1.1 AWARENESS AND TRAINING IN BUSINESS ETHICS

The effectiveness of the Group's compliance program involves, upstream, a clear and focused awareness among the Group's employees, hence the inclusion of continuing staff training in the Group's Corporate Social Responsibility (CSR) policy.

The aim of the Group's training schemes is to ensure that employees likely to encounter risk situations have a sound knowledge of the rules on business ethics. It also means reducing the likelihood of an infringement of competition law or anti-corruption, anti-money laundering or export control laws, in all Group entities and subsidiaries. Any breach of the Group's ethical principles by an employee gives rise to a detailed analysis and, if applicable, to sanctions.

Monitoring the number of people trained in compliance takes place at three levels:

- locally by directors who ensure that their teams have attended and understood compliance training. The number of people trained is calculated through annual reporting coordinated by the Human Resources Department;
- by the Legal Affairs and Compliance Department, the CSR Department and the Internal Control Department. As part of the CSR roadmap, the Group has prioritized the training of employees in business ethics. The number of people trained in e-learning is reported annually, and the figures are audited by one of the Group's Statutory Auditors;
- through the internal audit, which ensures that the training program has been properly implemented within the framework of the compliance program and is proving to be effective.

Group priority 2014-2018

Train an additional 3,000 employees in business ethics (anti-corruption, fraud prevention, compliance with competition rules, conflicts of interest, etc.).

Key performance indicator: the number of employees trained in business ethics during the year.

Annual targets:

	2014	2015	2016	2017	2018
Total number of employees trained in business ethics*	400	900	1,500	2,200	3,000

* *Numbers provided for the roadmap period and thus not taking into account employees trained previously*

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2017 achievement:

In 2017, a further 593 people received training via the Group's e-learning in business ethics, in addition to the 2,284 people trained in 2014 and 2016. This gives a total of 2,877 people, against a cumulative target of 2,200 at the end of 2017 (these 2,877 employees are added to the 2,500 employees who received training prior to 2014). As a result of this training, the achievement rate for this priority is 131%. Since 2015, the Group's subsidiaries have also arranged local training – in addition to the online courses offered by the Group – to make the process of training in business ethics even more efficient.

	2014	2015	2016	2017	2018
Target achievement rate*	273%	198%	152%	131%	

* *Calculated against annual targets.*

Communication and training

In order to raise awareness of the behaviors to be adopted and to avoid improper internal and external solicitation, a specific communication and training plan is implemented locally by the Group's various entities.

The communication plan addresses the Group's commitments concerning the prevention and detection of corruption and fraud, the various aspects of the compliance program, and the risk training policy. It conveys the Group's position as set out in the various guides and charters. The information and materials are translated into official local language(s) to facilitate their comprehension and adoption by local teams in the various countries. Communication tools (practical guides, presentations, risk assessment questionnaires) are available on the Group intranet for employees and Compliance Officers to facilitate their work in the field of business ethics. Some of these guides can be found on the website at *www.legrand.com*. Each year, the Group provides training for exposed staff in charge of at-risk processes: Company managers, Country heads, Departments and SBUs, Chief Financial Officers and other people dealing with third parties (sales, purchasing, etc.). They are the main contributors to the prevention and detection of corruption and fraud. It is therefore necessary that they clearly identify the behaviors to be adopted and their roles and responsibilities when faced with situations of non-compliance. They must encourage the broad dissemination of the commitments made by General Management, ensure that their staff embrace these, and establish a common knowledge base.

In addition to and regardless of their risk exposure, the Group educates all its employees on the rules of compliance. The Group's different areas set up their own training adapted to their particular environment and risks.

Training covers compliance in general, its challenges and forms, and the applicable legal requirements. It also highlights the commitment made by General Management and its application through the compliance program, and summarizes the Group's rules of conduct and best practices, the behaviors to be adopted, the role and responsibilities of each person when faced with corruption or fraud, and the applicable sanctions where appropriate. The content of the training is tailored to the type of corruption risk, the duties performed, and the geographical region concerned. It is revised regularly, as and when the risk map is updated.

Training is organized via an e-learning platform by a recognized service provider or on the basis of classroom or online training modules developed by the Group in the language of the employees concerned. In 2017, 593 people successfully completed the e-learning course on anti-corruption organized by the Group. A further 10,000 employees were trained in compliance locally (usually face to face).

4.3.1.2 VERIFYING THE APPLICATION OF THE GROUP'S COMPLIANCE PROGRAM

Group priority 2014-2018

To cover 100% of Group sales through a compliance program monitoring scheme.

Key performance indicator: the rate of implementation of the compliance program.

Annual targets:

	2014	2015	2016	2017	2018
Rate of implementation of the compliance program to be achieved for subsidiaries:					
■ the most exposed and the most significant	70%	90%	90%	100%	100%
■ others	50%	70%	80%	90%	100%

2017 achievement:

At the end of 2017, implementation rates for the compliance program were 87% for the Group's eight largest countries and 81% for all other reporting areas. The Group integrated the regulatory framework of the Sapin II Law into its controls at the end of 2017. This strengthened the requirement over all key stages of implementation of the program and, in particular, highlighted the need for documentary evidence of the actual implementation of these practices, leading to underperformance against the initial target set. Deployment and monitoring will continue over the next few years to confirm that the compliance program is being implemented on schedule.

	2014	2015	2016	2017	2018
Target achievement rate*	110%	105%	107%	88%	

* *Calculated as the average achievement rates observed in Legrand's two groups of subsidiaries compared with annual targets.*

Evaluation of the compliance program

This covers the five areas of the compliance program as described at the start of section 4.3.1, in the part on the "Group compliance program".

All of these checks are reviewed annually by the Internal Audit Department. Some of these controls are reviewed annually as part of a self-assessment exercise, and then checked by internal audit. In 2017, 38 subsidiaries were audited, eight of them recent acquisitions. In addition, a specific compliance audit was carried out on the subject of embargos. Together with training, the internal control of these compliance practices is a crucial tool for Legrand's business ethics. This helps to disseminate and foster a solid understanding of and respect for business ethics.

Focus: Legrand Group compliance program recognized by *Les Échos Business*

The Legrand Group compliance program was hailed by *Les Échos Business*, the leading French financial newspaper, in 2015 and again in December 2016, when the Group's Executive VP Legal Affairs was quoted as saying that it is important to "remain focused and responsive in an area that is constantly changing, to keep pace with regulations and technological and societal developments such as transparency and ethics". Education and communication are the key aspects of this program, which covers all Group employees. It owes much of its success to subsidiaries such as those in Chile with its communications policy and its motto "Transparency is our identity"; in Italy, with its "camera compliance" videos featuring some of the risks that employees may encounter; in Switzerland and New Zealand with compliance quizzes on conflicts of interest, gifts and hospitality; and in Colombia with its external communication campaign "Buzon Etico" about its whistleblowing system.

For more information on Group ethics, see our website *www.legrand.com*.

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4.3.2 – Ensuring responsible purchasing

Fundamental principles and organization

Faced with the internationalization and globalization of its markets, Legrand – a signatory to the Global Compact – is committed to building the principles of sustainable development into its decision-making and its supplier relations, even though suppliers might potentially have wide-ranging social and environmental practices.

The Group Purchasing Policy establishes the principles of sustainable, balanced and mutually beneficial relations with suppliers that uphold Legrand's values.

Legrand's responsible purchasing strategy is based on the principle that the Group's ethical, environmental and social rules also apply to its suppliers and subcontractors, who are selected and managed in accordance with those rules. Legrand therefore expects its suppliers to subscribe to the same standards of responsibility as it does. For example, because Legrand is a member of the Global Compact, the Group's suppliers are also encouraged to respect the Global Compact's principles. Nearly 60% of purchases from the Group's panel are from suppliers that embrace these principles.

The responsible purchasing policy is overseen by a matrix-type Purchasing Department which is ISO 9001 certified (Quality Management System). A sustainable purchasing manager within the Purchasing Department is responsible for monitoring and implementing responsible purchasing rules.

The Group Purchasing Department produces reports on the amounts of purchases by supplier and by purchasing category. Group purchases of raw materials and components represent around 31% of its sales. All purchases are made with two main types of suppliers:

- Group suppliers, who, as major players in their market and key Legrand partners, support the Group in its international projects. Corporate buyers, Lead Quality Specialists and users establish a close, privileged and sustainable relationship with them. In 2015, the panel of Group suppliers was altered to reflect the needs of the SBUs. At the end of 2017, the Group was working with 500 Group suppliers satisfying multi-site and multi-country needs and accounting for around 30% of the Group's total purchases;
- local suppliers who meet the specific needs of a site or Strategic Business Unit (SBU) and are managed by buyers at the sites or in the SBUs concerned.

Focus: Legrand is awarded Responsible Supplier Relations certification

In 2009, Legrand – through the CNA (French National Purchasing Council) – helped draft the Charter of the Ten Commitments for Sustainable Purchasing. It was one of the first signatories of this charter, which later became the Responsible Supplier Relationships Charter. In 2012, Legrand was one of the first four companies in France to receive this certification, which was renewed in 2015. It confirms Legrand's commitment to responsible purchasing practices with its suppliers, a process in which it was rated as having a very good level of performance by the firm ASEA, which performed the audit. Since 2015, Legrand has been an ambassador for this certification, sharing best practices at events held in the Nouvelle-Aquitaine region in France. It also takes part in events for the certification holders community.

Procedure

Formally, the Group manages its responsible purchasing strategy with its suppliers via its Purchasing Quality Management System (QMS), and specifically through:

- Purchasing Specifications: a contractual document containing Legrand's requirements for its suppliers, particularly in terms of compliance with the regulations and standards in force for both environmental and social matters. The document includes the ten Global Compact principles.
- General Purchasing Conditions, which include a supplier mediation process in the event of a dispute. For this purpose, an internal ombudsman from outside the Purchasing function has been appointed.
- A supplier selection procedure, the scope of which depends on the issue, the risk, the purchasing group and type of supplier, regardless of location. Each of these stages (approval, contracting, visits and audits, and risk and incident management) thus include Group rules on responsible procurement:
  - **approval:** approval ensures that the supplier meets all the required criteria, such as technical capability, quality, logistics, organization, financial assessment, and observance of the Group's compliance and social responsibility criteria. This approach includes a supplier's self-assessment questionnaire which contains a section on principles and policies for environmental management, health/safety and fundamental human rights, followed by a documentary audit for the required elements, and an on-site audit (if necessary). Non-negotiable rules are established very early on in the approval process, such as not employing children under the age of 15 (in accordance with ILO conventions), risks to employee safety, and measures to prevent risks of fraud or conflicts of interest. Documentary evidence relating to regulations such as RoHS and REACH, for example, are also required for the approval of suppliers subject to these types of regulations. A document management tool is used to compile the supplier's documents and certificates thus collected,
  - **contracting:** the rules concerning the drafting and approval of Group and local contracts concern all Group units and are part of the financial procedures; in addition, supplier contracts contain a paragraph on the supplier's corporate social responsibility.
  - **visits and audits:** suppliers are visited regularly to review technical questions, to monitor the quality of the manufacturing processes and products, and in the context of partnerships or to examine the environmental, social or logistical aspects according to a predefined matrix. In order to be approved, the Group's accredited suppliers for raw materials and components are systematically audited on site, by corporate buyers and quality professionals based on criteria incorporating aspects relating to the organization, ethics, the environment and social risk management.
  - **a procedure for controlling operational risks:** these risks are mainly the risks of supply disruption, single-source supply, supplier dependence, supplier failure, quality, etc. A comprehensive risk analysis is carried out each year. The analysis grid contains a dozen criteria and is reviewed annually. The action plans are monitored by buyers under the supervision of the purchasing quality manager. The results are presented every six months to the Group Risk Committee (for more information on the Risk Committee, please refer to section 6.1.3 of this Registration Document). This long-established approach has been applied since 2009. In 2017, this analysis was carried out by around 60 entities in 34 countries. In addition, a central report on supplier failures is prepared every six months jointly by the purchasing performance controller and the purchasing quality manager.

Identification, monitoring and support of suppliers exposed to CSR risks

In 2014, Legrand decided to map its CSR risks in order to deepen its approach to evaluating and supporting suppliers on CSR aspects. It was initially assumed that the Group's suppliers posed no CSR risk, largely due to the close and longstanding relationship that Legrand has with them and with indirect suppliers, the aim being to focus on the purchasing categories involved in the manufacture of Legrand's products. From among the 4,500 suppliers representing this field, accounting for 50% of the Group's purchases, the purchasing categories or types of suppliers that could pose CSR risks, from an environmental or social perspective, were singled out. It emerged that the risks at this stage mainly resided with suppliers using chemicals (for example, subcontracting surface treatment) and suppliers based in countries exposed to CSR risks (particularly social risks) and economically dependent on Legrand.

The suppliers identified are referred to as "higher-risk suppliers" and are systematically managed within the following risk management system:

- **documentary audit:** this takes the form of a detailed questionnaire containing around 20 questions on employee health and safety (including the assessment of occupational risks, the identification of personal and collective protective equipment and their use by employees), the management of environmental issues (e.g. effluent treatment), and finally the respect for human rights and fundamental freedoms (including respect for the eight fundamental conventions of the ILO). Documentary evidence must be provided to substantiate the answers given. A scoring system has also been developed to prioritize the CSR audits to be carried out on site.
- **on-site audit:** this is carried out following the documentary audit on the basis of the score achieved. To consolidate its CSR audit methodology, Legrand prefers the CSR audit to be conducted jointly by the buyer and QSE expert, following a model questionnaire prepared by the Group. Each country arranges its own CSR audits with local buyers and QSE experts, providing the sustainable purchasing manager with the audit schedule. Some countries, such as Brazil and Colombia, have updated their audit questionnaire in line with Group documents. In order to benchmark its CSR audit, Legrand worked with Bureau Veritas in 2017 and applied the SMETA social audit methodology (see, below, in the results of the 2017 CSR roadmap).
- **formal action plan:** this is drawn up and sent to the supplier in question if one or more deviations from Legrand's standards are identified. It requires suppliers to implement the improvement plan to meet the Group's standards. This is largely a case of maintaining the relationship with the supplier concerned, but as part of a progress and monitoring program devised by the stakeholders concerned (buyers, internal customers, QSE experts, etc.). In extreme cases, particularly where a supplier has not sought to make any improvements, it may be phased out of the supplier portfolio. The progress of the action plan is monitored in the centralized Group Purchasing database. Legrand sought to make this a priority in its own right in the CSR roadmap for the period 2014-2018. Accordingly, each year it publishes the number of suppliers under review and the progress of the action plans as detailed below in the results of the CSR roadmap.

Focus: CSR supplier audits – Legrand's preference for the buyer/QSE expert partnership

To ensure that the themes of the CSR audit are firmly anchored in its practices, Legrand prefers the buyer and QSE expert to conduct joint supplier audits on site. This approach has already become established in most of the countries involved in the support process for higher-risk suppliers, such as Turkey, India, Colombia, Brazil and the Group's European entities. This practice is in line with the 2015 version of ISO 14001 on the duty of care, which legitimizes such actions under the extended enterprise.

- **centralized monitoring:** in 2017, this supplier CSR risk management system became a purchasing quality system procedure. To monitor its implementation, each step of this procedure has been defined as follows: documentary audit - 25%; on-site audit - 50%; monitoring the progress of the action plan - between 50 and 75%; risk removed when the action plan is 100% complete. The monitoring of higher-risk suppliers is thus centralized in a common database under the supervision of the Group's sustainable purchasing manager.
- **reporting:** the progress of the action plans and critical situations is reviewed quarterly by the Purchasing Management Committee and CSR Purchasing Steering Committee. From 2018, critical human rights situations will be reviewed by the Human Rights Committee (for more details, please refer to section 4.4.1, Respecting human rights, of this Registration Document).

Focus: Application of the law on the duty of care of parent companies and principal contractors

Legrand has fully taken into account this law and refers to the priorities of the CSR roadmap, which voluntarily prepared in advance for the provisions that subsequently became mandatory under the law of March 27, 2017. Since 2014 Legrand has published a vigilance plan not only for its own sites but also for its value chain, on the themes of human rights and fundamental freedoms, health and safety, and the environment.

The vigilance plan covers all the statutory provisions, namely:

- **Risk mapping:** please refer to the Group risk mapping defined in section 3.6 of this document, which focuses on human rights, health and safety, and environmental risks;
- **Procedures for the regular evaluation of subsidiaries:** the Group's procedures are detailed in sections 4.4.1 "Respecting human rights", 4.4.2 "Guaranteeing occupational health and safety", and 4.5 "Limiting our environmental impact";
- **Procedures for regular evaluation of subcontractors and suppliers:** the Group's procedures are detailed in section 4.3.2 "Ensuring responsible purchasing";
- **Whistleblowing mechanism:** the whistleblowing mechanism is described in section 4.3.1 "Acting ethically". As a reminder, the generic email address is: ethics.legrand@legrandelectric.com. It can be consulted on the Group's website;

- **System for monitoring measures and evaluating effectiveness:** each year the Group evaluates all commitments made within the framework of the above priorities and publishes the results annually in the Registration Document. Furthermore, the set of indicators linked to the Group's priorities and commitments are audited by an independent third party, which in 2017 was Deloitte et Associés.

Legrand is therefore already compliant with the provisions of the "Duty of Care" law, since the vigilance plan has been in place and has been published since 2014. In addition, the Group publishes an annual report on the implementation of the plan covering three key themes.

Group priority 2014-2018

To support 100% of higher-risk suppliers in implementing an improvement plan for environmental issues, fundamental rights in the workplace, and business ethics.

Key performance indicator: the completion of overall risk analyses (2014); the percentage of suppliers with CSR risks covered by adequate action plans (from 2015 onwards).

Annual targets:

	2014	2015	2016	2017	2018
Support for suppliers presenting risks	100% identified,	25%	50%	75%	100%

2017 achievement:

The CSR risk analysis carried out in 2014 made it possible to establish the baseline and list of action plans to be implemented. It is refined as and when the procedure is rolled out. At the end of 2017, 87% of higher-risk suppliers were covered by an action plan.

	2014	2015	2016	2017	2018
Target achievement rate*	100%	124%	131%	116%	

* *Calculated against annual targets.*

For 2017, the results of this analysis of suppliers at risk in terms of CSR were as follows:

- 247 suppliers considered exposed to CSR risks were identified for the Group;
- 215 are monitored by an action plan, i.e. as a minimum the documentary audit has been carried out. The remaining 32 will be included into the process in 2018, as they were only recently identified;
- the 215 action plans were introduced for around 20 countries (including Australia, Brazil, China, Colombia, Egypt, France, Germany, Hungary, India, Italy, Mexico, Netherlands, Poland, Portugal, Russia, Turkey, United Kingdom and United States), representing more than 90% of the Group's purchases. Each one has appointed a local representative to monitor actions relating to the responsible purchasing policy, in line with the Group's strategy;
- of the 215 suppliers monitored, 66 have action plans that are complete or near-complete (non-material residual risk), covering about 50% of purchases made with suppliers exposed to CSR risks;
- of the 149 suppliers under analysis: 32 have already been audited and action plans are in place. No critical issues such as child labor were detected during these audits;
- on-site audit results: no serious disparities such as child labor were detected during the audits. The action plans mainly highlight the need to produce periodically the necessary documentary information (environmental certificates, for example), the formalization of Health/Safety procedures (for example, hazard warning notices in factories, reminders to wear safety masks, gloves and footwear, preparation of an evacuation plan and associated drills, better chemicals storage, etc.). In 2017, a pilot initiative was carried out with Bureau Veritas and four suppliers in India and three in China. The suppliers, previously audited by Legrand's local teams, were audited again by Bureau Veritas according to the SMETA social audit methodology. In India, this experiment revealed that Legrand's local teams (purchasing/QSE experts) were mature enough to support suppliers on health and safety and environmental aspects, and that action plans were being implemented effectively. In October 2017, an awareness-raising session on these topics was organized at the Legrand plant in Sinnar with four local suppliers. In 2018, the deployment of the Human Rights Charter will make it possible to continue making visible Legrand's commitments and its audit methodology on these aspects to continue to clarify the Legrand audit methodology on these aspects. The pilot with Bureau Veritas will be extended to other suppliers;
- since 2015, five cases have resulted in a plan for withdrawal and removal from the Group's list of suppliers.

The suppliers considered as remaining vulnerable from a CSR perspective at the end of 2017 (because they have not yet been included in the verification process or they were working with an action plan that was not very advanced) represented less than 5% of the Group's total purchases.

The list of suppliers identified as exposing the Group to CSR risks may change depending on discussions with the Group's subsidiaries and as action plans are refined.

Involving and training buyers

Parties involved in supplier relations, buyers, quality controllers, designers and experts apply the principles of the CSR strategy through purchasing procedures. One of the commitments of the purchasing policy is skills development for all stakeholders within the purchasing function. The induction module for new buyers includes a specific section on CSR with, in particular, an introduction to the code of ethics and procedures. Since 2015, under the CSR roadmap, 22 countries have been trained in the methodology for detecting and monitoring suppliers at risk in terms of CSR and in the management of the corresponding action plans. Of these 22 countries, 12 were trained in 2017 (mainly the Group's entities in Europe, as well as in Egypt, Saudi Arabia, South Korea, Australia, Mexico and Chile), involving 29 people. The other 10 previously involved countries continued to roll out their training programs and other actions. In total, around 120 people across the Group are trained in the management of suppliers with CSR risks.

U.S. focus: Training teams in CSR audits with a view to deployment in 2018

At the end of 2017, the U.S. purchasing team, which coordinates the monitoring of suppliers with CSR risks within its area of responsibility, organized a training session on CSR audits with an external third party. The CSR audit was presented and explained to 30 people. A Mexican supplier also took part in the training, before a test was carried out on site for implementation purposes. The purchasing and quality teams, thus trained, will apply this methodology in 2018, fully in line with the Group methodology.

Management of hazardous substances

Questions relating to hazardous substances and the ecodesign capability of suppliers are covered in the supplier approval phase. The Registration, Evaluation, Authorization and restriction of Chemicals Regulation (or REACH Regulation) and Directive 2002/95/EC on the Restriction of Hazardous Substances (or the RoHS Directive) are specifically mentioned during the supplier evaluation operational stages referred to above; and suppliers must, for example, disclose whether the substances identified in the RoHS Directive are present in the products that they supply to the Group.

Suppliers of raw materials, particularly plastics, are also encouraged to send their Material Safety Data Sheets (MSDSs) to Legrand. A panel of experts from the central materials laboratory has joined the designers and buyers to identify the types of materials and items purchased with a high probability of containing REACH substances. The aim is to prioritize the constructive consultation of the suppliers concerned. To comply with this regulation, a REACH process has been put in place.

Conflict minerals

In a number of countries around the world but especially in the Democratic Republic of Congo and neighboring countries, the extraction and trade of certain minerals funds armed groups, conflicts and crimes against the population. The main minerals concerned, known as "conflict minerals", are cassiterite (tin ore), coltan (tantalum ore), wolframite (tungsten ore) and gold.

Given the nature of its business, Legrand is never in a position where it has to purchase directly any minerals in their primary form, so these minerals have little impact on it. However, as a responsible player, Legrand supports OECD initiatives by following the guidance contained in the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas", and is developing a strategy to identify and assess the risks associated with its supply chain. It has also carried out a risk analysis to identify the suppliers involved. This position was confirmed in November 2015 with the publication of Legrand's Conflict Minerals Policy, signed by the Group Procurement Director.

The Group is conscious of the amount of information to be processed, but has undertaken to question the relevant suppliers. At the same time, Legrand is endeavoring to respond to customer demands in this respect. As a downstream company, Legrand therefore works with its most exposed suppliers to ensure that the metals used originate from sources that are free from conflict minerals. To date, the investigations carried out have confirmed that conflict-free sources are used. However, if Legrand were to identify a supplier that uses metals derived from conflict minerals, the Group would immediately take the necessary action to address this.

By the end of 2017, the relevant Group suppliers had all been consulted. Three quarters of them disclosed their commitments regarding conflict minerals, while the remainder are still being analyzed. Depending on the complexity of the supplier's upstream supply chain, the information received ranged from the supplier's policy on Conflict Minerals to a duly completed CFSI CMRT template. Legrand is aware of the difficulty and complexity in obtaining this information, but is committed to pursuing this approach in the interests of disclosure and transparency.

In addition, the Legrand North and Central America subsidiary (LNCA) is committed to respecting the 'Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' and the applicable requirements of section 1502 of the Dodd-Frank Act, which seeks to prevent the use of minerals that directly or indirectly finance armed groups in the Democratic Republic of Congo or in neighboring countries ("Conflict Minerals"). As a consequence, LNCA requires its suppliers to pledge to be, or become, "conflict free" (which means that this type of supplier does not source minerals from conflict zones) and to use only guaranteed "conflict free" foundries wherever possible. LNCA requires each supplier to issue comprehensive statements based on the EICC-GeSI format by highlighting the commitment of the supplier concerned to become "conflict free" and to learn about the country of origin of the tin, tantalum, tungsten and gold that it purchases.

For more information on responsible purchasing within the Group, see the section on our website *www.legrand.com*.

4.3.3 – Enabling access to electricity for all

Because electricity is a crucial factor in a country's development, Legrand considers it its duty to ensure that as many people as possible have sustainable access to electricity.

This responsibility is reflected in its corporate philanthropy policy, aimed at reducing energy inequalities around the world, in line with Sustainable Development Goal (SDG) 7: Ensure access to affordable, reliable, sustainable and modern energy for all. The aim is both to enable universal access to electricity and to combat electricity poverty. The policy is deployed on three levels:

- a preferred partnership between the Group and the NGO *Électriciens sans frontières* on development aid and emergency aid;
- the Legrand Foundation for independent living, under the aegis of the *Fondation Agir Contre l'Exclusion* (FACE), a registered non-profit organization;
- the local initiatives by Group subsidiaries, tailored according to local needs.

The total budget allocated to charitable activities amounted to more than €1.12 million in 2017, consisting of donations of funds, equipment, premises and skills. These initiatives are accompanied by voluntary work by Group employees.

4.3.3.1 ENABLING THE GREATEST POSSIBLE NUMBER OF PEOPLE TO HAVE ACCESS TO ELECTRICITY

Since 2007, the Group has been a partner of *Électriciens sans frontières*, an international NGO campaigning for wider access to energy for people in developing countries.

Legrand's support for *Électriciens sans frontières* takes the form of financial aid, the supply of equipment, the provision of premises, and by the involvement of Group employees who offer their personal or professional skills and become directly involved on the ground, or by providing training or technical support.

Group priority 2014-2018

Aim to enable 800,000 additional people to benefit from access to electricity, whether directly or indirectly.

Key performance indicator: the number of people with direct or indirect access to electricity under the partnership with *Électriciens sans frontières*.

Annual targets:

	2014	2015	2016	2017	2018
Total beneficiaries of electricity supply schemes*	160,000	320,000	480,000	640,000	800,000

* *During the period of the roadmap and therefore not taking into account beneficiaries prior to 2014.*

2017 achievement:

In 2017, joint action with *Électriciens sans frontières* enabled 320,000[(1)] people to benefit directly or indirectly from access to power, which takes the number of beneficiaries to 2.1 million since 2007.

	2014	2015	2016	2017	2018
Target achievement rate*	141%	167%	153%	165%	

* *Calculated against annual targets.*

Results of partnership initiatives

Legrand supports *Électriciens sans frontières*, which is an international aid organization and a recognized public charity. It organizes projects for those whose development or even survival are under threat without secure and sustainable access to electricity. It also offers its expertise to international aid organizations to improve the safety of electrical installations around the world, particularly in healthcare and teaching facilities. Finally, it is deployed on emergency missions during humanitarian disasters. To find out more, visit www.electriciens-sans-frontieres.org.

Legrand offers long-term support for development projects, and occasionally donates aid to emergency humanitarian actions. This concerns three major types of electrification project:

- educational establishments, for example to enable the use of multimedia technologies for inter-college communication, or the installation of security lighting to enhance the safety on the sites;
- hospitals, to ensure safe surgical procedures, refrigerated storage of vaccines, and medical consultations at night;
- entire villages, to improve the daily lives of families through sustainable access to electricity using renewable energy.

(1) Figures provided by Électriciens sans frontières indicating the number of people potentially affected by projects supported by Legrand.

Since 2007, Legrand has contributed to the action by *Électriciens sans frontières* in almost 180 projects for access to electricity or emergency aid in Africa, Asia and Latin America, which represents action in about 35 countries (in particular Argentina, Benin, Burkina Faso, Cambodia, Central African Republic, Congo, Ethiopia, Haiti, India, Laos, Madagascar, Mali, Mauritania, Nepal, Niger, Pakistan, Peru, Senegal, Chad, Vietnam).

In 2017, Legrand continued its support for *Électriciens sans frontières* through 26 projects spread over 15 countries in Africa, Asia and South America. These included the refurbishment of the electrical installation at the Hôpital de Saint-Luc de Pagala Gare in Togo, to improve the power supply to the various buildings; the electrification of schools and medical centers in the Sofia region in Madagascar; and the electrification of eco-friendly accommodation in a village in north-east Moldova, for the transformation of agricultural products and the development of local economic activity. Each project led by *Électriciens sans frontières* is accompanied by training for the people who will be responsible locally for maintaining the new facilities and ensuring their long term operation.

In 2017, Legrand and *Électriciens sans frontières* celebrated a 10 year partnership. To mark the occasion, Legrand held a public online fundraising event. For each contribution, the Group made a matching donation to *Électriciens sans frontières*.

In December 2017, Legrand signed a partnership agreement at the French Ministry of Europe and Foreign Affairs, in the presence of the Minister, of Hervé Gouyet the Chairman of *Électriciens sans frontières*, and of nine other companies, for the management of humanitarian emergencies in association with the French Crisis and Support Center. The involvement of the 10 industrial partners, whose financial, logistical, material and human resources will be mobilized by *Électriciens sans frontières*, will make it possible to conduct emergency relief operations in the best conditions and to strengthen emergency response capabilities.

The Group's partnership with *Électriciens sans frontières* relies particularly on the sales teams of the Group's French brands, who take action to raise money for the "Electricity for Health and Education in Africa" program. Since 2011, no fewer than 70 initiatives have been organized by the teams in support of these programs, including the sale of products where a percentage of the proceeds go to the NGO, promoting *Électriciens sans frontières* at trade fairs, sporting events (tournaments, marathons) and gala dinners, as well as concerts and a Haitian craft fair. All the proceeds go to *Électriciens sans frontières*. This has helped to pay for electrification projects in schools and clinics, mainly in Burkina Faso, Togo, Senegal and Madagascar. In 2017, five operations were organized involving some 600 people from Legrand's sales teams and from the Group's distributors and installers.

Électriciens sans frontières has exported its model across Europe with the aim of empowering people to fight global energy poverty and to galvanize the European energy sector. Legrand's Italian subsidiary signed a partnership agreement with *Elettrici senza frontiere*, the new NGO, when it was set up in November 2015. In 2017, as part of this partnership, *Elettrici senza frontier* assisted with the installation of a photovoltaic facility supplying electricity to schools, a canteen, a dormitory and a medical center in the village of Meru, Kenya, located at an altitude of 1500 meters.

Group subsidiaries provide logistical and organizational support to volunteers working for *Électriciens sans frontières* whenever possible. This may take the form of delivering equipment or loaning premises for training. For example, in 2013 Legrand's subsidiary in the Philippines provided equipment and logistical support to *Électriciens sans frontières* to support its efforts following typhoon Haiyan, which devastated the archipelago. In 2015, after cyclone Pam, Legrand's teams in Australia, New Zealand and New Caledonia arranged for a team of three volunteers from *Électriciens sans frontières* to visit Tanna Island, in Vanuatu. They assisted them with choosing equipment, arranging transportation and completing administrative procedures, as well as putting them in touch with local electricians. In 2017, in the aftermath of hurricanes Irma and Maria, Legrand's teams helped volunteers from *Électriciens sans frontières* liaise with local distributors.

More information about the partnership with *Électriciens sans frontières* can be found on our website (*www.legrand.com*).

Legrand Electricity for all™ program

In the knowledge that access to energy is crucial to achieving economic growth and reducing poverty in developing countries, Legrand is committed to improving access to electricity for everyone throughout the world. This is why the Group and its subsidiaries have taken action to enable access to electricity and combat energy poverty within the framework of the Group's sponsorship policy, as well as through the program *Electricity for all*™, launched in 2013.

This program is an integral part of the business strategy and is backed by the Group's General Management. Global in scope, it is led by Legrand's Director of CSR. It brings together internal and external stakeholders, from the Group's employees to development aid organizations.

The initiative structures all Group and subsidiary actions in this area around two pillars:

- **to enable access to electricity**, through aid partnerships such as the one with *Électriciens sans frontières*, and exploratory research missions carried out on a collaborative basis;
- **to combat energy poverty** through innovation, leading to the development of product ranges that meet basic needs and solutions designed to improve energy efficiency (and therefore reduce energy bills).

More information on the partnership with the *Legrand Electricity for all*™, program can be found on our website at *www.legrand.com*.

Focus: The "electricity well", a community project for areas with limited access to electricity

The "electricity well" is the result of Legrand's collaboration with the *École des Mines* at Albi in France, designed to meet the needs of local communities with limited access to electricity. It makes it possible to cover basic needs in terms of energy distribution by enabling up to 30 mobile phones to be charged simultaneously from an electricity generator, photovoltaic installation or network connection. Legrand supplied prototypes to *Électriciens sans frontières* to test the solution on the ground.

4.3.3.2 COMBATING EXCLUSION AND IMPROVING INDEPENDENT LIVING

For Legrand, reducing inequalities means supporting those who are excluded, disadvantaged or discriminated against. This long term commitment led in 2014 to the creation of the *Fondation Legrand – Générateur d'autonomies* (Legrand Foundation – Generating independance) under the aegis of the *Fondation Agir Contre l'Exclusion* (FACE), a registered non-profit organization.

The Legrand Foundation aims to combat exclusion linked with a loss of independence and electricity poverty, and to promote education and access to employment, particularly in the electrical sector. The contribution of the Legrand Foundation takes the form of material assistance, voluntary work, skills sponsorship and financial support.

The Legrand Foundation forms part of the framework of the *Legrand Electricity for all*™ program, which aims to take sustainable action to reduce energy inequality.

A registered non-profit organization, FACE encourages the social and societal engagement of local industry. Thanks to its network of local associations, it now involves more than 5,650 companies, both large corporations and SMEs, and has become the leading network of companies in France to focus on CSR, integration, education, and access to services.

In keeping with its local approach, the FACE Foundation is opening new offices every year (123 in France and worldwide) and extending the scope of its action. Its aim is to create centers of expertise based on its five areas of action: within companies, for employment, for education and culture, in daily life, and within communities. Within each of these areas, actions and training courses are administered by the Clubs, with active participation from the partner companies and their employees. To find out more, visit *www.fondationface.org*.

Group priority 2014-2018

To ensure the widest possible access to the initiatives of the Legrand Foundation.

Key performance indicator: the number and type of projects carried out by the Legrand Foundation.

Annual targets:

To implement at least one project in each of the Foundation's four action areas during the whole time-span of the roadmap.

2017 achievement:

In 2017, 11 new projects were launched. Since the Legrand Foundation was first established in 2014, 34 projects have therefore been completed in France.

	2014	2015	2016	2017	2018
Target achievement rate*	100%	100%	100%	100%	

* *Calculated against annual targets.*

The Legrand Foundation operates in four fields: loss of independence, electricity poverty, education and employment.

In each of these areas, the Legrand Foundation seeks to create or recreate the social link for all those who are excluded, disadvantaged or discriminated against. It initiates or supports simple, local initiatives, giving priority to grass-roots solutions rooted in the fabric of French communities. These actions are all consistent with Legrand's business activity and geographical footprint. Some actions are duplicated in new regions, multiplying actions and enabling new beneficiaries to take advantage of actions that have proved their effectiveness.

The Legrand Foundation – Generating independance has introduced a measurement for the independence gained by the beneficiaries of the Foundation's actions, based on the SOC (Selective Optimization with Compensation) model developed by Baltes and Baltes. This model can be used to compare developmental processes, while taking into account the specific nature of the individual and the context.

Loss of independence for housing that allows people to continue living at home

Assistance for independent living and continued living at home represents a major issue in society. There are 1.6 million dependent people in France. The country has an ageing population: by 2040, 31% of French people will be over 60 and 6.5% will be over 85. Moreover, 80% of French people want to stay in their own home for as long as possible but not everyone has the means to adapt their home to compensate for a loss of independence (sources: INSEE, Demographic Studies and Surveys division).

Mindful of this, the Legrand Foundation is keen to assist ageing or dependent persons who are financially insecure, particularly those living in social housing. The Foundation relies on the Group's expertise and its wide range of solutions as a pioneer in the field of assisted living.

Electricity poverty: combating electrical risk and improving energy efficiency

Electricity poverty is becoming a major issue for society. According to the latest estimates in 2016, about 5 million French households are now living in energy poverty in France, and 3.8 million households (or 14%) spend more than 10% of their budget on energy. On the other hand, because the age and malfunctioning of electrical systems in individual or collective housing presents safety risks: 7.3 million homes are estimated to be at risk in France. Two thirds of electrical installations more than 15 years old have at least one electrical safety defect and 25% of fires are electrical in origin (source: ONPE, Promotelec and ONSE).

The Legrand Foundation aims to bring a fresh perspective to this problem using the Group's know-how and its solutions to improve energy efficiency and electrical safety in the home. It wishes to promote awareness among builders, social housing authorities, electrical installers, and the most underprivileged occupants.

Education: building a career plan in the electrical sector

Every year, the electrical sector in France has more than 100,000 students and apprentices training for electrical trades, whether at vocational colleges or engineering schools. Many young people leaving vocational colleges, Apprentice Training Centers, technical colleges, AFPA centers and engineering schools are professionally qualified and are preparing to enter the job market for the electrical sector.

The Legrand Foundation is keen to help these young people and make them more employable.

The Foundation relies on Legrand's knowledge of the training curriculum for electrical trades, and on the special relationships between the Group and the relevant training establishments. It also benefits from the Group's close ties with numerous companies, particularly local firms and small businesses, via its network of installers and specifiers.

Employment: supporting access to employment

Access to employment is becoming a concern for the whole of society. For all sections of the population, the average time taken to find a job or return to employment in France is 418 days (source: Pôle Emploi, Research and Studies Department). The issue is even more crucial for certain groups, for example when embarking on a career or for those who are discriminated against when looking for work. The unemployment rate among under-25s is approximately 24%. And the level of temporary or casual employment among under-25s is higher than 50% (source: OECD and Observatoire des inégalités).

Based on this fact, the Legrand Foundation supports access to employment for those sections of the population that suffer the most discrimination. In particular, it wants to support young people, older workers and women in their job search. The aim is to facilitate their social and professional integration in the electrical sector.

Organization

The Legrand Foundation is structured around an Executive Committee, made up of three members from Legrand, one person from the FACE Foundation and one external qualified person, a Steering Committee, which identifies and coordinates the Foundation's projects, and a dedicated team responsible for the day-to-day tracking of projects.

For more information about the Legrand Foundation, visit the website www.fondationlegrand.org.

4.4 – COMMITMENT TO OUR EMPLOYEES

With more than 34,100 employees worldwide, and sales and production sites in some 90 countries, Legrand pursues its business development while paying particular attention to the working conditions of its employees and its social responsibilities.

The Group seeks to guarantee the observance of human rights all over the world. It is also committed to safeguarding the health and safety of all employees. Legrand strives to develop the skills of each individual and to foster diversity. Only by helping its employees to grow, can Legrand progress and help move its business sector forward.

The Group's human resources management is based on five fundamental aspects:

- managing the human resources of the various entities, taking into account the issues and priorities linked to the business, and ensuring the best possible match between needs and resources;
- getting the best from the Group's employees by implementing tailored talent development and performance recognition strategies, thereby fostering employee engagement;
- attracting, developing and retaining talent, and thus matching the Group's human resources with its future needs;
- encouraging diversity by promoting the internationalization of teams and ensuring that the Group's HR processes comply with the principle of non-discrimination and equal opportunities;
- supporting organizational change to allow ongoing dialogue within the company, and thus constantly adapt the organization and its people to the issues facing the Group.

The human resources policy is the responsibility of the Director of Human Resources. It is managed horizontally by the Group, with centralized management targeting key positions and resources. It is deployed in subsidiaries and managed by local human resources departments. In addition, an HR manager responsible for social issues is given specific responsibility for:

- implementing the HR actions and priorities contained in the Group's CSR roadmap;
- providing a functional link with the Group's CSR Department;
- being the sole point of contact for all HR departments within the subsidiaries with the Group on HR topics associated with Legrand's CSR commitments.

The Group's commitment to its employees is reflected in the priorities of the roadmap, as described below, and it aims to be agile in its approach.

For more information on the Group's human resources policy, visit the Careers section of our website *www.legrand.com*.

4.4.1 – Respecting human rights

4.4.1.1 GUARANTEEING GROUP-WIDE APPLICATION OF THE UNIVERSAL PRINCIPLES OF HUMAN RIGHTS AT WORK

The Group complies with regulations in force in the countries in which it operates. Regardless of the local context, Legrand refers to voluntary principles and standards of responsible behavior with regard to human rights and, in particular to:

- the Universal Declaration of Human Rights;
- the International Labour Organization (ILO) Declaration, particularly the eight conventions on the fundamental principles and rights at work;
- the Global Compact's principles for Human Rights and labor standards;
- the UN Guiding Principles on Business and Human Rights (the John Ruggie Report), which recommends a three-pronged approach: protect, respect and remedy;
- the United Nations Sustainable Development Goals (SDGs).

All of the above rules provide a structural framework for Legrand's policy.

In all its host countries, Legrand is committed to the progress of rights and to ensuring a legal and human framework for the workplace, especially in terms of freedom of association, recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, elimination of discrimination in respect of employment and occupation, and the safeguarding of health and safety. Where necessary, the Group undertakes to:

- remedy rights violations against employees on its sites;
- eliminate all forms of forced or compulsory labor and child labor;
- eliminate discrimination professional and employment discrimination;
- safeguard health and safety at work.

The Group also operates a responsible procurement policy that takes into account the rights of the employees of the Group's suppliers. This is included in the supplier approval procedure. Rule 1 of the Group's Sustainable Purchasing Code relates to child labor (ILO convention no. 138 on the minimum age).

For more information on the Group's responsible purchasing policy, please refer to section 4.3.2 of this Registration Document.

Human rights aspects are overseen jointly by the CSR Department and the Human Resources Department.

Focus: Publication of Legrand's Charter on Human Rights

In 2017, Legrand drew up a Charter on Human Rights based on the principles and standards previously detailed and approved by the Chief Executive Officer. In operational terms, this translates the Group's commitments to comply with the instruments mentioned earlier. It seeks to inform all internal and external stakeholders about the principles and commitments that the Group has set for itself and its partners in connection with its activities. The details of the Charter will be adapted for the management of subsidiaries, to accompany the monitoring of compliance with the Group's commitments at the local level.

More information can be found on the website at *www.legrand.com*.

Group priority 2014-2018

To map and annually assess workforce exposure to the risk of human rights violations in the workplace and deploy measures for improvement as appropriate.

Key performance indicators:

- coverage of Group employees assessed for potential Human Rights violations;
- ongoing remedial action.

Annual targets:

	2014	2015	2016	2017	2018
Evaluation of the exposed workforce	50%	75%	100%	100%	100%
Progress actions identified and taken		100%	100%	100%	100%

2017 achievement:

During the period 2014-2017, 100% of the Group's workforce deemed to be exposed to these risks underwent one or two assessments, including new geographical regions compared with the scope originally defined in 2013 (see below). In addition, all selected remedial actions have effectively been undertaken in line with the target.

	2014	2015	2016	2017	2018
Target achievement rate*	100%	108%	100%	100%	

* *Calculated against annual targets.*

Procedure and management

Risk assessment

Since 2012, Legrand has mapped the risks to Human Rights at Work. It classifies the countries where the Group operates, based on the ratification of the eight ILO conventions on fundamental principles and rights at work and the *Freedom in the World* index. This revealed that in 2017, 67% of the Group's workforce was based in "free" countries. A total of 33% of employees are based in countries that are either "not free" or "partially free".

Due diligence process

Legrand bases its due diligence on the methodology of the Danish Institute for Human Rights. This methology is implemented in the Group's countries that are regarded as either not free or only partially free. The self-assessment of these subsidiaries is accompanied by an interview with the person responsible for HR societal issues. Following this assessment, an action plan is defined with the local HR manager. The subsidiary then has to adopt remedial measures.

Between 2014 and 2017, the countries subjected to this evaluation were: Algeria, China, Colombia, Egypt, Hong Kong, India, Indonesia, Kazakhstan, Malaysia, Morocco, Mexico, Philippines, Russia, Saudi Arabia, Singapore, South Korea, Thailand, Turkey, Ukraine, United Arab Emirates and Venezuela.

Due diligence results

The aim of these self-assessments is to estimate compliance with fundamental rights at work in the countries identified. The questionnaires sent out confirmed that neither forced labor nor child labor situations, as defined by ILO conventions, were present within the Group entities analyzed.

They also identified areas of progress in the Group's existing practices which are insufficiently deployed. Action plans are therefore implemented as part of a continuous improvement process. The improvements monitored mainly consisted of non-discrimination awareness (21% of cases), communication on the existence of a whistleblowing mechanism (12.5%), the existence and updating of job descriptions (9%), and the duration of maternity leave (9%). For each point raised, an action plan is put in place.

Grievance mechanism

The grievance mechanism highlighted in internal and external communications on the subject of human rights is the whistleblowing mechanism for ethical infringements and fraud. For more information, please refer to section 4.3.1 of this document.

Focus: Legrand continues its commitment to Human Rights

In late 2016, Legrand joined the French association *Entreprises pour les Droits de l'Homme* (EDH) to further its progressive moves in this area. EDH acts as a forum for discussion, initiatives and proposals for international firms, making human rights an integral part of business policies and practices.

Union representation and social dialogue

Legrand fosters the development of labor relations and social dialogue, and takes into account laws and practices in its various host countries. These initiatives consist of promoting optimal working conditions and driving the changes required for the Group's expansion.

Labor relations management relies on employee representatives. Managers receive training on labor relations to help them fulfill their role as local labor-relations contacts. For example, in particular in France and Italy, regular "Labor Relations Management" meetings are held with key managers and HR to manage labor relations.

At European level, as part of the Legrand Group's European Works Council (EWC), an amendment to the EWC agreement of 2013 was signed by the representatives of the different countries. The purpose of the amendment is to improve how the institution functions, notably by developing relations with the Council's bureau and by providing it with additional resources.

Improving social dialogue involves creating bonds and trust within employee-representative bodies both at the country level, through information meetings, consultations or negotiations that might lead to the signature of a national agreement, and at the regional level, through the European Works Council, for example. As a result, in 2017:

- 86% of the Group's workforce are employed in entities in which there is an employee representative body and/or a union;
- 50% of Group employees were covered by collective agreements or agreements applicable to their entity;
- 1,137 information or consultation meetings with employee representative bodies or unions were held during the year;
- 205 new collective agreements were signed in 2017, covering 14,507 people within the Group in both the mature countries and the new economies. The agreements essentially cover pay and working conditions.

In terms of health and safety, further to the agreement on managerial best practice in France, an agreement on quality of life at work has been signed by all the unions. In Italy, an agreement was signed in 2016 on workplace harassment and abuse.

For further information about human rights within the Group, please visit *www.legrand.com*.

4.4.2 – Guaranteeing occupational health and safety

Legrand's prevention policy pertaining to employee health and safety is designed in accordance with the International Labor Office's ILO-OSH 2001 benchmark. It applies to all Group subsidiaries and sites. It encompasses occupational risk management and improvements to health and safety at work and is based on three principles:

- compliance with national legislation and regulations;
- incorporation of safety into operational policies in all functions and at all levels;
- standardization of prevention strategies.

The prevention policy is coordinated and implemented by the head of Occupational Health & Safety (SST), who reports to the Group's Operational Performance Department. It is supported by a network of Occupational Health & Safety officers at the various sites and by prevention managers within the Group's SBUs (Strategic Business Units). Delegations of authority, or equivalent mechanisms, are established to formalize the responsibility of the managers of each Group entity, especially when it comes to the prevention of occupational risks. Job descriptions are worded to ensure that occupational health and safety is recognized as the responsibility of all employees, whatever their rank and position.

In addition, occupational health and safety and the associated metrics are included in the measurement of the operational performance of the Group's industrial sites, countries and SBUs. They are the subject of a quarterly review with the Group's General Management. This topic is also routinely covered in annual budget presentations of the Group's various subsidiaries and SBUs.

The Group establishes directives and benchmarks appropriate to its business and applicable to everyone everywhere. For example, in 2017, the Group drafted four must-haves on the following topics: safety instructions, communication, dealing with accidents, and dealing with near-accidents. These have been widely communicated and presented in more detail by an online academy. These must-haves supplement the existing management system. For example, the principle of not introducing new substances classified as CMR (carcinogenic, mutagenic or toxic to reproduction) into the manufacturing process, insofar as an alternative technical solution exists, was added to the Group Purchasing Specifications. Another example is the Group directive on workplace equipment (deployed only in France), which requires that purchasing contracts contain clauses to ensure that newly acquired machinery complies with all applicable legal provisions, and that a compliance inspection be conducted each time equipment is moved. The directive also defines rules that must be respected to ensure proper maintenance of machinery in use.

4.4.2.1 CONTROLLING OCCUPATIONAL RISK

Occupational risk management is assessed on the basis of eight prevention criteria according to the following Occupational Health & Safety reporting process:

- promoting the Prevention Charter;
- managing occupational health and safety;
- ensuring staff representation on health and safety committees;
- assessing occupational risk;
- managing emergencies;
- providing health and safety training;
- providing first-aid and fire-prevention training;
- preventing risks in situations where independent companies are working on site.

Subsidiaries must fulfill at least six of the eight of the above-listed criteria in order to claim a level of implementation deemed to be satisfactory.

Group priority 2014-2018

To extend and maintain an occupational risk management plan covering 90% of the Group's workforce.

Key performance indicator: the percentage of employees covered by the occupational risk management plan based on the key principles of ILO-OSH 2001.

Annual targets:

To ensure that 90% of the Group's workforce are covered by the occupational risk management plan for the entire duration of the roadmap.

2017 achievement:

At the end of 2017, the occupational risk management plan covered 92% of the Group's workforce included in the Occupational Health & Safety report, slightly higher than the target set at the end of 2017. These results are mainly due to close supervision of Group entities, their increased engagement with CSR, and reliability of the associated actions and indicators.

	2014	2015	2016	2017	2018
Target achievement rate*	106%	100%	100%	102%	

* *Calculated against annual targets.*

The Prevention Charter, signed by the Group's Chief Executive Officer and aligned with the guiding principles of ILO-OSH 2001, formalizes Legrand's commitment to employees' health and safety at work. The Charter is promoted by the managers of each entity. It has been widely circulated to employees and is available on the intranet in six languages. It is also available on the website (*www.legrand.com*).

Depending on the country and size of the sites, **occupational health and safety management** is the responsibility of HR or another designated department.

Many countries have **health and safety committees** (employee representative bodies) on the initiative of Senior Management in each country and in accordance with local laws. The Group is gradually broadening this principle of employee representation to countries where it is not required under local law. Employees and their representatives belonging to these committees have the time and resources to actively participate in their entity's health and safety processes and initiatives, specifically through discussion on all relevant aspects of occupational health and safety, including emergency measures.

Occupational risk assessment (periodic analysis of hazardous situations and levels of risk) enables appropriate and effective prevention measures to be established. In 2017, 65% of Group employees (including production, administrative and logistics workers) underwent a formal risk assessment, either using tools specific to the entity in question, or using a shared tool offered by the Group and tailored to its line of business.

Emergency management enables potential accidents and emergency situations to be identified and the risks that result from them to be prevented, as well as the implementation of appropriate measures to safeguard people and property (information, training, coordination, communication with the relevant authorities, local responders and emergency services, first aid and medical assistance, fire-fighting and evacuation methods, and so on).

Health and safety training concerns the prevention of risks in the workplace. It may be supplemented by **first-aid and fire-prevention training.** This training improves staff preparedness against risks to their health and safety, particularly by identifying hazardous situations, assessing risk levels and implementing measures to prevent risk, safeguard people and property, and respond to emergencies. More than 125,000 hours of training were devoted to these subjects in 2017.

Formal and procedures have been implemented and are updated to ensure that risks are prevented when independent companies are working on site, (communication, coordination, information, training, and supervision before and during the work). Workplace health and safety criteria are included in subcontractor evaluation and selection procedures. Any work-related accidents on site involving contractors' workers are recorded.

Focus: Identification and management of near-accidents

The Group also attaches great importance to addressing risk situations as soon as possible. This is prevention at a very early stage. This proactive policy encourages all employees to report any information about a hazardous situation or near accident. The aim is to identify and prevent risks as early as possible and before an accident happens. This approach is one of the four new must-haves implemented and communicated to staff in 2017.

4.4.2.2 MONITORING AND IMPROVING HEALTH AND SAFETY AT WORK

The purpose of monitoring the effectiveness of prevention measures and implementing a progress process is to improve the health and safety data (workplace accidents and work-related illnesses).

This monitoring is assessed on the basis of six prevention criteria, which are evaluated through the Health & Safety at Work reporting process:

- consolidating and monitoring of indicators;
- systematic analysis after an accident at work;
- periodic professional (para)medical interviews to monitor health;
- legal and regulatory framework monitoring;
- implementation of a strategy to prevent the risk of musculoskeletal disorders;
- sharing of feedback and best practices on risk prevention at the Group level.

Each subsidiary has an objective to fulfill at least four of the above-listed six criteria before being able to claim that it has reached a satisfactory level of prevention.

Group priority 2014-2018

To implement the health and safety monitoring and improvement process and maintain coverage of at least 90% of the workforce, with the objective of reducing the Group's workplace accident frequency rate by 20%.

Key performance indicators:

- the percentage of the workforce covered by the health and safety monitoring and improvement process based on ILO-OSH 2001;
- the frequency of workplace accidents.

Annual targets:

	2014	2015	2016	2017	2018
Protect the Group's workforce by monitoring the workplace and improving health and safety at work	80%	90%	90%	90%	90%
Reduce the frequency of accidents in the workplace	8	7.7	7.2	6.7	6.7

2017 achievement:

At the end of 2017, the health and safety monitoring and improvement process covered 96% of the Group's workforce included in the Occupational Health & Safety report, exceeding the target set. The frequency of accidents at work has continued to fall by 44%, from 7.25 at end 2014 to 4.07 at end 2017. These positive results are mainly due to closer supervision of Group entities and their increased engagement with CSR, thus ensuring the reliability of the associated actions and indicators. It should be noted that the improvement in frequency rate was particularly significant in France and continued in Italy.

	2014	2015	2016	2017	2018
Target achievement rate*	211%	235%	184%	182%	

* *Calculated against annual targets.*

Focus: Real-time accident reporting

Legrand has introduced real-time reporting of workplace accidents, which are reported directly to the Group Chief Executive Officer. A monthly report for each geographical region and SBU is circulated. Each quarter, this presents the results by type of equipment, nature of the injury and injured body part. The report enables the Group's General Management and local management to monitor accident indicators more closely. This in turn helps to raise awareness of accident trend rates and coordinate action plans more effectively.

The consolidation and monitoring of health and safety indicators demonstrates the commitment of the entire Group to improving the process of occupational risk prevention. It also seeks to guarantee the representative nature of the results reported.

Systematic analysis after an accident at work enables occupational risk prevention measures to be improved by identifying the causes of the accident and proposing what needs to be done to prevent a similar incident occurring in the future.

Periodic professional (para)medical interviews to monitor health are key to ensuring that the work does not have an adverse effect on the health of employees. It is also a requirement of ILO-OSH 2001. Some subsidiaries are carrying out specific actions in this regard. In Colombia, for example, the Group's subsidiary is actively committed to the health of its employees. It has instituted a program and a joint committee on occupational health (COPASO). It has introduced preventive occupational medicine and committees for health and industrial safety. Periodic health checks are carried out, as well as health awareness-raising and promotional campaigns.

Monitoring the legal and regulatory framework and strict compliance with applicable regulations are a requirement of the Group's prevention strategy. Regulatory monitoring is carried out by every country in which the Group has industrial operations.

A Group directive acts as the framework for implementation of an initiative to prevent musculoskeletal disorders (MSD), the leading cause of occupational injury at Legrand. Crafted by a multidisciplinary working group composed of company doctors and Legrand employees representing a variety of positions (HR, production, manufacturing, accident prevention), the directive provides a screening method to identify situations that could potentially lead to MSD. It contains explanatory information on MSD which are specific to Legrand's activities. This directive formalizes the Group's intention to focus on the ergonomics of work stations, and in general all risk factors that increase the likelihood of MSD, from the development phase of new production or methods of working.

Sharing feedback and best accident-prevention practices at Group level is an effective part of Legrand's overall strategy to help prevent occupational risk in Group entities on an ongoing basis. This includes audits of, and/or improvements to, equipment, internal investigations or working groups focusing on occupational risk prevention, participation in exchange forums or other prevention-related conferences, measures to prevent emergency situations, and initiatives to reduce or eliminate risks.

For further information about occupational health and safety within the Group, please visit *www.legrand.com*.

4.4.3 – Developing skills and promoting diversity

Legrand pays special attention to managing the talent of its employees. The Group is also committed to combating any form of discrimination by championing equal opportunities, ethnic representation, and the integration of people with disabilities.

4.4.3.1 SUPPORTING EMPLOYEE DEVELOPMENT BY TAKING INTO ACCOUNT THE GROUP'S CHALLENGES AND DEVELOPMENT

The Group's human resources management has to take into account the company's operational challenges and priorities so that it can match its needs to its resources as closely as possible. The goal is to advance the careers of the Group's employees, foster their commitment, attract talent and build loyalty. This will ensure that the Group will have the appropriate human resources to meet its future needs.

The HR management policy focuses on four key areas of action:

- rolling-out training programs;
- rolling-out talent management processes;
- holding meetings between managers and employees, known as CAPP (Competency Appraisal Performance and Perspectives) meetings;
- manager retention within the Group.

It is managed by the Group's Human Resources Department, which ensures cross-sectoral management of human resources, particularly targeting key positions and resources, and relying on the local management in each country.

Group priority 2014-2018

Maintain a proactive approach to managing skills and talent.

Key performance indicators:

- the percentage of employees attending one or more training courses;
- the coverage rate for the Group's high-potential employees and specialists by a talent management process;
- the completion rate for CAPP (Competency Appraisal Performance and Perspectives) for managers;
- the manager retention rate.

Annual targets:

For the entire duration of the roadmap: to train 75% of Group employees; to ensure that 90% of the Group's high-potential and specialist employees are covered by a talent-management process; to complete CAPP interviews for 90% of managers; keep the manager retention rate at 95%.

2017 achievement:

- 90% of employees attended one or more training courses during the year;
- 95% of staff were covered by a review of high potential and specialist employees through the Organization and Staffing Review (OSR) process;
- 92% of managers' CAPP interviews were completed;
- the manager retention rate was 96% for the year.

In 2017, the redesign of the OSR process, which resulted in underperformance in 2014 and 2015, was implemented, which explains achievement of the objective for this indicator and, more generally, for the priority as a whole.

	2014	2015	2016	2017	2018
Target achievement rate	71%	90%	104%	107%	

Calculated in relation to the average achievement rate for the above four indicators, determined in relation to the annual targets. For both the CAPP achievement rate and the training rate, the actions taken with the persons who left the company during the year are taken into account. The rates are calculated for the workforce registered at the end of the period.

Roll-out of training programs

The Group's training commitments and policies are as follows:

- to pursue and maintain training programs that guarantee health, safety and well-being in the workplace and are proven to raise performance levels;
- to continue with and maintain training/awareness programs for managers and employees to foster diversity and combat all forms of discrimination;
- to introduce formal individual training courses for talented Group employees to support them in new roles, increase their responsibilities or manage change;
- to continue the orientation programs for key personnel at various Group entities in order to help them succeed and acclimatize swiftly to the Group;
- to continue management training to equip new managers with core management skills and strengthen the leadership skills of more experienced managers;
- to train sales teams on new solutions, products and systems to increase sales and boost Group market share.

Cross-functional management is steered either by the Group or locally within the subsidiaries, and allows training needs to be more clearly identified and customized approaches developed. In 2017, more than 492,000 hours of training were provided at Group level.

Training is provided every year to managers, who play a vital role in identifying priority needs, recommending the development of core competencies, and maintaining and developing the commitment of their employees. In addition, coaching programs help employees settle into their new role and contribute to their personal development.

Management and leadership

Based on the annual appraisal, behavioral competency matrix and talent review, targeted training for different categories is put in place at Group level and in some entities. The training is sometimes combined with external potential assessment tools, as in North America for example.

For the experts identified in organizational reviews, other types of training are arranged, such as 2DI (innovation development).

Corporate training

At the end of 2016, the company decided to reinstate a Group Talent training program with the aim of developing and retaining key employees at all the subsidiaries. This concerns employees in key operational areas who need to play a role as intermediary for the Group in their respective geographic regions.

In 2017, a pilot program called *Inspiring Leadership* was rolled out for some 40 or so talents identified during the OSR process (review of high-potential employees and specialists). The aims of this program, designed in partnership with the Lusanne IMD, are to develop leadership skills and improve ownership of the Group's strategy, as well as create an international talent pool. The program includes modules on self-knowledge, teamwork from a leadership perspective (with plenary sessions and practical workshops), and an introduction to new collaborative working methods. Trainees also have an opportunity to meet the Group leadership.

The Group-level program cascades down into local programs, such as the *Effective Leadership* program in Mexico and *Emerging Leaders* program in the United States, illustrating the complementarity of the different systems.

Induction process

To help new hires reach the required competency level as quickly as possible, some countries (Mexico, USA) have reviewed their induction program. In some cases, Early-in-Career development programs are in place. These consist of assigning a young talent to different functions in turn, or to major projects within the same business line.

Roll-out of a talent management process

The management of talent, i.e. employees with high potential who are capable of taking on responsibilities within the Group, is a major challenge for the Group. Currently implemented in the larger countries, it relies on various processes and tools such as:

- the Organization and Staffing Review (OSR) process;
- the Prospective Employment and Skills Management (known as GPEC in France) or its equivalent in the other countries;
- staff mobility management.

In an ever-changing environment, the aim is to maintain these processes optimally in major subsidiaries, as well as deploying them in other countries, with entities that in most cases have no local HR structure.

In order to facilitate the harmonization of practices, HR teams use the same HR IT platform. This application helps to identify and develop talent, in particular by managing the data of Group employees (such as CVs, etc.).

The OSR process is designed to match the Company's organizational needs to its resources as closely as possible and on an ongoing basis. In particular, it handles:

- career development plans (prepared by employees and discussed with their managers);
- the identification of possible successors for certain key positions;
- development or mobility action plans;
- the impact of changes in strategy on jobs and on the organization;
- certain specific situations, such as employees with high potential or particular expertise.

Having redefined and implemented the new process during the early years of the roadmap, in 2017 the OSR process was applied across almost the entire Group (95% of staff).

Focus: France

The implementation of Prospective Employment and Skills Management (GPEC) and its guidelines on standard duties enables gaps to be identified in the skills required for each position and those of the person holding that position, and defines priority training needs. In France, GPEC is an integral part of the CAPP process. Internationally, subsidiaries use a simplified system for complying with local laws and practices.

The Prospective Employment and Skills Management agreement signed with all the trade unions represented in France in 2009 formalizes an employment policy designed to underpin competitiveness, while at the same time enabling employees to better manage their own careers in a rapidly changing environment. The agreement also offers support to employees interested in external mobility – either to start their own business, take over an existing one, or switch careers – through business creation leave, flexible working hours, financing and advice. It has been renewed a number of times with supplemental agreements, most recently on September 15, 2017. Legrand is also a partner of the Réseau Entreprendre Limousin et Haute-Vienne Initiatives (Limousin and Haute-Vienne entrepreneurship network), which provides support for start-ups. As part of the Group's support for entrepreneurship, Legrand is a partner of APEC (the Association pour l'Emploi des Cadres – executive employment association).

Mobility management promotes employability and is a way of developing competencies. It contributes to both personal progress and business performance. The Legrand Group has a wide range of professional positions, business sectors and geographical locations, making for multiple opportunities and possibilities for career development. Employee mobility platforms allow Group-wide management of talented staff in key positions, favoring the emergence of new dynamics for professional progress. Vacancies are posted on the Group intranet site, which helps to drive professional and geographical mobility. Group talents identified during the OSR process as ready for mobility are systematically taken into account in the various Group Mobility Committees.

Legrand is keen to promote and facilitate the geographic mobility of its employees.

To that end, Legrand launched an intranet platform in 2017 that allows all employees to learn about global job opportunities for international resources and to apply online.

This platform meets a dual expectation:

- employees' ambitions to develop their skills internationally; and
- the Group's willingness to offer development opportunities and promote career paths.

Since July 2017, around 40 vacancies have been advertised covering nearly all business lines and spanning four continents. These attracted applications from many countries.

Legrand encourages staff members' mobility plans with support including visits to host sites, training that can cover intercultural skills in the case of a move to another country, and financial incentives. Thus, people in the Volontariat International en Entreprise (Volunteer for International Experience or 'VIE') program who work at the Group's subsidiaries are regularly monitored at various stages of their mission. When their contract ends, a full assessment is conducted and a detailed analysis of employment opportunities is performed by the Mobility Committee.

Individual appraisal reviews for Group managers

Individual appraisal reviews, now known as CAPP (Competency Appraisal Performance and Perspectives) interviews are an important part of management and are essential for driving business performance. They enable Human Resources to focus on annual budgetary targets and to increase personal commitment by assessing performance, setting development action plans and taking into account wishes regarding functional or geographical mobility. These individual appraisal reviews are an opportunity for dialogue between the manager and the employee.

In 2017, 92% of the Group's managers had a CAPP interview, which involves a standard approach to the concepts of targets, performance, competencies and mobility. Countries are encouraged to develop this practice and the Group helps them set up, deploy or adapt the process. For example, countries deviating significantly from the Group standard have received specific assistance. More information about the process has been featured in internal communications.

The launch of the Tohm project (the roll-out of a single HR IT system) three years ago has enabled the Group to turn the spotlight on this major HR process. At the end of 2017, the system had been rolled out in 30 countries for the purpose of conducting these interviews.

As a result, the process has been revised to include several aspects:

- the close involvement of employees, who are asked to perform a self-assessment on the attainment of their goals and their business and behavioral competencies, and who may offer suggestions when the following year's targets are being set;
- the definition of a Group-wide, cross-disciplinary competency framework linked to the type of position (manager, individual contributor, manager of managers).

The system roll-out was accompanied by numerous training courses on the process for managers, and tutorials for managers and employees.

Manager retention within the Group

Over and above talent management programs and a strong bias towards internal promotion, the Group also relies on its compensation policy to retain management. Legrand has had retention plans in place for 10 years. Under these plans, performance shares or bonuses are distributed, depending on the year. These are among the tools used to motivate and retain the Group's human capital. The awards are decided each year on the basis of the Group's overall past and future performance. A selection process approved by senior management seeks to identify the best-performing employees within all of the Group's subsidiaries who help to create value across the organization. In 2015, the categories of grantees and their geographical location were extended. The number of beneficiaries has thus doubled since the scheme was first implemented, and in 2017 covers more than 5% of the Group's workforce (about 2,000 people).

More than two-thirds of allotments are currently made to employees of international subsidiaries, while approximately 40% relate to the new economies. It is to be noted that starting in 2016 one third of the performance criteria for performance shares awarded under a three-year plan to the Chairman and Chief Executive Officer, to members of the Executive Committee and to key managers were indexed to the overall CSR performance, linked to the CSR roadmap.

In France, for example, these schemes are supplemented by profit sharing mechanisms and incentives, the Employee Savings Plan and the Company Investment Fund.

Employee well-being and satisfaction

As part of its efforts to improve the quality of life at work, in 2015 all members of the Group Executive Committee ratified a charter comprising 15 commitments for a work/life balance. The charter was launched in October 2013 by the French Ministry of Women's Rights, City Affairs, Youth and Sport and the Observatory for Work/Life Balance and Parenthood. Its mission is to develop a flexible and open management culture, which is essential to adapt to the technological and sociological changes that regulate the life of the company. The main goal is to balance the private and professional life of all employees.

Focus: the *Serenity On* program, ensuring a minimum of social benefits for all staff

Legrand set up the "Serenity On" program to ensure that employees have minimum social protection in three key areas: parenthood (setting a minimum standard for maternity and paternity leave); health (coverage of hospital and treatment costs in case of serious event); social security (minimum benefit equivalent to at least one year's salary in the event of death or total and permanent disability following illness or accident).

The Serenity On scheme will be effectively rolled out to all Group entities by 2021.

Legrand is also a member of the Platform of francophone companies for social protection floors launched in 2016 by the International Labour Organization (ILO) and the École Supérieure de Sécurité Sociale (EN3S). This platform was initiated as part of the Global Business Network for Social Protection Floors (GBN) created in 2015 by ILO to enable multinationals with an active global employee strategy to discuss the development and implementation of social protection floors.

The well-being and satisfaction of the Group's employees are addressed through different processes:

- the CAPP interview (see section above), during which quality of life at work is discussed;
- internal audits in which labor relations are assessed (for example, absence of labor disputes or claims);
- Legrand carried out a global employee engagement survey for the first time in 2017. Conducted by an external service provider,

the online survey offered all employees an opportunity to talk about their commitment. It had a 78% participation rate.

- surveys on specific projects, for example a poll to assess the level of employee satisfaction with communications sent on their smartphones, or a survey in Italy to measure participants' satisfaction with annual communication seminars.

Focus: Bticino, the best place to work in Italy

Bticino, an Italian subsidiary of Legrand, has been named best place to work in Italy. The ranking, published in *Panorama* magazine, was compiled following a survey by the Statista Institute of 15,000 employees from more than 2,000 industrial companies.

Group also values the reinforcement of the communication sharing between employees through various internal tools:

- the Group's intranet, which provides real-time information for all employees with access to a computer;
- the in-house magazine Legrand Info, which has a circulation of 15,000 and is published in five different languages;
- the internal corporate social network Yammer, which was launched in 2015 and has numerous community groups. This network is designed to facilitate knowledge transfer within the Group. Terminals have been set up in the manufacturing facilities to enable people without a PC to keep track of the Group's news;
- the social media ("Legrand" on Twitter and "YouTube Legrand") and the communities specializing in areas such as Marketing, Purchasing, and Communication. More cross-functional communities also allow employees to share their opinions and ideas on products;
- databases enabling data and file-sharing;
- internal webcasts for staff training and the sharing of information;
- specific workshops are organized to allow various departments to present their activities to other employees.

Focus: Change management

Adapting to markets involves organizational changes and therefore adapting resources and funding. These organizational changes take place within the framework of local labor relationships. Social dialogue is particularly important when it involves discussing possible changes and reorganizations inside the Company. Employee representatives are kept closely informed and are regularly consulted about new projects. Once changes have been decided upon, the Group puts in place measures to support those affected (e.g. redeployment, training, coaching, help with setting up or taking over a business, etc.).

4.4.3.2 PROMOTING DIVERSITY, ESPECIALLY BY PLACING MORE WOMEN IN MANAGEMENT POSITIONS

The Group is deeply committed to combating discrimination and promoting diversity. In 2004, it published its first Ethics Charter and in 2009 formalized these guidelines in a Charter of Fundamental Principles. Another sign of its commitment in this regard is the fact that Legrand is also a signatory to the UN Global Compact.

General Management recognizes that diversity, i.e. the variety of people profiles within the Group, contributes to innovation, performance and quality of life within the company. There are twenty nationalities at the Group's headquarters today. Employees benefiting from geographical mobility not only come from headquarters but also from the Group's subsidiaries in all geographical zones. The Human Resources Department encourages the diversification of the profile of talents who support the Group's growth. The Group also encourages the hiring of more women managers and undertakes to guarantee the same working conditions for women as those for men.

Group priority 2014-2018

To increase the number of women in key positions by 25%.

Key performance indicator: the number of women in key positions in the Group.

Annual targets:

	2014	2015	2016	2017	2018
Percentage of women in key posts	12.6%	13%	13.5%	13.9%	14.4%

2017 achievement:

At the end of 2017, 14.8% of the Group's key positions were held by women, an increase of 28% versus the end of 2013.

	2014	2015	2016	2017	2018
Target achievement rate*	127%	125%	113%	136%	

* *Calculated against the percentage as at end of 2013 (11.5%).*

Key positions are those considered to have a significant impact on the strategic objectives and performance of their entity: they consist of management team positions in subsidiaries, SBUs (Strategic Business Units), and corporate departments. The goal of increasing the percentage of women in key positions applies worldwide.

The Group plans to increase this by 25% between the end of 2013 and the end of 2018 at the current scope, meaning that it will include employees joining the Group as a result of acquisitions (which, in terms of diversity, can sometimes dilute the Group's performance, often for cultural reasons).

Promoting women to the Group's key positions is part of an ongoing action plan that joins the measures already implemented by the Group in recent years:

- **non-discrimination awareness and training for managers:** initiatives include presentations by independent experts to HR employees and workforce representatives involved in negotiating Professional Equality and Sustainable Development agreements; raising awareness among new hires during orientation sessions; using dedicated tools (webcasts, testimonials, quizzes and posters); incorporating the promotion of diversity into internal communication campaigns, and organizing a gender equality week. Countries that have been involved in these initiatives include Australia, the United Arab Emirates, the United States, Germany, Italy, Canada, etc.;
- **guarantee of compliance of HR processes with the principles of non-discrimination:** production of a recruitment guide consistent with the principle of non-discrimination, written by an international working group composed of human resource managers from four countries (France, Italy, Turkey and the United States); signature of agreements on employment parity and equality, particularly in France in 2012, with renewal of these agreements in 2014, and in Italy; guidelines sent to Group managers in France during the annual pay review;
- **establishment of a network of gender equality guarantors:** appointed to cover France, these guarantors have a mediation and advisory role and participate in exchanges of best practices. They must ensure that no discriminatory situations occur in terms of hiring, vocational training, career paths and development, access for women to positions of responsibility, compensation policy, work/life balance, or the organization of working hours. The gender equality guarantors reviewed 26 potential cases of discrimination in 2017 (versus 19 in 2016), 12 of which resulted in salary adjustments being made (versus 9 in 2016);
- **training program:** since 2013 nearly 900 of the Group's French managers have received training in anti-stereotyping;
- **diversity network:** created on the initiative of Group employees, this network is run by an independent firm and is funded by the General Management. The elle@legrand network discusses skills development, career progression and work/life balance, it arranges programs (such as mentoring) and organizes presentations and exchanges of views with other networks. By the end of 2017, the network had a global reach, from Elle at Legrand NA (North America) in the United States, to Lei@Bticino in Italy, not to mention the UK, Peru, Chile, Russia, India, Brazil, Colombia and China.

Focus: Legrand contributes to the Green Paper by the Observatoire de la Mixité – Six concrete measures to improve diversity in business

In 2017, the Observatoire de la Mixité – part of the Institut du Capitalisme Responsable and which Legrand is involved with – proposed a Green Paper on the six measures it considers most valuable for effective development of diversity in business. The Green Paper was co-produced following 18 months of discussion between seven pioneer partners – including Legrand – assisted by 17 diversity experts.

The Charter of Fundamental Principles can be viewed at *www.legrand.com*.

4.4.3.3 REDUCING THE PAY GAP BETWEEN MEN AND WOMEN

Legrand champions gender equality and works to reduce the pay gap between the Group's male and female employees wherever it is found to exist. The aim of this priority is to improve diversity within the "non-manager" category, for example by increasing the number of women in skilled roles.

Group priority 2014-2018

Reduce by 15% the pay gap between men and women in non-managerial positions as a whole within the Group.

Key performance indicator: the pay gap between men and women in non-managerial positions as a whole within the Group.

Annual targets:

	2014	2015	2016	2017	2018
To reduce the pay gap to:	16.4%	15.9%	15.4%	14.9%	14.4%

2017 achievement:

This priority applies to the entire non-managerial population and does not address the gender pay gap for a particular role. At the end of 2017, the pay gap between men and women in non-managerial positions was 13%, slightly ahead of the target.

	2014	2015	2016	2017	2018
Target achievement rate*	274%	94%	142%	184%	

* *Calculated on the basis of the percentage reduction recorded relative to the baseline (17% in 2013) and compared against annual targets.*

This commitment applies to the Group's non-managerial population while perfectly complementing the commitment described above. Although measures to promote women to more senior positions will reduce the pay gap between men and women within the managerial population (as a result of the gender mix within the population concerned), they will not, by their nature, reduce pay gaps within the non-managerial population. Therefore, the Group has chosen to apply this commitment to non-managerial positions.

Measures to reduce pay gaps between men and women are already in place within some Group reporting perimeters. For example, for the last seven years in France, an annual budget equivalent to 0.10% of the payroll has been spent on reducing gender inequality. This budget was used after performance-related increases had been awarded to make appropriate adjustments in identified cases. To achieve this, the Group implemented a mechanism enabling employees to request a review of their working conditions (coefficient, compensation, career management) to ensure that these comply with the principle of non-discrimination.

The Group's goal to reduce the pay gap between men and women in the non-managerial population by 15% by 2018 goes hand in hand with the implementation in other Group entities of mechanisms similar to those employed in France since 2009.

For example, in the last two years, the Hungarian subsidiary has developed a training program to promote female assembly operators to forklift driver positions, improving their salary progression and gender diversity within the trades.

4.4.3.4 DISABILITY MISSION FOR GREATER DIVERSITY

Legrand has special initiatives for people with disabilities, an area it has been actively involved in for many years. This approach is a natural fit with the Group's commitment to disability: "Promote equal opportunities through an improved awareness of diversity in Human Resources management". Group-wide, the employment rate of people with a disability is 2.37% of the Group's workforce included in Occupational Health & Safety reporting.

In France, the Group's agreement on preventing discrimination and integrating people with disabilities comprises a hiring plan, an integration and training plan with adapted work stations, and a plan for retaining employees in the Company.

The Group has close relationships with sheltered employment centers (*Établissements de Service et d'Aide par le Travail*) in the Nouvelle-Aquitaine region of France, and particularly with the French association for the blind and disabled (APSAH – Association pour la Promotion Sociale des Aveugles et autres Handicapés). Annual contracts for service provision as well as production work are signed every year. Moreover, Legrand offers free training to the personnel of ESAT in safety rules and the use of firefighting means. Trainees with disabilities are also integrated into the different establishments. Integrated ESAT schemes have been set up in-house at two of our sites in France. The schemes offer ESAT members experience of professional life in a less sheltered work environment, leading to greater personal development. The Group's various subsidiaries adopt these commitments locally and support charities promoting access to employment for people with disabilities.

Under this agreement, Legrand allocates a budget for the donation of disability-related electrical equipment to refurbishment or new-build projects. For example, in 2017 Legrand helped to create the "Renaissance" residential home in Ain, supplying the necessary electrical equipment, including home automation systems. The home is managed by the association ORSAC and the local branch of CAPEB, the French confederation of building professionals and small businesses. It bridges the gap between a care home and independent living for patients, and serves as a practical training tool for occupational therapists.

The Group also set up a disability unit to steer the initiatives contained in the agreement on anti-discrimination and integration, and to raise awareness of the issues faced by disabled people both inside and outside the company. Each year, to mark the European Disabled Employment Week, events are organized at head office and elsewhere to change the perception of disability. In 2017, for example, the Antibes site organized demonstrations from the local guide dogs training school and sports activities between the Handisport Antibes Méditerranée club and the site's employees. Meanwhile, under the partnership agreement signed in 2014, the Limoges site received visually impaired students from APSAH's physiotherapy massage training institute (IFMK), who offered stretching sessions to prevent musculoskeletal disorders. The aim of these various events is to change attitudes towards disability.

Focus: Legrand ratifies the ILO (International Labour Organization) Global Business and Disability Charter

After joining the ILO Global Business and Disability Network at the end of 2016 – which brings together companies to promote the inclusion of disability by highlighting the benefits of recruiting people with disabilities and facilitating the sharing of knowledge and best practice between companies, business networks and the ILO – Legrand ratified the Global Business and Disability Charter in 2017. The Charter covers areas ranging from the protection of staff with disabilities against all forms of discrimination, to making company premises more accessible and internal communication for disabled employees. As a signatory, Legrand intends to pursue its efforts to promote the inclusion and integration of people with disabilities in the workplace.

Actions of this kind are also carried out in the Group's other countries, especially involving awareness actions on different disabilities. The Group's various subsidiaries adopt these commitments locally and support charities promoting access to employment for people with disabilities.

Group sites in Brazil are also committed to employing disabled people, either directly or through institutions. Persons with disabilities can thus participate in remunerated industrial projects, which enables them to be employed. In Italy, since the "International Year of the Disabled" in 1981, the Bticino subsidiary has partnered with the association CFPIL (Varese Center for Vocational Training and Integration through Work) and the Italian province of Varese to facilitate the integration into the workplace of young people with mental and motor disabilities. Governed by an agreement, this commitment translates into the integration of trainees into the Group's Italian teams. The objectives of this partnership were mainly to promote their integration into working life.

In Turkey, Legrand has created a "No handicap for our future" fund which supports social enterprises whose workforce is at least 80% composed of people with disabilities. This initiative helps the people concerned to find work and earn a guaranteed minimum wage.

For further information about human resource management, please visit *www.legrand.com*.

4.5 – LIMITING OUR ENVIRONMENTAL IMPACT

Legrand has long been committed to safeguarding the environment. This responsibility applies not only to the Group's sites but also the design of its products. The challenge is to innovate in order to limit the environmental impact of Legrand's operations. This includes promoting the development of a circular economy.

To achieve this objective, Legrand encourages grassroots action at its production and R&D sites which is overseen by the SBUs (Strategic Business Units). At the same time, the Group Environment Department manages the Group's environmental policy within the Strategy and Development Division and contributes to environmental reporting by providing data analysis.

More than 140 people worldwide work on environmental issues. For example, environmental representatives at the various production sites ensure that the Group's environmental policy is implemented. They are responsible in particular for implementing environmental diagnostics. Within the framework of Legrand's operational organization, they also help implement improvement plans, in most cases as part of an Environmental Management System (EMS).

Similarly, ecodesign specialists at R&D centers are involved in the implementation of tools and best practices.

All these environmental representatives work closely with each of the quality, environment and safety managers of the SBUs, and with the Group Environment team.

Industrial sites as well as the major administrative and logistics sites contribute to Group environmental reports by producing some 30 indicators, such as energy and water consumption, VOC (Volatile Organic Compound) emissions and waste production.

A selection of the data from these reports can be found in section 4.6.3. of this Registration Document.

In addition, by actively contributing to the industry guide on CSR, published by GIMELEC (the French association for the electrical industry), Legrand sought to provide specific information about the sector, and in particular to identify the environmental impacts that apply to its businesses. This is particularly the case with noise pollution: as a manufacturing industry, noise pollution is limited to the noise of machinery located inside buildings; this is controlled so as not to generate any particular problem to neighborhoods around the Group's sites. Concerning food waste, the subject is not directly related to Legrand's business. Consequently, Legrand does not consider this to be applicable to its operations and therefore has not specifically included this topic in this Registration Document (consistent with the "comply or explain" approach).

4.5.1 – Reducing the Group's environmental footprint

Legrand deploys its environmental policy on its sites in conjunction with ISO 14001 certification. This has led to an EMS (Environmental Management System) being set up, accompanied by an ISO 50001-certified energy management system at some European sites. This process, along with a host of local EMS initiatives that have proven effective in Group entities that are most advanced in terms of environmental management, has led to a reduction in the company's environmental footprint.

4.5.1.1 SYSTEMATICALLY OBTAINING ISO 14001 CERTIFICATION FOR GROUP SITES

Legrand's approach is to prevent environmental risk and improve the performance of its sites. The management systems of industrial and logistics sites are assessed regularly and appropriate action plans are implemented for ongoing improvement. This process has resulted in third-party ISO 14001 certification of sites covered by the Group's environmental reports.

Group priority 2014-2018

To achieve ISO 14001 certification at more than 90% of the Group's industrial and logistics sites.

Key performance indicator: the percentage of the Group's sites with ISO 14001 certification.

Annual targets:

	2014	2015	2016	2017	2018
Certification rate of sites*	87%	88%	89%	90%	90%

* *Present within the Group for more than five years.*

2017 achievement:

At the end of 2017, 92% of the Group's industrial and logistics sites had been ISO 14001 certified. In 2017, the Murthal site in India, the Megapower site in Malaysia, and the Novigorod site in Russia joined the scope of certification in.

	2014	2015	2016	2017	2018
Target achievement rate*	102%	104%	102%	102%	

* *Calculated against annual targets.*

Procedure

Sites of companies recently acquired by the Group must be certified within five years. New sites joining Legrand are therefore assisted in their efforts to reach the required performance level through continuous improvement plans incorporating the Group's best practices and environmental techniques. This commitment represents a major ongoing effort, especially in countries where regulations and standards fall short of the criteria for ISO 14001 certification. Since the development of the 2015 version of the standard, Legrand has been able to draw upon its ecodesign program, which fully meets the new requirements of the standard.

The introduction of an ISO 14001 compliant environmental management system (EMS) has two main consequences:

- it determines the site's significant environmental aspects (SEAs). The site's management and personnel will put measures in place in accordance with the site's environment, activities and local culture in order to prevent pollution and environmental risks in general;
- it establishes a continual improvement process, often symbolized by the Deming Cycle (Plan-Do-Check-Act), involving the implementation of concrete improvements. For example: improvements to energy efficiency in compressed air circuits and industrial cooling systems; reductions in water consumption in industrial processes; reductions in waste production at source and the installation of recovery processes.

4.5.1.2 CONTROLLING WATER CONSUMPTION

The Legrand Group monitors its water use separately and takes the scarcity of the local water supply into consideration. It measures its impact by taking account of the water consumption at industrial sites (using environmental reporting data) and the local value of water, which is estimated based on the natural abundance of the resource and the conditions for accessing it.

For this reason, the Group uses public benchmarks to assess its exposure and dependency on water. By combining the consumption reported by the sites and the WSI (Water Stress Index) mapping data published by the UNEP (United Nations Environment Programme), the Environment Department has identified the 22 sites that account for 80% of the Group's water load worldwide. This analysis has revealed that approximately 79% of the Group's water consumption occurs at industrial sites situated in zones where there is low or moderate water consumption (WSI index < or equal to 0.7). This approach enables the SBUs (Strategic Business Units) to focus their actions on the most sensitive sites in terms of their environmental impact on local water resources.

Legrand uses standard sanitary quality water. It is not required to comply with any restrictions such as physico-chemical, microbiological or organoleptic parameters. Most of Legrand's water consumption is for sanitary use by staff in the workplace. The treatment of waste water is therefore similar to the treatment of water used by the local community.

In addition, the few Legrand facilities that use water for industrial purposes are carefully monitored to avoid any risk of pollution. For example, surface treatment workshops with effluent treatment plant are strictly maintained and regularly upgraded. More generally, the ISO 14001 certification policy of Group sites as described above entails responsible industrial processes and practices for water management.

In 2017, the Group's water consumption amounted to 895,000 m3, up 1.7% at current scope, compared with the figures reported in 2016. As a percentage of Group sales, water consumption amounted to an average water consumption intensity of 173 m^3/million in sales at the end of 2017, against 180 m^3/million in sales at the end of 2016, down -3.8% (at current scope). In the medium term, the trend is significantly better than the 2% reduction per year that the Group has set itself. Since 2013, the baseline year for the CSR roadmap, there has been a decrease in water consumption of more than 20%. This decrease demonstrates the continued effectiveness of the actions introduced.

Just as with greenhouse gas emissions under the *GHG protocol* (see section 4.5.1.3), the main water consumption indicators relating to accommodation and catering for employees at industrial sites are not taken into account, when this is technically possible.

In addition, the Group's subcontractors for surface treatment are in general, historic local suppliers, for which the same regulatory constraints are applied. Logistical proximity enables Group buyers to verify easily that these subcontractors implement a compliant and optimal effluent treatment system.

4.5.1.3 REDUCING THE ENERGY INTENSITY OF THE GROUP'S OPERATIONS

Legrand regards reducing the energy intensity of its operations as a priority. To achieve this, the Group – taking advantage of its privileged position as a supplier of energy-efficient solutions that it can use at its own sites – has committed to a policy of continuous improvement of its energy performance. In 2015, this commitment was translated with the publication of the Group's energy policy, which is available for all Group employees on the Legrand intranet. All subsidiaries and industrial, logistics and commercial sites are affected by this continuous improvement process and are responsible for monitoring their energy performance. Areas of progress are identified at each site and action plans implemented to reduce energy consumption. Furthermore, compliance with the legal requirements for energy is ensured by the site management system within the framework of ISO 14001 certification.

Legrand intends to pool best energy practices within the Group by focusing on workforce training and information-sharing. As part of its investment policy, Legrand's General Management also provides the resources required for the implementation of action to reduce energy consumption, involving suppliers and service providers in improving the Group's energy performance. The Group thus encourages its subsidiaries to present investment projects dedicated to improving energy performance, with specific return on investment periods (longer than the periods required for other investment plans). Site renovations enabling a general improvement of the building are generally accompanied by the search for energy optimization.

Energy management certification for the Group's sites

To build on this continuous improvement process, Legrand's management has decided to introduce an Energy Management System (EMS) according to the ISO 50001 standard. In 2015, Legrand obtained ISO 50001 certification for its energy management system. This certification covers Legrand's headquarters, 21 production sites and three logistics sites located in Spain, France, United Kingdom, Hungary, Italy, Netherlands and Poland. Legrand is the first French industrial group to obtain ISO 50001 certification for multiple sites across a broad European platform. The certification demonstrates the Group's commitment to tackling major energy transition challenges through the promotion of solutions and services to improve energy efficiency in buildings. Legrand's European Energy Management System (EMS) is supported by the Group's energy policy (fully consistent with its environment policy), existing ISO 14001 environmental management systems, and actions and information from the sites.

The scope of the EMS corresponds to more than 45% of the Group's global energy consumption and covers all industrial, logistics and administrative operations of the European sites concerned. An annual energy review consolidates the results measured at all sites in scope, setting and/or revising objectives and targets, and ensuring that they are achieved. Finally, an annual management meeting allows management to review the EMS to ensure that it is relevant, adequate and effective and modify it if necessary. Where appropriate the Group's energy policy is revised.

As part of the roll-out of the EMS, large-scale training was carried out in 2016 and 2017 with more than 250 employees identified as directly linked to the energy performance of their home site. This training was offered in the local language in seven European countries.

Group priority 2014-2018

To reduce energy intensity by 10%.

Key performance indicator: the Group's energy intensity.

Annual targets:

	2014	2015	2016	2017	2018
To reduce total energy intensity, compared with 2013, by:	2%	4%	6%	8%	10%

2017 achievement:

For 2017, energy consumption at the Group's sites was 454 GWh, up 2.9% compared to 2016 (441.7 GWh). As a percentage of Group sales, energy consumption amounted to an average intensity of 87.7 MWh/million in sales at the end of 2017, against 105.8 MWh/million in sales at the end of 2013, down more than 17% (at current scope). This change, compared with a reduction target of 2% per year, represents 9 basis points outperformance by the Group and is due to the energy-saving initiatives introduced by the Group (some of which are detailed below) and to more favorable climatic conditions in some regions.

	2014	2015	2016	2017	2018
Target achievement rate*	315%	175%	247%	213%	

* *Calculated against annual targets.*

Energy practices

The Group automatically incorporates energy efficiency into its operations when building, refurbishing and maintaining its premises. Presence detectors are routinely installed during building renovations to reduce power consumption from lighting. In 2014, for example, a portion of the company's headquarters was equipped with a double-flow CMV, while more efficient glazing units were installed at several sites in the Limousin region to improve building insulation.

Energy-efficient solutions developed by the Group are also installed at its industrial and service sites. For example, systems and sub-systems for measuring power consumption have been installed at several Group sites in China, helping to obtain LEED certification for three of the Group's Chinese sites. The new production facility in Shenzhen, which opened in 2015, is also highly energy efficient.

The Group also keeps track of best available techniques and is committed to replacing obsolete equipment with less energy-intensive processes (free cooling, electric injection molding machine, energy-efficient motors, etc.). In 2015, for example, a chiller unit and air cooler were installed at the Ulyanovsk plant in Russia to generate iced water for the injection molding machines and extrusion plant. At Boxtel in the Netherlands, an energy recovery system was installed on the paint line, and the warehouse unit heaters were replaced with radiant gas burners. For building refurbishments, athermic glazing/shading solutions are preferred to air conditioning, which is only installed if there is no other option. Similarly, when ventilation systems need to be replaced, the Group opts for double-flow ventilation with recycled fresh air in summer, saving on heating in winter and preventing the entry of warm air in summer, thereby reducing the use of air conditioning.

As part of the "Better Building, Better Plants" initiative backed by the White House, North American entities have pledged to undertake energy renovations and improve the energy efficiency of their office buildings and industrial sites with the aim of reducing energy intensity by 20% by 2022. In this context, Legrand has commissioned a fuel cell device at West Hardford, one of its main industrial sites in the U.S. In principle, this will allow electricity to be generated from oxygen and natural gas, in the absence of combustion. Calculated over a 20-year period, the fuel cell will deliver up to a 40% reduction in greenhouse gas emissions and eliminate 100% of NO_x and SO_x type gases. It has already led to a saving of more than 50%, based on local electricity costs. As a result, Legrand North America is ahead of the target.

In France, the Group has partially replaced its fleet of company vehicles with electric vehicles. Charging stations continue to be installed in parking areas of several industrial sites. These stations are used for cross-site shuttles and travel within the local area.

The Group's carbon footprint

Every year, Legrand contributes to the Carbon Disclosure Project (CDP), a non-profit organization whose objective is to measure, publish and share environmental information and provide a framework for actions to combat global warming. In 2017, the Group maintained its B rating under the new CDP rating system. The methodological approach of the Carbon Footprint project isolates scope 1 and 2 emissions, i.e., CO_2 emissions directly related to the Group's activities, from indirect scope 3 emissions, which correspond to greenhouse gas emissions generated by other stakeholders as a result of the Group's activities.

More precisely, a distinction is made between:

- scope 1 emissions: these are Group emissions related to the consumption of fossil fuels (almost entirely natural gas) used for heating buildings, and to a lesser degree for some industrial processes. Consumption by company cars, which are used overwhelmingly by sales forces in the various countries where the Group operates, is also taken into account. Lastly, the contribution of refrigerant leakage is evaluated and taken into account;

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- scope 2 emissions: these are indirect greenhouse gas emissions related to electricity and heating consumption, mainly for industrial processes and marginally for heating and lighting buildings. The specific carbon content of electricity in each country is taken into account(1).

In all, scope 1 and 2 emissions accounted for 178,000 metric tons in 2017, as against 179,000 metric tons in 2016. This marginal decrease means that greenhouse gas (GHG) emissions directly controlled by the Group are stabilizing at a time of significant growth.

This total includes GHG emissions associated with the sales force's vehicles and presumed leaks of refrigerants used in the cooling and air-conditioning systems. It is important to note that the extrapolation from sites covered by environmental reporting to estimate the GHG emissions of administrative sites (particularly offices and sales branches) covers all of the Group's GHG emissions.

The following items were evaluated for scope 3 emissions (ranked in decreasing order of percentage of emissions): raw materials (44.6%), purchased goods and services (33.4%), logistics (13.3%), product end-of-life (3.21%), capital expenditure (2.81%), commuting (1.54%), upstream losses for production and transportation of fuels, and downstream losses for electricity, business travel and waste(2) (1.15%). It should be explained that the item "use of products sold" is not taken into account at this stage. This is because only a small proportion of Legrand's product offering - active products - has its own function such as security lighting, sound control, access control, etc. The other products are passive, in that they contribute to providing the electricity used by products that perform the functions, for example, of lighting or heating, or cases and accessories whose functioning does not depend on electricity. The purpose of ongoing work is to identify active products and to catalogue the corresponding greenhouse gas effects.

In 2017, scope 3 emissions totaled 1.918 million metric tons of CO_2 equivalent, and were therefore significantly higher than scope 1 and 2 emissions.

With regard to CO_2 emissions linked to shipping the Group's products, and more specifically emissions linked to outbound shipping (i.e. from one Group site to another or to third-party customers), the latter fell from 98.2 ktons in 2016 to 99.8 ktons in 2017. This fall reflects a fall of 1.4% in constant sales, confirming the reducing trend of these emissions already recorded in previous years.

Focus: Legrand reaffirms its commitment to reducing its energy footprint

Legrand has joined two international initiatives against global warming: the Science Based Targets initiative, which calls on companies to commit to CO_2 emission reduction targets; and the Global Alliance for Energy Productivity, an international alliance that seeks to improve energy efficiency. These two initiatives underscore Legrand's longstanding commitment to mitigating the environmental impact of its activities.

By joining the Science Based Targets scheme (backed by the WWF, the United Nations Global Compact, the World Resources Institute and the CDP), Legrand takes this one step further. To limit global warming to no more than 2 °C, the program calls on multinationals to commit publicly to greenhouse gas emission reduction targets. The reduction targets and associated actions are being validated by the "Science Based Target" initiative.

The Group constantly strives to:

- simplify its logistics flows to reduce the distances traveled by products and components between production and storage sites in sales areas; it also analyzes the "overall cost", which takes environmental criteria into account;
- consolidate the different manufacturing stages into a single location, thus reducing transportation between sites.

Actions to optimize logistics are also consistently encouraged, such as:

- optimizing the loading of trucks leaving the Group's international distribution center for the main subsidiaries;
- increasing the proportion of goods shipped by sea, especially between France and Turkey;
- using rail transport, particularly between Paris and Italy (Milan), and between Antibes and Paris;
- using river transport between the port of Le Havre and the Paris region, particularly to supply the Group's international distribution center;
- using, wherever possible, the same mode of transport for incoming and outgoing shipments at the Group's international distribution center, thus reducing the number of empty journeys;
- limiting the use of air freight.

The method used by the Group to map its logistics flows covers more than 95% of its sales.

The results of the full calculation confirm that, as a materials processing and assembly company, the Group's own activities do not have a high carbon intensity. Analysis of the contributing factors shows that, in descending order, the items related to raw materials, goods and services purchased, logistics and industrial site consumption are the main causes, directly or indirectly, of greenhouse gases.

(1) Excluding these specific emission factors, the French environment and energy management agency's (ADEME) emission factors for France are taken into account.

(2) For emissions related to waste management, Legrand uses the emission factor of domestic waste for non-hazardous waste, and the emission factor of incineration for hazardous waste.

Focus: Calculation of an internal carbon price – Legrand signs climate manifesto

Legrand was closely involved in the United Nations Climate Change Conference in Paris (COP21), signing the climate manifesto and joining 39 other major French companies which are resolutely committed to the fight against climate change and to helping to limit global warming to 2°C. The Group also signed the charter of commitments "Business for COP21" and its initiatives are listed on the United Nations' official website "International Climate Action". In 2017, the French Climate Business Pledge signaled the ongoing commitment of French companies to develop low-carbon solutions two years after the Paris agreement, thus emphasizing the importance of the follow-up to the 2015 declaration.

To reaffirm its leadership role and the impetus it brings to the campaign for a more sustainable world, since early 2016 Legrand has increasingly included the carbon dioxide price per ton into its operational considerations, notably investment decision processes.

Climate change and mitigation strategy

Climate change results in the materialization of new risks for companies: damage to physical installations, business interruption, financial risks (linked to the rise in insurance costs, for example), impact on populations and therefore on company employees.

Faced with these new risk factors, in 2015 the Legrand Group mapped the vulnerability of its sites in terms of the physical consequences linked with extreme weather events that could affect business continuity. The methodology used is based on site scores developed by the Group's insurers for exposure to the risks of natural disasters. The mapping was done for the 126 major sites (of a total of 153 sites) visited regularly by insurers. Note that the 27 sites excluded from the study are mainly unoccupied or dormant sites or minor sites deemed non-critical for the Group.

Regarding the risk of flooding, 77% of the sites visited present no risk or have a risk level deemed non-significant. A total of 23%, or 29 sites, present a risk level lower than or equal to 1% (i.e. less than a 1% chance that this type of event will occur in any given year). These sites are mainly in France, Italy, India and the United States.

Regarding the risk of storm and high winds (including extreme snowfall): 8%, or 10 sites, could potentially be affected by such phenomena, although the likelihood of occurrence remains very low (less than 0.5% per year). The sites concerned are mostly located in India and the United States. The Group's other sites are not exposed to this type of phenomena.

These analyses supplement the Group's site mapping in terms of water stress, which indicates that approximately 80% of the Group's water consumption is at industrial sites located in areas with low or moderate water use (for more information on this topic, please refer to section 4.5.1.2 of this Registration Document).

The analyses will become progressively more detailed and will be regularly updated. This will enable the Group's exposed sites to be targeted, paving the way for action plans to mitigate the long-term consequences of climate change.

For more information on the Group's risks, please refer to chapter 3 of this Registration Document.

4.5.1.4 USE OF SOILS AND BIODIVERSITY PROTECTION

Legrand's activities have no direct impact on soil or biodiversity. The vast majority of the Group's production sites are located inside business or industrial zones which are subject to specific regulations. Furthermore, the Group considers that the focus on reducing water consumption, particularly in areas subject to water restrictions, helps to ease human pressure on ecosystems. Finally, the manufacturing nature of the Group's activities allows its sites to be multi-storied, thus limiting their footprint.

In addition, Legrand factors in the concept of embodied biodiversity. By analogy with embodied energy, embodied biodiversity is understood as the cumulative impacts on ecosystems and biodiversity over the entire lifecycle of a material or product (e.g. equipment, energy): raw materials extraction, manufacturing, transportation, implementation, use and end-of-life. Each of these stages has an impact to a greater or lesser extent on the environment (destruction of species or habitats, consumption of natural resources, various forms of pollution, GHG emissions, etc.).

Grey biodiversity can be assessed based on PEPs (Product Environmental Profiles), for which there are numerous impact indicators (intermediate indicators), such as air or water toxicity or eutrophication, which enable an estimate to be made of the potential harm to ecosystem diversity (damage indicators). The Group therefore has a relatively broad base for the indirect assessment of its impact on biodiversity.

For more information on PEPs, please refer to section 4.2.1.3 of this Registration Document.

For more information about our environmental actions, please visit our website at *www.legrand.com*.

4.5.2 – Innovating for a circular economy

Safeguarding the environment also means implementing circular economy principles within the Legrand Group. This consists in moving from a linear consumption pattern (resource exploitation, manufacturing, use, end-of-life and waste management) to a circular approach, like natural cycles in ecosystems.

At the Legrand Group, circular economy principles are divided into three key categories:

- the management of waste from its manufacturing processes, in line with the Group's ecodesign approach;
- the traceability and disposal of hazardous substances in Group products;
- the ongoing improvement of the environmental performance of the Group's research and development (R&D) centers.

It should also be noted that the Group's products, usually associated with construction infrastructure, have long life spans (typically several decades), thus contributing to the rational use of non-renewable resources. Moreover, electrical equipment also changes over the lifetime of a building and the Group's new products and systems enable new functionality to be added within the existing infrastructure, thereby avoiding (or delaying) their obsolescence. Finally, the role of standards and regulations is fundamental, especially for safety products, which make up a significant part of the Group's offering. The continual changes to these standards and regulations, coupled with the long lifetime of products, mean that they cannot generally be reconditioned for the second-hand market in equipment components.

Group priority 2014-2018

To deploy the principles of a circular economy from the product design phase through to their end-of-life recovery.

Key performance indicators:

- percentage of waste sent to recovery facilities;
- share of Group[(1)] sales compliant with RoHS regulatory requirements;
- introduction of ecodesign principles to all Group R&D centers.

Annual targets:

	2014	2015	2016	2017	2018
Waste recovery	> 80%	> 80%	> 80%	> 80%	> 80%
Coverage rate of sales compliant with RoHS regulation[(1)]	92%	94%	96%	98%	100%
Introduction of eco-design principles to all Group R&D centers	Priority 1: 80%.	Priority 1: 100%.	Priority 1: 100%. Priority 2: 30%.	Priority 1: 100%. Priority 2: 65%.	Priorities 1 & 2: 100%.

2017 achievement:

During 2017, 90% of waste was sent for recycling, which confirms the positive performance of previous years. At the end of 2017, 93% of the Group's sales[(1)] were generated from products complying with restrictions on the use of substances under RoHS regulations, an improvement of 4 points on 2016, despite lagging behind the Group's target of 98%. The Group's acquisitions policy affected performance by merging with companies not subject to this regulation. This largely explains the underperformance relative to the target for 2017. In 2017, 94% (versus 80% at the end of 2016) of R&D centers implemented the Group's systems for analyzing the risks of hazardous substances being present in their products and for monitoring the integration of Group environmental requirements. The focus is on continuing to raise the level of expertise of all centers.

	2014	2015	2016	2017	2018
Target achievement rate	100%	87%	118%	103%	

* *Calculated as the average achievement rates for the above three indicators compared to annual targets.*

(1) Including Group products outside the scope of RoHS regulations, excluding acquisitions in 2017 and sales of services.

4.5.2.1 WASTE MANAGEMENT

The Group endeavors to limit the amount of waste generated by its industrial operations and is working on a waste treatment process that mitigates their negative externalities. The proportion of waste sent for recycling is thus a key indicator of Legrand's performance in this field.

From an operational perspective, Legrand is seeking to reduce its waste in four main ways:

- product design and industrialization, to minimize production waste and scrap. When scrap is generated, this is preferably reused directly in the manufacturing process. In addition, injection mold sprues are ground down and reincorporated with virgin material in the thermoplastic injection process, while scrap from the metal cutting process is legally classified as production waste and is systematically recycled outside the company.
- sharing best practices and identifying local improvement initiatives to limit the amount of waste at source.
- waste identification and the definition of sorting guidelines to facilitate recycling. The identification of hazardous waste in particular is essential to ensure that it is correctly handled.
- choosing service providers that offer the best waste recycling while minimizing landfill and incineration without energy recovery.

As an example of good practice, the Group has introduced the "3 Rs" approach at its sites: Reduce, Reuse, Recycle. Several initiatives have been set up in production workshops with the active participation of all employees: weekly meetings with analysis of indicators, improvement proposals, brainstorming and suggestions. This initiative has resulted in several noteworthy actions, including: detection of energy losses in machines, switching off machines during breaks, reusing consumables such as gloves, and increasing selective sorting.

Another example of best practice can be found in the Limousin production workshops in France, where the initial parts for thermoplastic molding are collected, sorted by type of material, ground down and reincorporated with virgin material for the standard production of plastic parts. This approach avoids any under-recycling which can affect some forms of materials recycling.

The contacts established with players involved in waste recovery and the treatment of waste electrical and electronic equipment (WEEE) have prompted thinking on the incorporation of post-consumer recycled raw materials. There are already some good examples of this, such as the use of transparent polycarbonate from non-specification manufacturing for the automotive industry in the manufacture of opaque technical parts, or polystyrene from the WEEE process for molding flush-mounting boxes.

Focus: Zero landfill waste by 2022 for Legrand North and Central America

Legrand North and Central America (LNCA), which generates nearly 28% of the Group's non-hazardous waste, has pledged to send 0% of its waste to landfill by 2022. To that end, LNCA has established a waste policy to educate sites on their waste management processes. Since 2012, 94% of solid waste from sites has not been sent to landfill.

In terms of results, environmental reporting has revealed that the gross amount of waste generated in 2017 was 54 thousand metric tons, an increase of 3.8% compared with 2016 at current scope.

The waste recycling rate has reached a record 89.5%. The Group's goal is to maintain this at a minimum of 80% for the entire duration of the roadmap.

Legrand makes every effort to collect and recycle its products at the end of their life. Historically, the Group is a pioneer as, for over 20 years, it has organized the recovery and recycling of self-contained emergency lighting units. This has enabled more than 200 metric tons of products to be recycled every year (including about 70 metric tons from nickel-cadmium batteries). Note that at the national level (for all industrial actors combined), around 30% of all self-contained emergency lighting units placed on the market are collected at the end of their life.

The WEEE Directive has structured and regulated such initiatives in Europe. Under its leadership, eco-organizations have established systems to collect and process products that have now reached the end of their life. In response to the obligations, Legrand has joined in these efforts by funding recycling facilities that process the tonnage placed on the market through retail channels.

Since 2010, recycling processes have been set up that are specifically tailored to the construction industry, such as the "WEEE pro" process in France with the eco-organization Récylum. Legrand participated as a founding member in the launch of this professional process, which recovers end-of-life electrical and electronic equipment. The Group's sales forces are trained to promote membership of the Récylum network among their customers. Each one is equipped with special containers to collect products under the scope of the WEEE Directive.

The above-mentioned pioneering industry sector of self-contained emergency lighting units has already created market habits that now benefit the collective WEEE sector. Similar initiatives have been implemented in European countries affected by the directive.

Legrand regularly takes part in one-day forums organized by Récylum to discuss best practices in ecodesign for future recycling purposes. These forums are typically attended by stakeholders in the electrical, medical and climate engineering industries, end-of-life product disposal organizations, and the French environment and energy management agency (ADEME).

Récylum and Legrand hold regular meetings with R&D engineers and technicians, ecodesign experts and WEEE players. The aim is to raise awareness among participants of the constraints and opportunities of the WEEE recycling process. As a result, good design practices with a view to the dismantling of end-of-life products have been established at Legrand's R&D centers.

Finally, the Product Environmental Profiles (PEPs) developed by the Group (covering 67% of the Group's total sales at the end of 2017 – see section 4.2.1.3 of this document) are information tools specifically designed for recycling centers (showing, for example, the potential for recycling and recovery and the location of sub-assemblies requiring specific treatment). They also facilitate the recovery of Legrand products at the end of their life.

Use of recycled materials

Legrand is committed to using recycled materials whenever possible.

Contacts established with players in the recycling industry (particularly Récylum in France) have led to new opportunities being identified for the use of recycled post-consumer plastics (see examples given in the section on waste management). This practice is specifically recognized and promoted as part of the *Legrand Way towards ecoconscious design*, which frames the Group's global ecodesign approach. Note that the use of recycled plastics generally raises technical issues and requires specific R&D work: in 2017, Legrand filed an ORPLAST application for the inclusion of a high percentage (up to 50%) of recycled polyolefins (post-consumer waste) in some of its cable management products. ORPLAST is a scheme run by the French environment and energy management agency (ADEME) to encourage the use of recycled plastics.

The incorporation of recycled material in metals is a more common practice. For example, ordinary steels generally contain between 30% and 50% of recycled material. The technical constraints adopted by Legrand in its specifications do not specifically limit the use of steel from the electrical sector containing the highest levels of recycled steel. The same applies to aluminum and copper alloys, which the Group uses in large quantities and which in some regions may contain up to 50% and 80% respectively of recycled metal.

4.5.2.2 TRACEABILITY AND DISPOSAL OF HAZARDOUS SUBSTANCES

RoHS Directive

The RoHS (Restriction of Hazardous Substances) Directive lays down rules restricting the use of hazardous substances for electrical and electronic products. Originally adopted in 2003 ahead of its implementation in 2006 it was revised in 2012 RoHS (2011/65/UE), and the list of target substances was extended in 2015.

Nevertheless, since 2004, Legrand has made it a goal to eliminate RoHS substances from all of its solutions, starting with those marketed in Europe, whether they are covered by the scope of application of the Directive or not. This includes Legrand products which are not considered as WEEE under the Directive. As a result, in 2007 the Group adopted lead-free welding processes, opted for the use of lead-free PVC from 2009 (mainly in the manufacture of cable management profiles), and gradually extended Cr(VI)-free passivation of surface coatings of metal parts.

The Group is therefore already ready for the RoHS open scope scheduled for 2019.

Furthermore, the Group has added to its CSR roadmap the target of complying with the RoHS Directive's restrictions on the use of hazardous substances for its entire global offering by the end of 2018 (including those outside the scope of the RoHS Directive). At the end of 2017, 93% of sales were generated from products compliant with the regulatory restrictions on the use of substances defined by the RoHS Directive (against a target of 98%). The Group's acquisitions policy affected performance, by merging with companies not subject to this regulation and marketing products potentially containing the substances in excess of the regulatory restrictions under the RoHS Directive.

REACH Regulation

Legrand takes into account the requirements of the European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation 1907/2006 and takes all necessary measures to be in compliance. As a proactive player in this process, Legrand goes beyond regulatory requirements. For example, when developing its products, it has undertaken to exclude any substances included in the REACH "candidate list" whenever a technically and economically viable alternative is available.

Legrand is therefore also involved in the application of the European REACH regulations, in particular by facilitating the transmission of data on the relevant substances used in its economic chain (upstream and downstream). This includes:

- arranging the collection from strategic suppliers of Material Safety Data Sheets on substances and preparations, such sheets being key components of REACH for transmitting product information;
- providing the Group's European customer service departments with a response system connected to the Group's intranet site covering all brands. This ensures transmission of the most up-to-date information;
- posting a full page dedicated to REACH on the Legrand website for the use of all stakeholders.

To bolster and maintain this proactive approach, a REACH expert committee, including the Group's materials and processes experts, supported by the purchasing organization, was set up in 2011. Its role is to seek, upon publication of the lists of candidate substances, alternatives to be promoted among R&D teams for product design and the development of their manufacturing process.

4.5.2.3 THE ENVIRONMENTAL PERFORMANCE OF GROUP R&D CENTERS

As part of its 2014-2018 CSR roadmap, Legrand has set up a process to assess the practices of its R&D centers and manage their progress in acquiring ecodesign know-how (*Legrand Way toward eco-conscious design*). Legrand's ecodesign policy is built around seven practices which will be phased in at all its R&D centers:

- analysis of the risk of hazardous substances being present (priority 1 practice): to apply voluntarily to all its products the regulatory restrictions on the use of hazardous substances under the RoHS Directive and the level of information described in article 33 of the REACH Regulation, Legrand has introduced a tool for analyzing the risk of substances of concern being present, developed from the Group's experience in this area and customized for the needs of the Group's designers and buyers. With this tool, the critical design elements relating to the risk of substances (of concern) are systematically mapped and targeted questionnaires are sent to suppliers (mainly of raw materials and components). This approach allows decision-making to be guided towards technical solutions that guarantee the absence of substances of concern from the product design phase.
- monitoring environmental requirements (priority 1 practice): based on the regulatory and market requirements, as well as the Group's commitments through its ecodesign approach, a tool containing all these requirements in the form of a checklist customized for the needs of staff is used to identify the key points for each R&D project.
- use of LCA (life cycle assessment) in the concept-definition phase (priority 2 practice): during the upstream phase of product development, the R&D unit systematically uses an LCA tool (recognized by the Group) when defining concepts to estimate and/or compare their environmental impacts and thus improve the product's environmental footprint over its entire life cycle.
- ecodesigned products derived from the R&D process (priority 2 practice): Legrand's aim is to have products whose ecodesign is scientifically proven on the basis of objective criteria. A product whose environmental impact is less than that of the reference product is said to be ecodesigned. The comparison is based on the previous generation of the product, a target product from a competitor, the industry standard (established by a professional body), or a recognized product environmental performance standard (such as NF Environnement). Calculated for different indicators over the entire product life cycle, it must demonstrate that the product evaluated at the end of the R&D process has a lower environmental impact.
- implementation of an EMS (Environmental Management System) by the R&D unit (ISO 14062 or equivalent) (priority 2 practice): the Group regards the use of an environmental management system as a solid framework for lending credibility to the continuous improvement of the R&D process. The EMS must conform to a recognized standard such as ISO 14062 or ISO 14001.
- integration of the upstream supply chain into the LCA (priority 3 practice): ecodesign can only be fully realized and the benefits maximized for the Group's customers and users by working in collaboration with suppliers of materials and components in particular. The focus is therefore on the development by the R&D teams of ways to involve the supply chain in their ecodesign approach. In practice, this means demonstrating how a significant environmental aspect of a product has improved due to a partnership approach with a supplier.
- integration of materials from the circular economy (priority 3 practice): Legrand looks for circularity in all its processes. It has therefore committed to systematically demonstrate its willingness to include materials from the circular economy when developing new products or improving existing products. Apart from the Group's natural and sustained use of sources of materials which usually include recycled materials (e.g. steel, cardboard, etc.), the validation of this practice is based on the integration of materials from the circular economy that demonstrate a real step forward. For example, as an illustration of this practice, the Group's designers and buyers are gradually integrating recycled plastics into their portfolio of solutions. Several examples can be mentioned, such as the inclusion in cable management products of up to 20% of "post-consumer" recycled plastic (from the collection and processing of end-of-life products). Since 2016, the Brazilian subsidiaries have used "post-consumer" recycled polyprolene (PP) for the injection of plastic parts. In 2017, Legrand's work with a major European producer of recycled polystyrene led to the use of post-industrial recycled polystyrene in the production of the flush-mounting box for the Practicbox range, as well as various parts for the XL3 125 and Drivia product ranges. Finally, many of Legrand's global product ranges are delivered with on-site protective packaging made from 100% recycled polyethylene terephthalate (PET).

Dedicated tools for each of the priorities ensure that the practices introduced are effective and consistent. Each year, the R&D centers have to provide evidence that they have adopted the practices resulting from the *Legrand Way toward eco-conscious design*. The results are systematically reviewed, consolidated and analyzed by the Environmental department and a performance rating is assigned to each R&D center.

By the end of 2017, priority 1 practices had been implemented by 94% of the Group's R&D centers (compared with a target of 100%). Already 71% of these teams have adopted priority 2 practices, with a target of 65% by the end of 2017.

Life cycle assessment (LCA) techniques that establish product environmental profiles (PEPs) are a powerful tool for designing better products. By challenging the usual technical solutions in the design and industrialization phases, the analysis of environmental impacts is also a remarkable tool for innovation.

The following are some examples of ecodesigned products launched by Legrand:

- Mosaic and *Céliane* user interface range: a review was made of the mechanisms used in the Mosaic and *Céliane* ranges of switches in order to reduce the use of materials with high potential for depleting non-renewable natural resources. The resulting reduction was around 75%. This initiative also led to a significant reduction of some 15% in the amount of energy lost through heating when current is passed, which was achieved by changing the latching inside the switch. This reduction, extrapolated for total future manufacture of these products, is expected to reduce environmental impact by some 57 metric tons of CO_2 equivalent;
- the EDM range of transformers: a reduction in power dissipation resulted in a decrease in environmental impacts of approximately 30% compared with the previous generation of products. The PEP ecopassport® issued for this series provides details of their environmental impacts. Moreover, with this new design the transformer generates less noise;
- RX3 circuit breakers: the adoption of the ecodesign approach by the R&D team in India resulted in a range of circuit breakers that reduce the use of non-renewable natural resources and mitigate the impact of their manufacture and distribution;
- "KALANK CS" recessed lights for drywall: the use of more efficient components with 40% less energy consumption and a new compact aluminum shell design made from 50% recycled aluminum have resulted in a more compact product which is easier to recycle. Overall, the environmental footprint has been reduced by around 40% for almost all environmental indicators;
- the ecodesign approach also applies to packaging. It enables the ratio of packaging volume to product volume to be lowered. For instance, 'packaging' experts have defined best practices which are implemented by all R&D teams. These include using cardboard containing a high percentage of recycled material, printing with water-based inks, using acrylic adhesives which emit fewer VOCs, etc. The new cardboard packaging design of Mosaic and *Céliane* sockets and switches delivered an annual saving of 39 metric tons of CO_2 equivalent in 2015.

4.6 – OVERVIEW OF INDICATORS AND ADDITIONAL INFORMATION

4.6.1 – Reporting procedures

Reporting enables the various units to capitalize on best practices and share them within the Group. It should be noted as regards the various reporting tools, that:

- **Occupational Health and Safety reports** periodically consolidate statistical data on occupational risk prevention. It covered 100% of the Group's workforce (excluding acquisitions under three years) in 2017, with 156 entities included in the scope of reporting. New acquisitions receive training on the rules and standards of reporting in the first year of their consolidation into the Group. Their prevention indicators within the aggregates provided by the Group are taken into account only after the third year following their consolidation because of the time needed to acquire the Group's methods and standards. In 2017, 5 entities joined the scope of reporting. These are entities that joined the Group in 2014 (SJ Manufacturing in South East Asia, Lastar in the United States and China, and Neat in Europe);
- **Human Resources reporting** periodically consolidates statistical data on human resources management. It covered 95.8% of the Group's workforce in 2017. New acquisitions are integrated the year following their entry into the Group's scope of consolidation. The following entities, in particular, entered the scope of reporting in 2017: Trias, Primetech, Jontek, CP Electronics, Solarfective, AFCO, OCL, Luxul, Pinnacle, Lastar China, Fluxpower, Minkels Belgium and Minkels UK. The site at Kosice (Slovakia) has left the consolidation scope;
- **Environment reports** enable periodic consolidation of statistical environmental data. It concerns production sites with more than 25 employees, administrative or commercial sites with more than 200 employees, and storage sites larger than 15,000 m2. New acquisitions are integrated between one and three years after they join the Group. Three units were added in 2017: Taloja in India, Singapore and Hickory in the United States. Two sites in Spain and France left the reporting scope, usually following local consolidation of production activities.
- if an entity is sold, it immediately exits the scope of reporting mentioned above.

All of these applications include an overview document for the reporting process plus a user guide. Online help, data consistency checks and mandatory comments are integrated into these applications to help with the input of the entities' qualitative data.

4.6.2 – Overview of social indicators

4.6.2.1 HEALTH AND SAFETY INDICATORS

The table below summarizes the main health and safety indicators for the Group. The data presented correspond to the Occupational Health & Safety scope of reporting, which covers all Group employees excluding acquisitions under three years (i.e. 31,219 people at the end of 2017). This is consistent with the integration rules described in section 4.6.1 of this Registration Document.

	2015	2016	2017
Occupational risk management plan (% of Group workforce covered by this plan)	90%	90%	92%
Health/safety monitoring and improvement process (% of Group workforce covered by this process)	90%	94%	96%
Health and Safety Committees (% of Group workforce represented by a Health and Safety Committee)	87%	86%	91%
Workplace health (Number of people who have had a (para)medical review within the last 5 years)	70%	70%	70%
Frequency of workplace accidents leading to absence (Number of accidents × 1,000,000)/(Hours worked)	5.89	5.29	4.07
Severity of workplace accidents (Number of days absence × 1,000)/(Hours worked)	0.15	0.17	0.17
Frequency of accidents suffered by subcontractors (Number of subcontractor accidents occurring on a Group site × 1,000)/ (Number of employees on the Legrand site in question)	1.74	3.23	3.20
Training Number of health & safety training hours per person	2.5	2.9	4.0
Work-related illnesses (Number of recognized work-related illnesses)	88	51	44
Number of fatal accidents	0	0	0

Additional comments:

- the proportion of the workforce for whom risk indicators are consolidated, corresponds to all the employees covered by Health & Safety reporting, with the exception of a few cases of isolated or seconded employees;
- 156 entities are included in the scope of reporting;
- the frequency of accidents suffered by subcontractors is in progress in terms of reliability and should be analyzed with caution;
- in accordance with the pledge made in 2015, particular attention was given in 2016 to the occupational illness indicator in order to pinpoint the illnesses actually caused by working for the Group.

4.6.2.2 INDICATORS ON EMPLOYMENT, THE ORGANIZATION OF LABOR, LABOR RELATIONS AND TRAINING

Group workforce at the end of 2017

For each year, the published data have been restated to reflect the change in geographic segments, in line with the financial reporting.

	2015	2016	2017
TOTAL NUMBER OF EMPLOYEES (ANNUAL AVERAGE)	**36,097**	**35,902**	**37,356**
By geographical location:			
France	5,700	5,600	5,544
Italy	2,800	2,828	2,882
Rest of Europe	5,265	5,351	5,479
North and Central America	4,175	4,715	6,298
Rest of the world	18,157	17,408	17,153

	of which, Back Office	*of which, Front Office*	*of which, Back Office*	*of which, Front Office*	*of which, Back Office*	*of which, Front Office*
TOTAL NUMBER OF EMPLOYEES (ANNUAL AVERAGE)	**81%**	**19%**	**80%**	**20%**	**81%**	**19%**
By geographical location:						
France	84%	16%	83%	17%	84%	16%
Italy	83%	17%	83%	17%	83%	17%
Rest of Europe	75%	25%	74%	26%	73%	27%
North and Central America	77%	23%	76%	24%	77%	23%
Rest of the world	82%	18%	83%	17%	83%	17%

The Group specifically applies the concept of "registered workforce", which includes employees with both fixed-term and open-ended employment contracts. The total workforce registered at the end of 2017 was 34,105 people.

The table above shows the average headcount, including temporary workers, employed by the Group between 2015 and 2017. The table gives a breakdown of the workforce by geographical location and main business sector.

The tables below summarize the main indicators for the Group in terms of registered workforce. All data correspond to the HR scope of reporting, which covers 95.8% of the overall workforce, or 32,656 people. Note that HR reporting does not include acquisitions completed in 2017.

Working hours – Worldwide

	2015	2016	2017
% of employees working full-time	97.5%	97.5%	97.5%
% of employees working part-time	2.5%	2.5%	2.5%

Additional note: the definition of full time and part time is given in the HR reporting user guide.

Absenteeism – Worldwide

	2015	2016	2017
All job categories	3.69%	4.20%	3.18%

Additional note: absences to be taken into account are absences due to illness (including work-related illness), accidents at work, accidents during commuting and unexcused absences. It excludes days of temporary layoff, disciplinary suspension, strikes, maternity leave, absence for family events (legal or under agreements), statutory holidays or unpaid leave, and days of long-term sickness leave covered by social security organizations.

The absenteeism indicator covered 88.9% of the workforce in the end of year HR report.

Social dialogue and freedom of association – Worldwide

	2015	2016	2017
% of employees covered by a collective bargaining agreement and/or convention	52%	52%	50%

Additional note: the percentage of employees covered by a collective bargaining agreement is the percentage of the total workforce at the year-end for the HR reporting scope.

Restructuring and reorganization – Worldwide

	2015	2016	2017
% of reporting scopes with consultation rules	17%	22%	32%

Compensation – Worldwide

	2015	2016	2017
% of non-managers on minimum wage	1.6%	1.6%	2.7%

Additional notes:

- *The minimum wage is the legal minimum wage of the country;*
- *15 reporting areas have employees on the minimum wage;*
- *the indicator above covers 99% of the Group's non managerial employees.*

Compensation by gender and occupational category – Worldwide

	2015	2016	2017
Wage gap between male and female managers	14.3%	13.6%	11.7%
Wage gap between male and female non-managers	15.5%	14.7%	13.0%

Additional note: the calculation of the wage gap between men and women, for both non-managers and managers, is based on the weighted workforce in each reporting scope.

With respect to the wage gap for non-managers, Legrand's industrial operations are assembly-intensive. These workshops are essentially staffed by women and the qualification level required is low. Concerning the wage gap for managers, note that these jobs are essentially staffed by men, the explanation for which lies in the nature of the Group's engineering businesses (electronic, electrotechnical and electromechanical fields) and sales and marketing activities (sales engineers). Pay for those jobs is above the company average for managers.

Geographical breakdown of workforce

	2015	2016	2017
Mature countries	41%	43%	44%
New economies	59%	57%	56%
TOTAL	**100%**	**100%**	**100%**

Additional note: the breakdown covers 100% of employees on permanent or fixed term contracts.

Breakdown by professional category – Worldwide

	2015	2016	2017
Managers	26%	27%	26%
Non-Managers	74%	73%	74%

Additional note: the breakdown of professional categories is included in the HR reporting user guide.

Breakdown by age – Worldwide

	2015	2016	2017
Employees < 26 years	10%	8%	8%
Employees ≥ 26 years and < 36 years	30%	28%	27%
Employees ≥ 36 years and < 46 years	30%	31%	31%
Employees ≥ 46 years and < 56 years	22%	24%	24%
Employees ≥ 56 years	8%	9%	10%

Additional note: the age pyramid takes into account employees with fixed-term or open-ended employment contracts.

Breakdown by type of contract

	2015	2016	2017
Open-ended Worldwide	83%	84%	84%
Fixed-term Worldwide	17%	16%	16%

Additional note: it should be noted that the proportion of fixed-term contracts is structurally impacted by the large number of temporary contracts in China, a common local practice.

Hirings and departures – Worldwide

	2015	2016	2017
Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts (excluding changes of fixed-term contracts into open-ended contracts)	38%	49%	37%
Share of fixed-term amended to open-ended contracts in hiring of employees on open-ended contracts	21%	17%	23%
Open-ended contract turnover	14%	11.5%	11.1%

In 2017:

- *the total number of hires was 6,216;*
- *the number of open-ended contracts among new hires on open-ended and fixed-term contracts totaled 2,325;*
- *the number of fixed-term contracts amended to open-ended contracts was 701.*

The "open-ended contract turnover" takes into account resignations, retirements, layoffs for personal reasons, layoffs for economic reasons, departures by stipulated agreement, employees with an open-ended contract not remaining in the company at the end of their probationary period, and other reasons (according to the methodology recommended by the GRI). This "open-ended contract turnover" indicator is calculated based on the total number of terminated open-ended contracts divided by the open-ended contract workforce at the beginning of the fiscal year.

Moreover, it should be noted that the proportion of fixed-term contracts is structurally impacted by the large number of temporary contracts in China, a current local practice.

Departures*	2015	2016	2017
Of which resignations	33%	41%	50%
Of which retirement	7%	7%	11%
Of which other departures	60%	52%	39%
TOTAL	**100%**	**100%**	**100%**

* *Additional note: the data relating to departures include open-ended contracts. The "other departures" indicator takes into account conventional agreements, layoffs for personal and economic reasons, employees with an open-ended contract not remaining in the Company at the end of their trial period, and various other reasons.*

For 2017, the total number of departures was 6,461 for all reasons and for all types of contracts combined (of which 14.84% were departures for personal reasons, layoffs for economic reasons, and fixed-term contracts terminated early by the employer). Out of that total, 2,977 departures concerned employees on open-ended contracts; 3,484 departures concerned employees on fixed-term contracts, of which 67% were in the Group's Chinese entities on account of the high proportion of fixed-term contracts in China. Note that 78% of departures of employees on fixed-term contracts took place at the employee's initiative.

Hirings by gender – Worldwide

	2015	2016	2017
Percentage of women among persons hired	55%	48%	50%
Percentage of men among persons hired	45%	52%	50%

Additional note: these figures take into account open-ended and fixed-term contracts and exclude fixed-term contracts amended into open-ended contracts.

Employee training (fixed-term and open-ended contracts)

	2015	2016	2017
Number of training hours per employee (Worldwide)	13 hours	15 hours	17 hours
Number of training hours per employee – Managers	17 hours	18 hours	26 hours
Number of training hours per employee – Non-managers	12 hours	14 hours	14 hours
The above indicators cover 89.1% of the workforce in the end of year HR report.			
Percentage of the Group's workforce receiving training during the year	82%	87%	90%

Talent management – Worldwide

	2015	2016	2017
Rate of Individual Appraisal Reviews (CAPPs) – Managers	88%	88%	92%
Percentage of experts and talent managed by the OSR (*Organization and Staffing Review*) system	48%	93%	95%
Manager-retention rate	96%	95%	96%

4.6.2.3 DIVERSITY INDICATORS

The tables below summarize the main Group indicators in terms of diversity. All data are reported at current scope of consolidation.

Breakdown of employees by gender – Worldwide – Open-ended and fixed-term contracts

	2015	2016	2017
Women	37%	36%	36%
Men	63%	64%	64%

Breakdown of employees by gender and age – Worldwide – Open-ended and fixed-term contracts

	2015	2016	2017
Female employees < 26 years	5%	4%	3.5%
Male employees < 26 years	5%	4%	4%
Female employees ≥ 26 years and < 36 years	11%	10%	10.5%
Male employees ≥ 26 years and < 36 years	19%	18%	17%
Female employees ≥ 36 years and < 46 years	10%	11%	11.5%
Male employees ≥ 36 years and < 46 years	20%	20%	19.5%
Female employees ≥ 46 years and < 56 years	7%	8%	8%
Male employees ≥ 46 years and < 56 years	15%	16%	16.5%
Female employees ≥ 56 years	3%	3%	3.5%
Male employees ≥ 56 years	5%	6%	6%

Additional note: at the end of 2017, the average age of male employees was 41 years, compared with 40 years for women.

Breakdown of employees by gender and occupational categories – Worldwide – Open-ended and fixed-term contracts

	2015	2016	2017
Percentage of female managers	22%	22%	22%
Percentage of male managers	78%	78%	78%
Percentage of female non-managers	42%	41%	42%
Percentage of male non-managers	58%	59%	58%
Percentage of women in key positions	13.4%	13.8%	14.8%

Percentage of disabled workers – Worldwide

	2015	2016	2017
Percentage of disabled workers	2.36%	2.36%	2.37%

Additional note: This indicator is calculated for entities that have been with the Group for more than three years.

For France, the rate for disabled workers was 7.65% at the end of 2017, above the legal minimum of 6% (as provided for by law, including subcontracting with the protected sector). Note that this rate is computed on 98% of the Group's workforce in France.

4.6.3 – Overview of environmental indicators

The tables below show the main Group environmental indicators. All data correspond to the Environment reporting scope, which covers over 92% of the Group's production cost, with the exception of GHG emissions expressed in metric tons of CO_2 equivalent, which cover 100% of the Group's activities.

For more information on the rules for including newly merged acquisitions in the reporting process, please refer to section 4.6.1 of this Registration Document.

4.6.3.1 ENVIRONMENTAL INDICATORS – SITES

The table below shows the main indicators monitored by the Group as regards impact related to site activities. The data are at current scope of consolidation.

Comments on the data presented can be found in section 4.6.1 of this Registration Document.

	2015	2016	2017
Energy consumption *(GWh)*	445	441	454
Direct energy consumption (mainly gas) *(GWh)*	179	176	189
Indirect energy consumption (mainly electricity) *(GWh)*	266	265	265
Total CO_2 emissions for scopes 1 and 2 of the carbon assessment *(in thousands of metric tons equivalent CO_2)*	167*	179*	178*
Emissions from product transport *(in thousands of metric tons equivalent of CO_2)*	98.6	98.2	99.8
CO_2 emissions linked to energy consumption *(thousands of metric tons equivalent of CO_2)* *scopes* 1, 2 et 3 of the carbon audit	2,012	2,017	2,096
ISO 14001-certified sites *(%)*	92%	91%	92%
Water consumption *(in thousands of* m^3*)*	920	880	895
Waste produced *(in thousands of metric tons)*	51	52	54
including hazardous waste	*6%*	*7%*	*6%*
Waste recovered** *(%)*	87%	88%	90%
Volatile Organic Compound (VOC) emission *(in metric tons)*	117	119	119

* *Recovery complies with the requirements of the GHG Protocol.*

** *Sent for recycling.*

Additional notes:

- the environmental reporting covers a special calendar consistently composed of the fourth quarter of year Y-1 and of the first three quarters of year Y;
- a total of 24 new sites (related to Legrand's acquisitions) were ISO 14001 certified between 2011 and 2017, including Fairfield in the United States, Caxias do Sul in Brazil, Wuxi, Huizhou and Shanghai in China, Preston in Australia, Nashik, ADLEC, the five Numeric sites and Haridwar in India, the Megapower site in Malaysia, and the Novigorod site in Russia;
- NO_x and SO_x: Legrand uses several boilers at its facilities, primarily for heating purposes and occasionally for industrial processes. Gas is gradually becoming the only fossil fuel used, since coal has been completely abandoned and the share of fuel oil has fallen below 2%. Consequently, the Group's SO_x emissions are negligible and NO_x emissions strictly limited by local regulations.

4.6.3.2 ENVIRONMENTAL INDICATOR – PRODUCTS

	2015	2016	2017
Share of Group sales generated by products with PEPs	56%	60%	67%
Share of Group sales compliant with RoHS regulations[(1)]	84%	89%	93%

(1) Including Group products outside the scope of RoHS regulations, excluding acquisitions in 2017 and sales of services. The elimination of RoHS substances contained in these products is a voluntary commitment by the Group.

4.6.3.3 ENVIRONMENTAL INDICATORS – OTHER

	2015	2016	2017
Environment-related contingency provisions and guarantees *(in millions of euros)*	10.8	9.3	8.6
Convictions, fines, closures	0	0	0

For more information on the management of environmental risks, please refer to section 3 of this Registration Document.

4.6.4 – Cross-reference table with article 225 of the Grenelle 2 Law

Obligations under article 225 of the Grenelle 2 Law		Sections of the Registration Document
Policy	Company efforts to take into account the social and environmental consequences of its activity, as well as its social commitments to sustainable development; its guidelines, where necessary specifying the actions or initiatives implemented	4.1.1 - 4.1.2

Obligations under article 225 of the Grenelle 2 Law			Sections of the Registration Document
Labor relations	**a)** Workforce	■ Total workforce	4.6.2.2
		■ Breakdown of employees by gender, age and geographical location	4.6.2
		■ Hiring and layoffs	4.6.2.2
		■ Compensation and salary progression	4.6.2.2
	b) Work organization	■ Organization of working hours	4.4 - 4.6.2.2
		■ Absenteeism	4.4 - 4.6.2.2
	c) Labor relations	■ Organization of social dialogue	4.4.1
		■ Collective bargaining agreements	4.4.1
	d) Health and safety	■ Health and safety conditions	4.4.2 - 4.6.2.1
		■ Agreements signed	4.4.2 - 4.6.2.1
		■ Workplace accidents	4.4.2 - 4.6.2.1
	e) Training	■ Total number of training hours	4.4.3 - 4.6.2.2
		■ Training policies	4.4.3
	f) Equal treatment: measures taken to promote:	■ Equality between men and women	4.4.3 - 4.6.2.3
		■ Employment and integration of disabled people	4.4.3 - 4.6.2.3
		■ Prevention of discrimination	4.4.3 - 4.6.2.3
	g) Promotion of and compliance with the fundamental conventions of the International Labor Organization (ILO)	■ Promotion of freedom of association and the right to collective bargaining	4.4.1
		■ Elimination of discrimination in employment and occupation	4.4.1 - 4.4.3
		■ Elimination of forced or compulsory labor	4.4.1 - 4.3.2
		■ Effective abolition of child labor	4.4.1 - 4.3.2

Obligations under article 225 of the Grenelle 2 Law			Sections of the Registration Document
Environmental aspects	**a)** General environmental policy	■ Organization of the company to take environmental questions into account	4.5
		■ Employee training and information actions	4.5
		■ Resources devoted to preventing environmental risks and pollution	4.5.1
		■ Amount of provisions and guarantees for environmental risks	4.6.3
	b) Pollution	■ Measures to prevent, reduce, or compensate for air, water, and soil emissions affecting the environment	4.5.1 - 4.6.3
		■ Taking account of noise and other sources of pollution specific to an activity, where relevant	4.5.1 - 4.6.3
	c) Circular economy	■ Pollution and waste management: ■ measures to prevent, recycle, reuse, repurpose and disposeee of waste actions to prevent food waste	4.5.2.1- 4.6.3 4.5
		■ Use of resources: ■ Water consumption and water supply depending on local constraint ■ Consumption of raw materials and measures to improve their efficient use ■ Energy consumption, and where relevant, measures to improve energy efficiency and the use of renewable energy sources	 4.5.1.2 - 4.6.3 4.5.1 - 4.5.2- 4.6.3 4.2.1 - 4.2.2 - 4.5.1 - 4.5.2 - 4.6.3
		■ Use of the soil	4.5.2 - 4.6.3
	d) Climate change	■ Greenhouse gas emissions	4.2.1.4 - 4.5.1 - 4.6.3
		■ Adaptation to the impacts of climate change	4.5.1 - 4.6.3
	e) Protection of biodiversity	■ Measures taken to protect or develop biodiversity	4.5.1 - 4.6.3
Social commitments to sustainable development	**a)** Regional, economic and social impact of the activity	■ Employment and regional development	4.3.3
		■ On neighboring and local populations	4.3.3
	b) Relations with interested parties	■ Conditions of dialogue with interested parties	4.1.1.2
		■ Partnership or corporate philanthropy	4.3.3
	c) Subcontracting and suppliers	■ Incorporation of social and environmental issues in purchasing policies	4.3.2
		■ The extent of subcontracting and the incorporation of social and environmental responsibility in relations with suppliers and subcontractors	4.3.2
	d) Fair practices	■ Actions taken to prevent corruption	4.3.1
		■ Measures to promote consumer health and safety	4.2.1
	e) Human rights	■ Other actions to promote human rights	4.4.1

Note that in the context of its involvement with the GIMELEC trade association (Federation of Industries for electrical equipment, control-command and related services), the Legrand Group helped draw up the sector's CSR reporting guide. This guide follows the structure of article 225 of the Grenelle 2 Law as presented above and clarifies the approach adopted ("comply or explain"), based on the degree of relevance and appropriateness of each issue, including those issues specific to Legrand's sector.

4.6.5 – Cross-reference table with the GRI

This report was prepared in line with the core option of the GRI Standards (2016 version).

The full cross-reference table with GRI guidelines can be found on our website at *www.legrand.com* under “Our responsibility”, and then “Resource Center”.

4.6.6 – Cross-reference table with the principles of the Global Compact

Global Compact principle	Sections of the Registration Document
1. Businesses should support and respect the protection of internationally proclaimed Human Rights	4.3.2 Ensuring responsible purchasing 4.4.3 Developing skills and promoting diversity 4.4.2 Guaranteeing occupational health and safety
2. Businesses should ensure that they are not complicit in human rights abuses	4.3.1 Acting ethically 4.4.3 Developing skills and promoting diversity 4.4.2 Guaranteeing occupational health and safety
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	4.3.1 Acting ethically 4.3.2 Ensuring responsible purchasing 4.4.1 Respecting Human Rights
4. The elimination of all forms of forced or compulsory labor	
5. The effective abolition of child labor	
6. The elimination of discrimination with respect to employment and occupation	4.4.3 Developing skills and promoting diversity
7. Businesses should support a precautionary approach to environmental challenges	4.5.1 Reducing the Group’s environmental footprint
8. The undertaking of initiatives to promote greater environmental responsibility	
9. The encouragement of the development and diffusion of environmentally friendly technologies	4.2.1 Providing sustainable solutions 4.5.2 Innovating for a circular economy
10. Businesses should work against corruption in all its forms, including extortion and bribery	4.3.1 Acting ethically 4.3.2 Ensuring responsible purchasing

4.6.7 – Cross-reference table with the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) for 2015-2030 are global in scope. Legrand demonstrates its commitment to achieving these goals through its CSR strategy.

Legrand sought to go even further in 2017 by identifying priorities among the 17 SDGs for each area and each of the 10 major issues of the CSR roadmap for 2014-2018. The issues covered by the roadmap are integrated directly with the Group's strategy. As such, the Group's promotion of the SDGs and its contribution to them are in line with the targets set.

OFFER user sustainable solutions		ACT ETHICALLY towards society			COMMIT to our employees			LIMIT our impact on the environment	
Provide sustainable solutions	Play a driving role in the electrical sector	Act ethically	Ensure responsible purchasing	Enable access to electricity for all	Respect human rights	Guarantee health and safety at work	Develop skills and promote diversity	Reduce the group's environmental footprint	Innovate for a circular economy
1 NO POVERTY	8 DECENT WORK AND ECONOMIC GROWTH	4 QUALITY EDUCATION	1 NO POVERTY	1 NO POVERTY	1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	8 DECENT WORK AND ECONOMIC GROWTH	4 QUALITY EDUCATION	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION		8 DECENT WORK AND ECONOMIC GROWTH	7 AFFORDABLE AND CLEAN ENERGY	7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	5 GENDER EQUALITY			9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES	17 PARTNERSHIPS FOR THE GOALS	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	8 DECENT WORK AND ECONOMIC GROWTH			13 CLIMATE ACTION	13 CLIMATE ACTION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION		17 PARTNERSHIPS FOR THE GOALS	10 REDUCED INEQUALITIES	17 PARTNERSHIPS FOR THE GOALS	10 REDUCED INEQUALITIES			14 LIFE BELOW WATER	14 LIFE BELOW WATER
13 CLIMATE ACTION			16 PEACE, JUSTICE AND STRONG INSTITUTIONS		16 PEACE, JUSTICE AND STRONG INSTITUTIONS			15 LIFE ON LAND	15 LIFE ON LAND
14 LIFE BELOW WATER									
15 LIFE ON LAND									
16 PEACE, JUSTICE AND STRONG INSTITUTIONS									

4.6.8 – Materiality for the Group of the core issues of ISO 26000

ISO 26000 core issues	Low or moderate materiality	High materiality	Key issues of the Legrand Group CSR strategy
Human rights	Dispute resolution Civil and political rights	Prevention of complicity Discrimination and the underprivileged Economic, social and cultural rights Duty of care Situations posing a risk to human rights at work	6. Respecting Human Rights 8. Developing skills and promoting diversity
Labor practices	Social dialog	Health and safety in the workplace Working conditions and employee welfare Employment and employer/employee relationship Human resources development	6. Respecting Human Rights 7. Guaranteeing health and safety at work 8. Developing skills and promoting diversity
Environment	Preventing pollution Protection and rehabilitation of the natural environment	Sustainable use of resources Climate change mitigation and adaptation	9. Reducing the Group's environmental footprint 10. Innovating for a circular economy
Good business practices	Responsible political engagement Respect for property rights	Fight against corruption Fair competition Promoting social responsibility in the sphere of influence	3. Acting ethically 4. Ensuring responsible purchasing 5. Enabling access to electricity for all
Consumer issues	Best practice in marketing, information and contracts Sustainable consumption Education and public awareness	Protection of consumer health and safety Access to essential services After-sales service, support and complaint and litigation for consumers Protection of consumer data and privacy	1. Providing sustainable solutions 2. Playing a driving role in the electrical sector 5. Enabling access to electricity for all
Social commitment	Education and culture Wealth and income creation Health Investment in employees	Local presence Job creation and skills development Technological advances and access to technology	5. Enabling access to electricity for all 1. Providing sustainable solutions 2. Playing a driving role in the electrical sector

4.7 – STATUTORY AUDITORS' REPORT

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st, 2017

To the Shareholders,

In our capacity as Statutory Auditors of Legrand SA, (the "Company"), appointed as independent third party and certified by COFRAC under number(s) 3-1048[(1)], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2017 included in the management report (hereinafter named "CSR Information"), pursuant to article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R. 225-105-1 of the French Commercial Code in accordance with the reporting protocols and guidelines used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the Group CSR Department.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

STATUTORY AUDITOR'S RESPONSIBILITY

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information) ;
- express, on the Company's request, a limited assurance conclusion that the 2017 achievement rates of the 2014-2018 Roadmap presented in the summary table of paragraph 4.1.2.2 "Performance management" in the management report was, in all material respects, established in accordance with the Guidelines.

It is not our responsibility to provide any conclusion on the compliance with other applicable legal expectations, in particular those concerning article L. 225-102-4 of the French code of commerce (duty of care) or the French law 2016-1691 (fight against corruption).

Our work involved nine persons and was conducted between October 2017 and March 2018 during a fifteen-week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000 [(2)] concerning our conclusion on the fairness of CSR Information.

(1) whose scope is available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L. 233-1 and the controlled entities as defined by article L. 233-3 of the French Commercial Code within the limitations set out in the methodological elements, presented in the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around thirty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important (*presented in Appendix 1*):

- at parent entity and sites level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities and sites selected by us (*presented in Appendix 2*) on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 28% of headcount and between 19% and 35% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

3. Limited assurance attestation on the 2017 achievement rates of the 2014-2018 Roadmap

Nature and scope of our work

Regarding the 2017 achievement rates of the 2014-2018 Roadmap presented in the summary table of paragraph 4.1.2.2 "Performance management" in the management report, we conducted work of the same nature as the work described in section 2 above regarding the CSR Information that we considered to be the most important.

We consider that this work allows us to express a limited assurance conclusion on the 2017 achievement rates of the 2014-2018 Roadmap.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the 2017 achievement rates of the 2014-2018 Roadmap, taken as a whole, are not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, April 5, 2018

One of the Statutory Auditors

Deloitte & Associés

Jean-Marc Lumet
Partner

Olivier Jan
Partner, Sustainability Services

Appendix 1

The CSR Information that we considered to be the most important, on which we conducted detailed tests, are the following:

Important information

- Quantitative health and safety information
- Frequency of workplace accidents leading to absence
- Severity of workplace accidents
- Number of recognized work-related illnesses

Other quantitative social information

- Group workforce at the end of 2017 (breakdown by type of contract and gender)
- Hirings (Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts)
- Departures (of which resignations, retirements and other departures)
- Number of training hours per employee (Worldwide)
- Absenteeism (all job categories)
- Share of non-managers on minimum wage
- Share of employees covered by collective bargaining agreement and/or convention
- Share of employees employed in entities in which there is an employee representative body and/or a union
- Number of collective agreement signed in 2017

Quantitative environmental information

- Water consumption (in thousands m3)
- Direct and indirect energy consumption (GWh)
- Total CO_2 emissions for scopes 1 and 2 of the carbon assessment (in thousands tonnes of carbon equivalent)
- CO_2 emissions linked to energy consumption scopes 1, 2 and 3 of the carbon audit (in thousands tonnes of carbon equivalent)
- Volatile Organic Compounds (VOC) (in tonnes)
- Waste produced (in thousands tonnes) – including hazardous waste
- Waste recovered (Sent for recycling) (%)

Qualitative information

- Promoting diversity (section 4.4.3.2)
- Ensuring responsible purchasing (section 4.3.2, paragraph "Identification, monitoring and support of suppliers exposed to CSR risks")
- Respecting human rights (section 4.4.1)
- Policy to fight against corruption (section 4.3.1, paragraphs : "The Group's commitments", "Group compliance program" et "Optimization of the compliance program in line
- with the Sapin II Law")
- Fight against counterfeiting (section 4.2.1, paragraph "Fight against counterfeiting")

Appendix 2

The sample of selected entities and sites is presented below:

Quantitative health and safety information:

Cairo (Egypt), Limousin (France), Varese (Italy), Karl Marx Oulianovsk - Kontaktor (Russia), West Hartford - Wiremold (USA)

Other quantitative social information:

Limousin (France), Varese (Italy), Karl Marx Oulianovsk - Kontaktor (Russia), West Hartford - Wiremold (USA)

Quantitative environmental information:

Cairo (Egypt), Magre 123 (France), Fontaine (France), Sille le Guillaume (France), Strasbourg (France), Varese (Italy), Karl Marx Oulianovsk - Kontaktor (Russia), West Hartford - Wiremold (USA)

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017

05

5.1 – PRELIMINARY DISCLAIMER

This selected financial data of the Company should be read together with the consolidated financial statements and their related notes in chapter 8 of this Registration Document. Consolidated financial statements of the Company have been prepared in accordance with IFRS and IFRS Interpretations Committee interpretations as adopted by the European Union.

The following information includes forward-looking statements based on estimates relating to the future activity of Legrand and which may differ materially from actual results.

Percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

5.2 – 2017 HIGHLIGHTS

2017 targets[(1)] fully met

Legrand reported a very good performance[(1)] in 2017, demonstrating its ability to create lasting value for all of its stakeholders:

- profitable growth accelerated as consolidated sales rose +10.0%, adjusted operating profit increased +12.9%, and net profit attributable to the Group gained +13.2% (notably reflecting both a good operating performance and a decrease in financial expense);
- normalized free cash flow rose +17.8% to stand at €735.2 million; and
- achievement rate of its CSR roadmap reached 122% – Legrand thus nearly met the targets set in its five-year roadmap in year four.

Consolidated sales

Sales for 2017 stood at €5,520.8 million, up +10.0% from 2016. Sales growth at constant scope of consolidation and exchange rates was +3.1% exceeding the top end of its target range (+3.0%), with increases in all five geographical regions. These showings, which reflected strengthening in Group's market positions in many countries, were driven both by sustained growth in new economies (+4.7%) and good performances in mature countries (+2.4%). They also illustrate successful launches of new products, as well as the commitment of teams across all countries. The contribution of the broader scope of consolidation to the Group growth was +7.8% in 2017. The exchange rate effect on sales was -1.1%.

Adjusted operating profit and margin

Adjusted operating profit was up +12.9% at €1,104.9 million, reflecting the Group's ability to create value through profitable growth.

Adjusted operating margin before acquisitions (at 2016 scope of consolidation) stood at 20.1% of 2017 sales, in line with the top end of the target range (20.1%).

This represents a +0.6-point rise from 2016 adjusted operating margin (19.5%). It reflects the Group's good operating performance for +0.5 points as well as a net favorable non-recurring effect of around +0.1 points (coming from the impact of inventory build-up in finished and semi-finished goods estimated at less than +0.2 points, partially offset by the unfavorable effect of non-recurring items for close to -0.1 points).

When acquisitions are taken into account, adjusted operating margin stood at 20.0% of net sales.

By reacting quickly to adjust its price lists, Legrand more than offset, in absolute value, the impact of a marked rise in raw material and component prices in 2017.

Net profit attributable to the Group

Net profit attributable to the Group rose by +13.2% to €711.2 million in 2017.

2017 net profit attributable to the Group benefited from a non-recurring net tax income of €85.5 million linked to announced changes in corporate taxation both in France and in the United States in 2017. As a reminder, in 2016 net profit attributable to the Group had benefited from a €61.2 million non-recurring net tax income of the same type, related primarily to changes in French corporate taxation.

(1) Targets relate to integrated performance combining financial and CSR-linked extra-financial results, drawing on a broader approach to corporate scope creating value for all stakeholders.

Net profit attributable to the Group adjusted[1] for these factors stood at €625.7 million in 2017 compared with €567.3 million in 2016, a rise of €58.4 million. This change reflects:

- a solid operational performance, with operating profit up a steep €91.6 million;
- a €12.0 million reduction in net financial expense;

partially offset by:

- a €29.9 million rise in income tax booked in the adjusted net profit attributable to the Group[1] (on this basis, the tax rate on adjusted[1] net profit attributable to the Group for 2017 would be 33.0%, almost stable compared with that of 2016);
- a foreign exchange result in 2017, which, as it compares with a profit in 2016, represents a net unfavorable change of €14.8 million – the realized (cash) foreign exchange result recorded nevertheless a favorable change of €2.1 million;
- a €0.3 million rise in profit attributable to minority interests; and
- a €0.2 million decline in the result of equity-accounted entities.

The adjusted[1] net profit attributable to the Group in 2017 also includes accounting expense related to Milestone's PPA for a total amount of €16.0 million (non-cash impact expenses). This sets the adjusted[1] net profit attributable to the Group before the Milestone[2] PPA at €641.7 million, up +13.1% from 2016[3].

Cash generation and solid balance sheet structure

In 2017, cash flow from operations came to 16.7% of sales and stands at €919.8 million, up +16.2% from 2016.

Industrial investments as a percentage of sales stood at 3.2%, in keeping with the Group's long-term ambition (3% to 3.5% of net sales over the long run).

Working capital requirement expressed as a percentage of 2017 sales remained at a low level, standing at 6.8% at December 31, 2017.

Normalized free cash flow stood at 13.3% of sales in 2017 (or €735.2 million), up +17.8% compared with 2016.

At the same time, free cash flow was €695.8 million, up €22.8 million from 2016. This change reflects:

- a solid operating performance with EBITDA improving €132.5 million;
- a €9.9 million decline in net financial expense;
- a €4.4 million improvement in other items, primarily long-term items;
- a €2.1 million favorable change in the realized foreign-exchange result;

partially offset by:

- a €105.9 million[4] increase in change in working capital requirement excluding tax items;
- a €10.3 million rise in tax paid; and
- a €9.9 million rise in investments net of sales.

The Group's balance sheet structure as of December 31, 2017, including the impact of acquisitions made in the course of 2017, remained particularly robust. Net debt to EBITDA ratio thus stands at 1.8 and gross debt, which has an average maturity of more than 6 years, is fully financed with fixed rates.

Non-financial performance

CSR is at the heart of Legrand's strategy. In this respect, Legrand set ambitious and innovative targets in its third multi-year roadmap, covering the period from 2014 to 2018. This defines 21 targets and sets annual milestones. Based on four focus points (user, society, employees and the environment), Legrand's CSR draws on an approach based on progress for all of its stakeholders and contributes to sustainable use of electric power.

In 2017 the Group recorded a 122% global achievement rate for the targets set[5], thus almost meeting its CSR roadmap's five-year target in year four. Legrand demonstrated once again its ability to meet key environmental, societal and technological challenges over the long term.

(1) Adjusted net profit attributable to the Group does not take into account the net favorable effect of significant non-recurring gains and expenses resulting from announced changes in corporate taxation, primarily in France and in the United States. This net favorable effect is adjusted as it does not reflect an underlying performance. For more information and reconciliations, readers are invited to refer to chapter 8.1.1 of this Registration Document.

(2) Adjusted net profit attributable to the Group before Milestone PPA (Purchase Price Allocation) corresponds to adjusted net profit attributable to the Group before amortization of intangible assets and reversal of inventory step-up (with no cash impact) resulting from the PPA. For more information and reconciliations, readers are invited to consult pages 17 and 20 of the 2017 results press release published on February 8, 2018.

(3) Compared with adjusted net profit attributable to the Group for 2016.

(4) As a reminder, 2016 full-year results announcements specified in particular that "Working capital requirement expressed as a percentage of sales at the end of 2016 was temporarily at an exceptionally low level compared with the past ten years, which makes a challenging basis for comparison in 2017".

(5) For details on 2017 CSR performance, please visit Legrand's website.

Enhancing investments for the future

Innovation

In a growth-supportive economic environment, Legrand pursued its innovation momentum, with investments in new products totaling nearly €82 million in 2017, up +11% from 2016.

These ongoing investments enable Legrand to renew its catalog for product ranges in its historical business areas, including in 2017:

- Luzica and Clickme user interface ranges, designed for markets in South America;
- a new easy-to-install home eco-meter that measures energy consumption in real time and can be programmed using NFC[(1)] technology; and
- additions to installation component lines, including new multi-outlet sockets equipped with USB and induction chargers along with electric power supply functions.

At the same time the Group launched innovative solutions for markets buoyed by societal and technological megatrends, including:

- LCS³, an innovative high-performance copper and optical fiber cabling system for digital infrastructures; and
- New UPS[(2)] solutions, with notably the launch in 2017 of the Daker+ and Keor T Evo ranges.

Moreover, since the launch of the Eliot program, Legrand has also steadily expanded its offering of connected solutions, which now comprises over 30 connected product families. Rollouts in 2017 included the EMS CX³ power metering system, the Smarther intelligent thermostat, and IRVE 3.0 offering of charging stations for electric vehicles. At the same time, the successful deployment of the Classe 300X connected door entry system continued and in early 2018 Legrand launched in France "Céliane with Netatmo", a new line of connected user interfaces.

Altogether sales generated by connected products rose nearly +12% in 2017, with total annual growth averaging close to +28% from 2014 to 2017. Eliot is thus proceeding in advance of its roadmap.

Momentum is set to continue with upcoming launches of:

- "Smart Lighting controls from the radiant collection", an offering of connected sockets and switches for the American market for light control, sockets and other connected appliances in the home; and
- a range of lighting controls respectful of biological cycles, integrated into control devices from Pinnacle Architectural Lighting and into Wattstopper's Digital Lighting Management range.

In the field of connected products, Legrand also relies on a number of partnership agreements. At the 2018 Consumer Electronics Show in Las Vegas, which it attended for the fourth consecutive year, the Group thus announced the launch of "Works with Legrand", a program that enables players in connected building to deploy solutions that are interoperable with Legrand's offering. Over twenty partners have already joined.

Within this framework, Legrand has teamed up with Amazon, Apple and Google. The Group also worked with Samsung to develop "Guest Room Management", a new connected management system for Marriott International's hotel rooms. The program also counts connected building players BNP Paribas Real Estate and Vinci Immobilier, as well as start-ups like Netatmo, Lumenetix and Bios Lighting. Additionally, this initiative encourages the development of offerings targeting new uses, such as a car-to-home connection designed with Renault, and door entry systems with face recognition through artificial intelligence, produced by Shidean in China.

Commercial and industrial initiatives

Legrand is also pursuing its commercial and marketing programs through:

- ongoing enhancement of digital marketing content for clients including distributors, prescribers and end-users (rich content);
- active contribution to the development of BIM[(3)], an innovative process for digital planning of building life cycles;
- roll-out of digital promotion tools and ongoing enhancement of awareness amongst clients with digital communication campaigns such as "Il Mistero Sottile", watched 6.5 million times online;
- expansion of its remote training offering for professional customers, which now includes webinars such as electrical installation management, maintenance of emergency lighting and the EMS CX³ connected offering; and
- expansion of its network of showrooms, with the opening this year of two Innoval spaces in France (Bordeaux and Lille) and a third in Bombay, as well as three new showrooms (in India, in Austria, and in Australia, the latter being dedicated to the Eliot offering).

Legrand is also actively expanding its presence in markets offering long-term development opportunities. This includes Russia, where the Group is investing in a new plant that will localize the manufacturing of user interfaces and energy distribution ranges for sale in Russia.

(1) NFC = Near Field Communication: Short-distance – a few centimeters – contactless communication technology.

(2) Uninterruptible Power Supply.

(3) BIM = Building Information Modeling.

At the same time, the Group is making targeted investments to digitize its manufacturing processes by:

- gradually rolling out applications designed to collect and analyze data for real-time control of manufacturing processes across the economic chain, allowing acceleration of its production cycles, and
- implementing solutions that assist intelligent production. These include AGVs[(1)], Cobots[(2)] and augmented reality, already installed at some plants.

Those initiatives are part of a global approach to manufacturing excellence.

Acquisitions

In 2017, Legrand pursued its strategy of acquisitions making six external growth operations with companies operating in complementary segments driven by megatrends. These included:

- audio-video (AV) infrastructure and power in the United States with the acquisition of Milestone AV Technologies LLC ("Milestone");
- specification-grade architectural lighting solutions for non-residential buildings in the United States with the acquisitions of Finelite and OCL;
- solutions for datacenters with the purchase of Server Technology, Inc. and AFCO Systems Group; and
- three-phase UPS[(3)] systems with the signature of a joint venture agreement with Borri.

Based on acquisitions announced, the expected contribution of the broader scope of consolidation to Group growth should be over +7% in 2018.

More generally, these external growth operations should help raise on a yearly basis the share of Group sales made in new business segments[(4)] to more than 38%[(5)], and raise the percentage of Group sales made with products ranked #1 or #2 in their respective markets to around 69%[(5)].

Milestone[(6)]: performance and potential fully confirmed

Milestone is a frontrunner in audio-video (AV) infrastructure and power in the United States. It rounds out Legrand's existing positions in AV enclosures, following the Group's 2011 purchase of Middle Atlantic Products, as well as strong positions in residential structured wiring (OnQ), natural light control (QMotion), residential whole house audio (NuVO) and residential wireless networking (Luxul).

Driven by societal (co-working and remote working) and technological (digital signage and streaming) megatrends, Milestone's development relies on a business model similar to Legrand's. This is built on:

- solid leading positions and well-known brands;
- a continuous stream of innovation backed by investment in R&D;
- customer-centric commercial support; and
- an active CSR policy.

Over full-year 2017, Milestone organic growth in sales stood at +3.0% – at the top end of the aim range announced[(7)] – and adjusted operating margin was 21.8% against 21% in 2016[(6)].

More specifically, and linked to the mechanical impact of seasonal fluctuations in its business, the organic sales evolution for the last five months of 2017, corresponding to the period of time consolidated in Group accounts for the fourth quarter, was -2.1%[(6)].

Moreover, short- and medium-term potential for commercial and cost synergies linked to the Milestone acquisition is confirmed at between 1% and 5% of Milestone's 2016 sales. Against this backdrop, the Group set up, in particular, a new Audio-Video division[(8)] in North America that brings together Milestone's and Middle Atlantic Products' activities. Legrand also created a Residential AV Business Unit combining residential AV offerings from Milestone, Middle Atlantic Products, Luxul, Nuvo, QMotion, Vantage and OnQ, to be distributed through the current sales teams that serve specialist channels like CEDIA[(9)].

(1) Automated Guide Vehicule.

(2) Cobot: collaborative robots.

(3) Uninterruptible Power Supply.

(4) Digital infrastructure, energy efficiency, assisted living and home systems.

(5) Based on 2017 sales including 12 months of acquisitions made in 2017.

(6) For more details on Milestone, including 2016 performance, sales growth seasonality in 2017, and the company's contribution to Group performance, readers are invited to consult pages 16 and 17 of 2017 results press release published on February 8, 2018.

(7) As a reminder, on page 10 of the press release announcing nine-month 2017 results (published November 7, 2017), Legrand indicated that the full-year 2017 aim for organic growth in sales at Milestone was between +2% and +3%.

(8) As announced on June 28, 2017, creation of a single division combining Milestone and Middle Atlantic Products and enabling back-office and commercial synergies.

(9) International trade association grouping all players in home systems – manufacturers, designers and integrators.

5.3 – OPERATING INCOME

5.3.1 – Introduction

The Group reports its finances and operating results on the basis of five geographic zones corresponding to the region of origin of sales. Information relating to operating results and finances for each of these five geographic zones is presented for 2016 and 2017 in note 2.2 to the consolidated financial statements shown in chapter 8 of this Registration Document. Each zone represents either a single country or the consolidated results of a number of countries. These five geographic zones are:

- France;
- Italy;
- Rest of Europe mainly including Benelux, Germany, Iberia (including Spain and Portugal), Poland, Russia, Turkey and the UK;
- North and Central America including Canada, Mexico, the United States and Central American countries; and
- Rest of the world, mainly including Australia, China, India, Saudi Arabia and South America (including particularly Brazil, Chile and Colombia).

Since local market characteristics are the determining factor in Legrand's performance and net sales by zone, consolidated financial information for multi-country zones does not reflect the financial performance of each national market. Furthermore, for most regions, products may be manufactured and sold locally, or instead be imported from or exported to another Group's entity. These factors may distort comparisons of results in various geographic zones. Consequently, with the exception of information and data relating to net sales, the discussion of results hereafter focuses primarily on consolidated results, with reference to national markets where these have a material impact on consolidated accounts.

5.3.2 – Main factors affecting Group results

5.3.2.1 NET SALES

Markets in the countries and regions where Legrand operates have their own features, essentially as a result of local economic conditions and lifestyles, which affect the scale of renovation and new construction of homes, stores and office buildings, as well as the level of corporate investment in industrial facilities. Other factors include how buildings are used, in particular linked to new technologies.

Changes in consolidated net sales principally reflect the following factors:

- changes in sales volume (i.e., the number of products sold in each period) due to changes in product demand and business levels in all markets;
- product mix;
- changes in sales prices (including discounts and rebates, cash discounts for prompt payment, general price changes relating to local market conditions, and specific price changes, such as those designed to pass on inflation in all costs);
- fluctuations in exchange rates between the euro and the different billing currencies, which affect the level of consolidated net sales after conversion; and
- changes in the subsidiaries consolidated by Legrand, mainly as a result of acquisitions or disposals (which are referred to as "changes in the scope of consolidation").

The following table presents a breakdown by geographic zone of the Company's consolidated net sales (by destination: market where customer are based) for the years ended December 31, 2017 and 2016. Sales "by destination" mean all sales by the Group to third parties in a given geographic market.

	12 months ended			
	December 31, 2017		December 31, 2016	
(in € million, except %)	€	%	€	%
Net sales by destination				
France	900.9	16.3	871.5	17.4
Italy	513.5	9.3	493.6	9.8
Rest of Europe	936.7	17.0	873.9	17.4
North and Central America	1,820.0	33.0	1,467.1	29.2
Rest of the World	1,349.7	24.4	1,312.8	26.2
TOTAL	**5,520.8**	**100.0**	**5,018.9**	**100.0**

5.3.2.2 DISCUSSION AND ANALYSIS OF CHANGES IN NET SALES

In the discussion below, changes in net sales are analyzed by distinguishing variations due to changes in the scope of consolidation, organic growth (changes in net sales "using constant scope of consolidation and exchange rates"), and the impact of exchange-rate variations between the euro and other currencies. The Company believes that this measure is a useful tool for analyzing changes and trends in its historical consolidated net sales over different periods. Measures of organic growth are computed by making the following adjustments:

5.3.2.2.1 Companies acquired during the current period

Where companies are acquired during the current period, the net sales of the acquired company are reflected in the consolidated statement of income only for the portion of the current period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope of consolidation takes into account sales of the acquired company, based on sales information of the acquired company prepared in a manner consistent with accounting policies, for the portion of the prior period equal to the portion of the current period during which Legrand actually consolidated the acquired entity.

5.3.2.2.2 Companies acquired during a prior period

Where companies were acquired during the prior period, net sales of the acquired company are reflected in the consolidated statement of income for the entirety of the current period, but only for the portion of the prior period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope of consolidation takes into account the sales of the acquired company, based on sales data for the acquired company prepared in a manner consistent with accounting policies, for the portion of the previous year during which it was not consolidated.

5.3.2.2.3 Disposals during the current period

Where companies are disposed of during the current period, the net sales of the company sold are reflected in the consolidated statement of income for only the portion of the current period prior to the date of disposal and deconsolidation. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account the sales of the divested company during the period of the previous year corresponding to the period of the current year after disposal.

5.3.2.2.4 Disposals during a prior period

Where companies were disposed of during the prior period, the net sales of the company sold are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account sales of the divested company in the prior period.

5.3.2.2.5 Activity suspended during the current period

Where activities are suspended during the current period, the net sales of the activity suspended are reflected in the consolidated statement of income only for the period up to suspension. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account the sales of the activity suspended during the period of the previous year corresponding to the period of the current year after suspension.

5.3.2.2.6 Activity suspended during a prior period

Where activities were suspended during the prior period, the net sales of the activity suspended are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales at constant scope of consolidation does not take into account sales of the activity suspended in the prior period.

5.3.2.2.7 Using constant exchange rates

Consolidated historical net sales include the effects of exchange rate differences between the euro and other currencies. To analyze the variation of consolidated net sales excluding the effects of these exchange rate changes, Legrand uses constant exchange rates (calculated by adjusting net sales reported for a given financial year using the exchange rates for the prior financial year) to compare year-to-year changes in net sales.

5.3.2.3 COST OF SALES

Cost of sales consists primarily of the following:

Cost of raw materials and components. The cost of raw materials and components accounted for, on average, approximately 67% of consolidated cost of sales over the last two financial years. Likewise, on average approximately 72% of this cost relates to components and approximately 28% relates to raw materials. The breakdown between raw materials, components and semi-finished products varies according to product mix, trends in market prices and choices for industrial organization, in particular with the implementation of good practices ("Legrand way").

Legrand purchases some of its raw materials and components locally. However, Company policy is to increase the percentage of raw materials and components purchased by the Group on world markets in order to benefit from economies of scale. The cost of raw materials and components may also fluctuate with macro-economic trends.

Production costs. In general, these costs change on an aggregate basis in proportion to fluctuations in production volumes; they rise due to inflation and decline as a result of productivity initiatives and economies of scale associated with the increase in production volumes.

Other items included in production costs are:

- depreciation of fixed assets;
- subcontracted added value; and
- other general manufacturing expenses, such as expenses linked to energy consumption.

The main factors that influence cost of sales, in particular as a percentage of net sales, include:

- trends in net sales;
- production volumes, insofar as the Company achieves economies of scale through higher production volumes, thereby spreading fixed production costs over a larger number of units produced;
- the mix of products sold, insofar as consumption and production costs vary depending on the cost of raw materials and other components needed to manufacture a given product;
- changes in the prices of raw materials, components and semi-finished goods due to local or global economic conditions;
- effective purchasing following deployment of the cost-reduction policy through the centralization, internationalization and standardization of purchasing management at Group level;
- trends in inflation for other cost components (salaries, energy, etc.);
- depreciation of industrial capital expenditures needed to manufacture goods;
- initiatives aiming at improving Group operating efficiency, through the implementation of best practices designed to improve productivity and inventory management optimization; and
- product life cycles.

5.3.2.4 ADMINISTRATIVE AND SELLING EXPENSE

Legrand's administrative and selling expenses consist essentially of the following:

- salary costs and benefit charges for administrative staff and sales personnel;
- expenses relating to use of administrative offices, logistics, information systems and miscellaneous expenses;
- advertising expenses;
- amortization of intangible assets, such as trademarks revalued following acquisitions; and
- other selling expenses, such as printing costs for catalogs and expense incurred in connection with travel and communications.

5.3.2.5 RESEARCH AND DEVELOPMENT COSTS

Research and development costs consist principally of the following:

- salary costs and benefit charges for research and development employees;
- miscellaneous expenses related to research and development, such as software, prototypes and patent registration costs, less R&D tax credits granted in various countries;
- expenses related to the use and maintenance of administrative offices, as well as expenses related to information systems, in each case, concerning research and development activities; and
- amortization of capitalized development costs. Costs incurred on significant development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project, considering its technical, commercial and technological feasibility, will be a

success, and the costs can be reliably quantified. Once these conditions are satisfied, a portion of the relevant development expense is capitalized. Development costs are amortized from the starting date of the sale of the product on a straight-line basis over the period of its expected benefit, not exceeding a period of ten years.

5.3.2.6 OTHER OPERATING INCOME AND EXPENSE

Other operating income and expenses include restructuring costs and other expenses and provisions.

5.3.2.7 OPERATING PROFIT

Operating profit consists of net sales, less cost of sales, administrative and selling expenses, research and development costs, and other operating expenses.

5.3.2.8 OTHER FACTORS AFFECTING THE GROUP'S RESULTS

- The acquisition of Legrand France in 2002 and associated purchase accounting adjustments and transactions related thereto have affected net income. In particular, the significant intangible assets recorded in connection with the acquisition of Legrand France increased the amortization charges of the Group. The purchase accounting adjustments relating to the acquisition of Legrand France essentially concern the revaluation of trademarks that are being amortized on a straight-line basis until 2021 at the latest, and patents, amortized on a declining-balance basis until 2011.
- Acquisitions made since 2002 have also had an impact on the Group's net income. This is because intangible assets revalued as part of the purchase-price allocation of entities acquired generate additional amortization.

5.4 – YEAR-ON-YEAR COMPARISON: 2017 AND 2016

	12 months ended	
(in € millions)	**December 31, 2017**	**December 31, 2016**
Net sales	**5,520.8**	**5,018.9**
Operating expenses		
Cost of sales	(2,627.0)	(2,381.0)
Administrative and selling expenses	(1,511.6)	(1,364.7)
Research and development costs	(252.1)	(237.7)
Other operating income (expenses)	(104.5)	(101.5)
Operating profit	**1,025.6**	**934.0**
Financial expenses	(92.1)	(101.3)
Financial income	13.7	10.9
Exchange gains (losses)	(8.3)	6.5
Financial profit (loss)	**(86.7)**	**(83.9)**
Profit before tax	**938.9**	**850.1**
Income tax expense	(224.2)	(218.6)
Share of profits (losses) of equity-accounted entities	(1.5)	(1.3)
Profit for the period	**713.2**	**630.2**
Of which:		
■ **net profit attributable to the Group**	**711.2**	**628.5**
■ **minority interests**	**(2.0)**	**(1.7)**

The table below shows the calculation of adjusted operating income (defined as operating income adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions, and, where applicable, for impairment of goodwill) and maintainable adjusted operating income (i.e., excluding restructuring charges) for the periods under review.

	12 months ended	
(in € millions)	**December 31, 2017**	**December 31, 2016**
Profit for the period	**713.2**	**630.2**
Share of profits (losses) of equity-accounted entities	1.5	1.3
Income tax expense	224.2	218.6
Exchange (gains) losses	8.3	(6.5)
Financial income	(13.7)	(10.9)
Financial expenses	92.1	101.3
Operating profit	**1,025.6**	**934.0**
Acquisition-related amortization, expenses and income	79.3	44.5
Goodwill *impairment*	0.0	0.0
Adjusted operating profit	**1,104.9**	**978.5**
Restructuring costs	20.5	25.1
Maintainable adjusted operating profit	**1,125.4**	**1,003.6**

5.4.1 – Net sales

Consolidated net sales rose by +10.0% to €5,520.8 million in 2017, compared with €5,018.9 million in 2016, reflecting the combined impact of:

- a +3.1% organic rise (at constant scope of consolidation and exchange rates) in sales, exceeding the top end of its target range (+3.0%);
- +7.8% due to the broader scope of consolidation that resulted from acquisitions. This relates in particular to the first-time consolidation in 2017 of OCL (USA) for 11 months, AFCO Systems (USA) for 8 months, Finelite (USA) for 7 months, Milestone (USA) for 5 months; and
- -1.1% due to exchange rates effects over the period.

5.4.1.1 ANALYSIS OF CHANGES IN NET SALES BY DESTINATION FROM 2016 TO 2017

The table below shows a breakdown of changes in net sales to third parties as reported by zone of **destination** (market where sales are recorded) between 2016 and 2017:

	12 months ended December 31					
Net sales *(in € million, except %)*	**2017**	**2016**	**Total change**	**Change in scope of consolidation**	**Organic growth**(1)	**Exchange-rate effect**
France	900.9	871.5	3.4%	0.2%	3.2%	0.0%
Italy	513.5	493.6	4.0%	0.1%	4.0%	0.0%
Rest of Europe	936.7	873.9	7.2%	3.0%	5.5%	(1.4)%
North and Central America	1,820.0	1,467.1	24.1%	24.3%	1.7%	(1.9)%
Rest of the world	1,349.7	1,312.8	2.8%	0.6%	3.1%	(0.9)%
CONSOLIDATED TOTAL	**5,520.8**	**5,018.9**	**10.0%**	**7.8%**	**3.1%**	**(1.1)%**

(1) At constant scope of consolidation and exchange rates.

Comments below concern sales by destination:

France. Net sales in France for 2017 came to €900.9 million compared with €871.5 million in 2016, an increase of +3.4%. This reflects:

- a +0.2% change in scope of consolidation;
- a +3.2% organic rise in sales over the period.

This good relative performance reflects the strengthening of Legrand's positions in France, driven by factors including successful commercial initiatives and well-received launches of new products, among them the Classe 300X door entry system and LCS³ digital infrastructure solutions.

The new residential construction market showed strong growth throughout the year. Over the same period, new non-residential construction also expanded, while the renovation market showed very moderate growth.

At the end of 2017, French building sector activity accelerated, fueled by a one-off marked rise in demand that drove organic growth in the fourth quarter.

Italy. Net sales in Italy for 2017 came to €513.5 million compared with €493.6 million in 2016, increased by +4.0%. This reflects:

- a +0.1% change in scope of consolidation;
- a +4.0% organic rise in sales.

These 2017 showings were led by a very positive response to recently launched connected offerings, including the Classe 300X door entry system, My Home Up home systems, and the new Smarther intelligent thermostat. Against a backdrop of very moderate growth in the construction market, this healthy performance also testified to the Group's successful commercial initiatives.

Rest of Europe. Net sales in the Rest of Europe zone for 2017 came to €936.7 million compared with €873.9 million in 2016, an increase of +7.2%. This reflects:

- a +3.0% change in scope of consolidation due primarily to the consolidation of new acquisitions in 2017, in particular Milestone's subsidiaries for 5 months, CP Electronics for an additional 5 months, and Jontek for an additional 4 months;
- the unfavorable -1.4% impact of exchange-rate fluctuations;
- and a +5.5% organic rise.

Countries in Eastern Europe, including Russia, Hungary and the Czech Republic, turned in solid showings for the year as a whole. Turkey also reported strong growth in sales, benefitting from a favorable basis for comparison in the second half of 2016.

In addition, business increased strongly in a number of mature European countries of the zone, including Spain, the Netherlands, Greece and Scandinavian countries.

In the United Kingdom (less than 2.5% of Legrand's total sales) sales were up very slightly compared with 2016, with activity declining in the second half alone.

North and Central America. Net sales in the North and Central America zone for 2017 came to €1,820.0 million compared with €1,467.1 million in 2016, increased by +24.1%. This reflects:

- a +24.3% change in scope of consolidation reflecting primarily the consolidation of OCL for 11 months, AFCO Systems Group for 8 months, Finelite for 7 months, Milestone for 5 months, and both Pinnacle and Luxul for an additional 4 months in 2017;
- the unfavorable -1.9% impact of exchange-rate fluctuations;
- and a +1.7% organic rise compared to 2016 and +7.6% over two years compared to 2015, due notably to a very good performance in United States in 2016[(1)].

In the United States alone, organic growth stood at +1.0% for 2017[(1)] and was up +6.6% over two years compared with 2015. This good showing reflects Legrand's stronger positions in the country, driven by new products and successful commercial initiatives.

Milestone's performance over full-year 2017 was at the high end of the range of aim announced[(2)] last November, with organic growth in sales up +3.0%.

There was also a double-digit rise in sales in Mexico.

Rest of the World. Net sales in the Rest of the World zone for 2017 came to €1,349.7 million compared with €1,312.8 million in 2016, increased by +2.8%. This reflects:

- a +0.6% change in scope of consolidation due primarily to Milestone consolidated for 5 months and to Trias (Indonesia) consolidated for an additional 4 months in 2017;
- the unfavorable -0.9% impact of exchange-rate fluctuations;
- and a +3.1% organic rise.

This good performance was buoyed by a number of countries in the region, including China, Indonesia, Algeria and the United Arab Emirates.

Growth was also sustained in India, with a particularly sharp rise in the second half after a temporary slowdown in the second quarter as the GST[(3)] was rolled out.

In the rest of the region, sales retreated in Brazil, Colombia and Malaysia, in particular.

(1) As a reminder, the US recorded organic growth in sales of +5.6% in 2016. As noted on page 4 of the press release presenting full-year 2016 results, published February 9, 2017, organic growth for 2016 as a whole would have stood at around +3% excluding one-off impacts due to the "success of the Digital Lighting Management offering", "good showings in the non-residential segment" and "one-off load-in in the retail business".

(2) As a reminder, on page 10 of the press release announcing nine-month 2017 results (published November 7, 2017), Legrand indicated that the full-year 2017 aim for organic growth in sales at Milestone was between +2% and +3%. For more information on Milestone's sales growth in 2017, readers are invited to consult page 16 of 2017 results press release published on February 8, 2018.

(3) GST: Goods and Services Tax.

5.4.1.2 BREAKDOWN OF CHANGES IN NET SALES BY ORIGIN FROM 2016 TO 2017

The following table presents the breakdown of changes in net sales to third parties as reported by zone of **origin** between 2016 and 2017:

	12 months ended December 31					
Net sales *(in € million, except %)*	**2017**	**2016**	**Total change**	**Change in scope of consolidation**	**Organic growth(1)**	**Exchange-rate effect**
France	1,012.6	977.8	3.6%	0.0%	3.6%	0.0%
Italy	544.7	529.4	2.9%	0.1%	2.8%	0.0%
Rest of Europe	914.5	844.6	8.3%	3.3%	6.5%	(1.6)%
North and Central America	1,857.4	1,496.7	24.1%	24.1%	1.9%	(1.9)%
Rest of the World	1,191.6	1,170.4	1.8%	0.4%	2.3%	(0.9)%
CONSOLIDATED TOTAL	**5,520.8**	**5,018.9**	**10.0%**	**7.8%**	**3.1%**	**(1.1)%**

(1) At constant scope of consolidation and exchange rates.

5.4.2 – Cost of sales

The consolidated cost of sales rose 10.3% to €2,627.0 million in 2017, compared with €2,381.0 million in 2016. This was primarily due to:

- consolidation of new acquisitions;
- the increase in volume of raw materials and components consumed as production increased;
- higher raw material and component prices in 2017 than in 2016.

These were partly offset by:

- ongoing efforts to raise productivity and adjust to changing conditions.

As a percentage of net sales, the cost of sales came to 47.6% in 2017 compared with 47.4% in 2016.

5.4.3 – Administrative and selling expenses

Administrative and selling expenses rose by 10.8% to €1,511.6 million in 2017, compared with €1,364.7 million in 2016. This was essentially attributable to:

- ongoing investments in growing activities; and
- consolidation of new acquisitions.

These were partly offset by:

- ongoing efforts on productivity initiatives.

Expressed as a percentage of sales, administrative and selling expenses came to 27.4% in 2017 compared with 27.2% in 2016.

5.4.4 – Research and development costs

(in € millions)	12 months ended December 31, 2017	12 months ended December 31, 2016
Research and development costs	(252.1)	(237.7)
Acquisition-related amortization and R&D tax credit	(7.6)	(2.8)
Amortization of capitalized development costs	29.4	27.1
R&D costs before capitalized development costs	**(230.3)**	**(213.4)**
Capitalized development costs	(33.6)	(34.6)
Research and development expenditure for the period	**(263.9)**	**(248.0)**

In accordance with IAS 38 "Intangible Assets", the Group has implemented an internal measurement and accounting system for development costs to be recognized as intangible assets. On this basis, €33.6 million in development costs were capitalized in 2017 compared with €34.6 million in 2016.

Amortization charges for capitalized development costs amounted to €29.4 million in 2017, compared to €27.1 million in 2016.

As shown in the table above, research and development costs totaled €252.1 million in 2017 compared with €237.7 million in 2016. Excluding the impact of the capitalization of development costs and purchase accounting charges relating to acquisitions, as well as the tax credit for research and development activities, R&D expenditure stood at €263.9 million in 2017 (4.8% of net sales), compared with €248.0 million in 2016 (4.9% of net sales).

In 2017, research and development operations had close to 2,300 employees in more than 20 countries.

5.4.5 – Other operating income and expenses

In 2017, other operating income and expenses totaled €104.5 million compared with €101.5 million in the same period of 2016.

5.4.6 – Operating profit

The Group consolidated operating profit edged up 9.8% to €1,025.6 million in 2017 compared with €934.0 million in 2016. This increase resulted from:

- a 10.0% rise in net sales;
- a 10.3% rise in cost of sales;
- a 10.1% rise in administrative, selling and research & development costs; and
- a €3.0 million rise in other income and operating expenses.

As a percentage of net sales, operating profit stood at 18.6% both years.

5.4.7 – Adjusted operating profit

Adjusted operating profit is defined as operating profit adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.

Adjusted operating income rose 12.9% to stand at €1,104.9 million in 2017 compared with €978.5 million in 2016, and broke down as follows by geographical zone (as indicated in 3.1, consolidated financial information for multi-country zones does not reflect the financial performance of each national market):

- **France**: a 3.3% decline to €202.2 million in 2017 compared with €209.1 million in 2016, representing 20.0% of net sales in 2017 compared to 21.4% in 2016;
- **Italy**: a 5.6% rise to €192.8 million in 2017 compared with €182.5 million in 2016, representing 35.4% of net sales in 2017 compared to 34.5% of net sales in 2016;
- **Rest of Europe**: a 17.0% rise to €162.4 million in 2017 compared with €138.8 million in 2016, representing 17.8% of net sales in 2017 compared to 16.4% in 2016;
- **North and Central America**: a 26.2% rise to €358.5 million in 2017, compared with €284.1 million in 2016, representing 19.3% of net sales in 2017 compared with 19.0% in 2016; and
- **Rest of the World**: a 15.2% rise to €189.0 million in 2017 compared with €164.0 million in 2016, representing 15.9% of net sales in 2017 compared to 14.0% in 2016.

In 2017, adjusted operating margin before acquisitions (at 2016 scope of consolidation) stood at 20.1% of net sales, +0.6 point higher than the 2016 figure of 19.5% and reaching the top end of its target range (20.1%). Taking acquisitions into account, the Group's adjusted operating margin came to 20.0% of net sales in 2017.

5.4.8 – Net financial expenses

Net financial expenses principally correspond to financial expenses related to Yankee bonds; the 2010, 2011, 2012, 2015 and 2017 bond issues; the 2011 credit facility amended in 2014; and other bank borrowings (for a description of these arrangements, see paragraph 5 of this chapter), less financial income arising from the investment of cash and cash equivalents.

Finance expenses stood at €92.1 million in 2017 compared with €101.3 million in 2016. Financial income came to €13.7 million in 2017 compared with €10.9 million in 2016.

Net financial expenses decreased 13.3% in 2017 from the same period of 2016, accounting for 1.4% of net sales compared with 1.8% in 2016.

5.4.9 – Exchange gains and losses

Exchange gains and losses correspond mainly to translation differences recognized on settlement of foreign currency transactions, as well as the translation impact at the closing exchange rate of monetary assets and liabilities denominated in foreign currencies.

Exchange losses amounted to €8.3 million in 2017 compared with €6.5 million gains in the same period of 2016.

5.4.10 – Income tax expense

In 2017 Legrand's pre-tax income amounted to €938.9 million up from €850.1 million in 2016.

Consolidated income tax expense amounted to €224.2 million in 2017 compared with €218.6 million in 2016.

Consolidated income tax expense amounted to €309.7 million in 2017 and €279.8 million in 2016 once adjusted of the net favorable effect of non-recurring gains and expenses resulting from the announced changes in corporate taxation, primarily in France and in the United States, amounting to respectively €85.5 million in 2017 and €61.2 million in 2016. These net favorable effects are adjusted as they do not reflect an underlying performance.

The net favorable effect of non-recurring gains and expenses of respectively €85.5 million in 2017 and €61.2 million in 2016 is detailed as follows:

	12 months ended	
(in € millions)	**December 31, 2017**	**December 31, 2016**
Tax income linked to mechanical revaluation of deferred tax liabilities on trademarks resulting from the announcement of reductions in corporate income tax rates, primarily in France	26.4	61.2
Tax income resulting from refund of tax on dividends paid since 2013, net of the exceptional corporate income tax paid by companies in France in 2017	18.3	0.0
Net tax income linked to changes in corporate taxation in the United States, mainly accounting impacts due to mechanical revaluation of deferred tax assets and liabilities	40.8	0.0
TOTAL ADJUSTMENTS	**85.5**	**61.2**

Consolidated income tax expense after adjustments (as described above) shows a €29.9 million rise and reflects the rise of pre-tax income as well as the slightly increase of effective income tax rate after adjustment from 32.9% in 2016 to 33.0% in 2017.

5.4.11 – Net profit attributable to the Group

Net profit attributable to the Group amounts to €711.2 million in 2017 compared to €628.5 million in 2016. 2017 net profit attributable to the Group benefits from a net favorable effect of non-recurring gains and expenses of respectively €85.5 million resulting from the announced changes in corporate taxation, primarily in France and in the United States. As a reminder, in 2016, net profit attributable to the Group had benefited from a €61.2 million non-recurring net tax income of the same type, related primarily to changes in French corporate taxation.

Adjusted net profit attributable to Legrand amounted to €625.7 million in 2017 compared to €567.3 million in 2017 representing a €58.4 million increase reflecting primarily:

- a solid operational performance, with operating profit up a steep €91.6 million;
- a €12.0 million reduction in net financial expense;

partially offset by:

- a foreign exchange result in 2017, which, as it compares with a profit in 2016, represents a net unfavorable change of €14.8 million – the realized (cash) foreign exchange result recorded nevertheless a favorable change of €2.1 million;
- a €29.9 million rise in income tax booked in the adjusted net profit attributable to the Group(1) (on this basis, the tax rate on adjusted(1) net profit attributable to the Group for 2017 would be 33.0%, almost stable compared with that of 2016);
- a €0.3 million rise in profit attributable to minority interests; and
- a €0.2 million decline in the result of equity-accounted entities.

(1) *Adjusted net profit attributable to the Group does not take into account the net favorable effect of non-recurring gains and expenses resulting from announced changes in corporate taxation, primarily in France and in the United States. This net favorable effect is adjusted as it does not reflect an underlying performance.*

5.5 – CASH FLOWS AND BORROWING

5.5.1 – Cash flows

The table below summarizes cash flows of the Company for the years ended December 31, 2017 and 2016:

	12 months ended	
(in € millions)	**December 31, 2017**	**December 31, 2016**
Net cash from operating activities	863.7	831.8
Net cash from investing activities*	(1,802.1)	(552.1)
Net cash from financing activities	887.4	(416.5)
Translation net change in cash and cash equivalents	(66.1)	(9.0)
Increase (decrease) in cash and cash equivalents	(117.1)	(145.8)
* *of which capital expenditure and capitalized development costs*	*(178.2)*	*(160.9)*

For a detailed analysis of cash flows, investors should refer to the consolidated statement of cash flows provided in the Group's consolidated financial statements.

5.5.1.1 NET CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities stood at €863.7 million at December 31, 2017 compared with €831.8 million at December 31, 2016.

This €31.9 million increase was due primarily to cash flow from operations (defined as net cash generated by operating activities, plus or minus changes in current operating assets and liabilities) reaching €919.8 million at December 31, 2017 compared with €791.4 million on December 31, 2016 partially offset by changes in current operating assets and liabilities reflected in working capital requirements, which set cash used at €56.1 million in 2017 compared with cash generation at €40.4 million in the same period of 2016.

5.5.1.2 NET CASH FROM INVESTING ACTIVITIES

Net cash used in investing activities for the period ended December 31, 2017 amounted to €1,802.1 million compared with €552.1 for the period ended December 31, 2016.

This increase was primarily due to the acquisition of subsidiaries, and to a lesser extent to a rise in capital expenditure.

The amount of acquisitions (net of cash acquired) as well as non-controlling interests totaled €1,638.6 million in 2017 (compared with €430.8 million in 2016). It includes €1,638.0 million for acquisitions of subsidiaries (net of cash acquired), included in net cash from investing activities and €0.6 million for acquisition of non-controlling interests included in net cash from financing activities.

Capital expenditure and capitalized development costs amounted to €178.2 million for the period ended December 31, 2017 (including €33.6 million in capitalized development costs), or a 10.8% rise compared with investments and capitalized development costs of €160.9 million in the period ending December 31, 2016 (of which €34.6 million in capitalized development costs).

5.5.1.3 NET CASH FROM FINANCING ACTIVITIES

Net cash used by financing activities amounted to €887.4 million in 2017, including primarily the payment of dividends in an amount of €317.1 million, the issuance of two new bonds for a total amounting to €1.4 billion (a bond amounting to € 1.0 billion in two tranches in July 2017 and a bond amounting to €400.0 millions in October 2017) and the reimbursement of a bond amounting to €300.0 million in February 2017.

5.5.2 – Debt

The Group's gross debt (defined as the sum of long-term and short-term borrowings, including negotiable commercial paper and bank overdrafts) came to €3,042.5 million at December 31, 2017 compared to €1,897.1 million at December 31, 2016.

Cash and cash equivalents and marketable securities amounted to €823.0 million at December 31, 2017 compared to €942.6 million at December 31, 2016.

Net debt (defined as gross debt less cash and cash equivalents and marketable securities) totaled €2,219.5 million at December 31, 2017 compared to €954.5 million at December 31, 2016.

The ratio of net debt to shareholders' equity was around 54% at December 31, 2017 compared with 23% at December 31, 2016.

At December 31, 2017, the Group's gross debt consisted of the following:

- €2,500.0 million in bonds issued in March 2011 (€400.0 million), April 2012 (€400.0 million), December 2015 (€300.0 million), July 2017 (€1.0 billion) and October 2017 (€400.0 million);
- €324.4 million in Yankee bonds; and
- €218.1 million in other debt, consisting mainly of negotiable commercial paper, bank borrowings, overdrafts and debt related to acquisitions, net of debt issuance costs.

The repayment schedule for the non-current portion of this borrowing appears in note 4.6.1 to the consolidated financial statements referred to in chapter 8 of this Registration Document.

Cash and cash equivalents (€823.0 million at December 31, 2017 and €940.1 million at December 31, 2016) consist primarily of very short-term bank deposits and so, counterparty risk is monitored very closely.

A description of credit facility contracts is presented in note 4.6.1 to the consolidated financial statements referred to in chapter 8 of this Registration Document.

5.6 – CAPITAL EXPENDITURE

Capital expenditure includes the capitalization of some development costs pursuant to IAS 38.

In 2017, capital expenditure and capitalized development expense amounted to €178.2 million or 3.2% of consolidated net sales, compared with €160.9 million and also 3.2% in 2016. 3.2% of consolidated net sales is consistent with long-term Group ambitions (3% to 3.5% of net sales).

Capital expenditure consists mainly of investment in new products, in productivity and in commercial resources. Meanwhile, the Group is pursuing ongoing initiatives to control capital employed.

5.7 – OFF BALANCE SHEET COMMITMENTS

The Group does not have any off balance sheet arrangements that have or can be considered reasonably likely to have a current or future impact on its finances, revenues, expenses, results, operating income, cash, capital expenditure or capital reserves, and that would be material to investors. (See note 5.3 to the consolidated financial statements referred to in chapter 8 of this Registration Document). There is no significant off balance sheet commitment given linked to acquisitions.

5.8 – CONTRACTUAL OBLIGATIONS

The following table summarizes the Company's contractual obligations, commercial commitments and principal maturity dates on a consolidated basis as of December 31, 2017.

		Payments due by period			
At December 31, 2017 *(in € millions)*	**Total**	**< 1 year**	**1-3 years**	**3-5 years**	**> 5 years**
Borrowings	3,033.2	584.1	5.3	419.4	2,024.4
Finance leases	9.3	1.3	3.1	2.8	2.1
Gross debt*	3,042.5	585.4	8.4	422.2	2,026.5
Operating leases	245.0	65.4	89.1	48.9	41.6
TOTAL CONTRACTUAL OBLIGATIONS	**3,287.5**	**650.8**	**97.5**	**471.1**	**2,068.1**

* *Including debt issuance costs.*

5.9 – VARIATIONS IN EXCHANGE RATES

A significant number of the Group's foreign subsidiaries operate in countries outside the euro zone. In 2017, approximately 64% of the Group's net sales were denominated in currencies other than the euro. As a consequence, the Group's consolidated sales, operating income and free cash flow could be affected by variations in exchange rates between the euro and other currencies.

To prepare its consolidated financial statements, the Group must convert assets, liabilities, income and expenses that are recognized in other currencies into euros. Variations in exchange rates affect such items in the Group's consolidated financial statements, even if the value of the item remains unchanged in its original currency.

The Group uses end-of-period exchange rates for the translation of balance sheet data and period-average exchange rates for the translation of income statement and cash flow data.

The following table shows, for the periods indicated, data on euro/US dollar exchange rates from 2013 through 2017, expressed in euros per US dollar. This exchange-rate information is provided as an indication only and does not represent the exchange rates used by Legrand in the preparation of its consolidated financial statements:

(euros per US dollar)	**Period-end rate**	**Average rate(1)**	**High**	**Low**
2013	0.73	0.75	0.78	0.72
2014	0.82	0.75	0.82	0.72
2015	0.92	0.90	0.95	0.83
2016	0.95	0.90	0.96	0.87
2017	0.83	0.89	0.96	0.83

(1) *The average exchange rate for the euro is calculated as the average monthly figures for the relevant year-long period.*

Readers are referred to note 5.1.2.2 appended to the consolidated financial statements mentioned in chapter 8 of the present Registration Document for a description of management of exchange risk.

5.10 – QUANTITATIVE AND QUALITATIVE DISCLOSURES RELATING TO FINANCIAL RISKS

Legrand's exposure to financial risk mainly concerns the following areas:

- interest rate risk;
- currency risk;
- commodity risk;
- credit risk;
- counterparty risk; and
- liquidity risk.

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct trading in financial instruments, in line with its policy of not carrying out any speculative transactions. Transactions involving financial instruments are conducted with the sole purpose of managing interest-rate, exchange-rate and commodity price risks, and as such are limited in duration and amount.

This strategy is centralized at Group level. Deployment is managed by the Financing and Treasury Department, which recommends appropriate measures and implements these after they have been validated by the Corporate Finance Department and the Group's senior management. A detailed reporting system has been set up to permit permanent tracking of the Group's positions and effective oversight of the management of financial risks.

A detailed description of risks and Legrand's risk management appears in note 5.1.2 appended to the consolidated financial statements referred to in chapter 8 of this Registration Document.

Information on financial risks related to climate change effects and the presentation of measures taken by the company to mitigate those risks by implementing a low-carbon strategy in all its business components are given in Chapter 4 of this Registration Document.

Main characteristics of internal control and risk management procedures implemented by the Company on financial information are described in chapter 3 of this Registration Document.

5.11 – SUMMARY OF CRITICAL ACCOUNTING POLICIES

The accounting policies described below are those the Company considers critical in preparing its consolidated financial statements:

- intangible assets;
- fair value of financial instruments;
- accounting for stock option plans;
- employee benefits;
- deferred taxes; and
- use of estimates.

These policies include significant estimates made by management using information available at the time the estimates are made. A more detailed description of the main accounting policies used by the Company in preparing its consolidated financial statements is included in notes to the consolidated financial statements referred to in chapter 8 of this Registration Document, and in particular in note 1.2.3.

5.12 – NEW IFRS PRONOUNCEMENTS

Main standards and interpretations published by the IASB but not yet compulsory were as follows:

- IFRS 9 – Financial Instruments;
- IFRS 15 – Revenue from Contracts with Customers; and
- IFRS 16 – Leases.

Summaries of these standards and their possible consequences as regards the financial information provided by the Group are presented in note 1.2.1.3 to the consolidated financial statements referred to in chapter 8 of this registration document.

5.13 – TRENDS AND PROSPECTS

Macroeconomic projections for 2018 call for a still favorable economic environment overall. Against this backdrop, Legrand plans to pursue its strategy of profitable growth.

Legrand thus sets the following 2018 targets:

- organic growth in sales of between +1% and +4%; and
- adjusted operating margin before acquisitions (at 2017 scope of consolidation) of between 20.0% and 20.5% of sales.

Legrand will also pursue its strategy of value-creating acquisitions.

5.14 – TABLE OF CONSOLIDATED FINANCIAL RESULTS OVER THE LAST FIVE YEARS

(in € millions except number of shares, earnings per share and number of employees)	2013	2014	2015	2016	2017
End of period share capital					
Share capital	1,062.4	1,065.4	1,067.7	1,069.3	1,067.2
Number of shares	265,590,517	266,357,615	266,930,602	267,327,374	266,805,751
Earnings					
Net sales	4,460.4	4,499.1	4,809.9	5,018.9	5,520.8
Profit before tax, depreciation and amortization	935.2	937.2	979.7	1,025.1	1,154.8
Income tax expense	(233.5)	(238.4)	(258.0)	(218.6)	(224.2)
Share of profits (losses) of equity-accounted entities	0.0	0.0	0.0	(1.3)	(1.5)
Profit for the period	533.3	533.3	552.0	630.2	713.2
Dividends paid	265.1	279.3	293.1	307.1	317.1
Earnings per share(1)					
Profit before tax, depreciation and amortization	3.530	3.527	3.678	3.848	4.334
Basic earnings per share	2.002	2.001	2.067	2.359	2.669
Dividend per share	1.00	1.05	1.10	1.15	1.19
Personnel					
End of period number of employees	33,272	33,556	32,667	32,722	34,105
Personnel costs	1,143.5	1,170.8	1,256.3	1,299.1	1,411.3

(1) Earnings per share are computed on the basis of the number of circulating ordinary shares during the period, or 264,932,592 shares in 2013, 265,703,963 shares in 2014, 266,375,725 shares in 2015 and 266,395,359 shares in 2016 and 266,432,980 shares in 2017.

5.15 – SELECTED FINANCIAL INFORMATION

The selected financial information for the years ended December 31, 2017, 2016 and 2015 has been drawn from the consolidated financial statements prepared in accordance with IFRS. These can be found in chapter 8 of this Registration Document and have been audited by PricewaterhouseCoopers Audit and Deloitte & Associés.

Please read this selected financial information in tandem with the information in the Group's consolidated financial statements, the Notes thereto (included in chapter 8 of this Registration Document), and all other financial information included elsewhere in this Registration Document.

(in € millions except %)	2017	2016	2015
Net sales	**5,520.8**	**5,018.9**	**4,809.9**
Total sales growth	10.0%	4.3%	6.9%
Sales growth at constant scope of consolidation and exchange rates	3.1%	1.8%	0.5%
EBITDA(1)	**1,241.5**	**1,109.0**	**1,056.4**
Maintainable EBITDA(2)	1,262.7	1,134.1	1,084.4
Adjusted operating profit(3)	**1,104.9**	**978.5**	**930.4**
As % of net sales	20.0%	19.5%	19.3%
Maintainable adjusted operating profit(2)	1,125.4	1,003.6	958.4
Adjusted net profit attributable the Group(4)	**625.7**	**567.3**	**550.6**
As % of net sales	11.3%	11.3%	11.4%
Profit for the period(5)	**713.2**	**630.2**	**552.0**
As % of net sales	12.9%	12.6%	11.5%
***Free cash* flow**(6)	**695.8**	**673.0**	**666.0**
As % of net sales	12.6%	13.4%	13.8%
***Normalized free* cash flow**(7)	**735.2**	**623.9**	**617.2**
As % of net sales	13.3%	12.4%	12.8%
Net financial debt at December 31(8)	**2,219.5**	**957.0**	**802.7**

1) *EBITDA is defined as operating profit plus depreciation and impairment of tangible assets, amortization and impairment of intangible assets (including capitalized development costs), reversal of inventory step-up and impairment of goodwill.*

2) *Maintainable EBITDA and maintainable adjusted operating income are used to analyze EBITDA and adjusted operating income excluding the impact of restructuring costs (including capital gains or losses on the sale of assets).*

3) *Adjusted operating income is defined as operating income adjusted for amortization of revaluation of intangible assets at the time of acquisitions and for expense/income relating to acquisitions and, where applicable, for impairment of goodwill.*

4) *Adjusted net profit attributable to the Group does not take into account the net favorable effect of non-recurring gains and expenses resulting from announced changes in corporate taxation, primarily in France and in the United States. This net favorable effect is adjusted as it does not reflect an underlying performance.*

5) *Net income corresponds to published net income (before minority interests).*

6) *Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.*

7) *Normalized free cash flow is defined as the sum of net cash from operating activities – based on a normalized working capital requirement representing 10% of the last 12 month's sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered – and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.*

8) *Net financial debt is defined as the sum of short-term borrowings and long-term borrowings, less cash and cash equivalents and marketable securities.*

The table below shows a reconciliation of adjusted operating profit and maintainable adjusted operating profit with profit for the period and operating profit:

(in € millions)	**2017**	2016	2015
Profit for the period	**713.2**	**630.2**	**552.0**
Share of profits (losses) of equity-accounted entities	1.5	1.3	0.0
Income tax expense	224.2	218.6	258.0
Exchange (gains) losses	8.3	(6.5)	(6.0)
Financial income	(13.7)	(10.9)	(11.0)
Financial expenses	92.1	101.3	93.7
Operating profit	**1,025.6**	**934.0**	**886.7**
Amortization and depreciation of tangible assets	99.8	97.1	97.4
Amortization and depreciation of intangible assets (including capitalized development costs) and Milestone's inventory step-up	116.1	77.9	72.3
Goodwill *impairment*	0.0	0.0	0.0
EBITDA	**1,241.5**	**1,109.0**	**1,056.4**
Restructuring costs	21.2	25.1	28.0
Maintainable EBITDA	**1,262.7**	**1,134.1**	**1,084.4**

The table below shows a reconciliation of the Group's adjusted operating income and maintainable adjusted operating income with net income and operating income:

(in € millions)	**2017**	2016	2015
Profit for the period	**713.2**	**630.2**	**552.0**
Share of profits (losses) of equity-accounted entities	1.5	1.3	0.0
Income tax expense	224.2	218.6	258.0
Exchange (gains) losses	8.3	(6.5)	(6.0)
Financial income	(13.7)	(10.9)	(11.0)
Financial expenses	92.1	101.3	93.7
Operating profit	**1,025.6**	**934.0**	**886.7**
Amortization and other P&L impacts relating to acquisitions	79.3	44.5	43.7
Goodwill *impairment*	0.0	0.0	0.0
Adjusted operating profit	**1,104.9**	**978.5**	**930.4**
Restructuring costs	20.5	25.1	28.0
Maintainable adjusted operating profit	**1,125.4**	**1,003.6**	**958.4**

The table below shows a reconciliation of research and development expenditure with research and development expense:

(in € millions)	**2017**	2016	2015
Research and development costs	**(252.1)**	**(237.7)**	**(216.1)**
Acquisition-related amortization and R&D tax credit	(7.6)	(2.8)	(5.3)
Amortization of capitalized development costs	29.4	27.1	26.3
R&D costs before capitalized development costs	**(230.3)**	**(213.4)**	**(195.1)**
Capitalized development costs	(33.6)	(34.6)	(27.4)
Research and development expenditure for the period	**(263.9)**	**(248.0)**	**(222.5)**

The table below shows a reconciliation of the Group's free and normalized free cash flow with net cash from operating activities:

(in € millions)	**2017**	**2016**	**2015**
Net cash from operating activities	**863.7**	**831.8**	**796.2**
Net proceeds from sales of fixed and financial assets	10.3	2.1	3.2
Capital expenditures	(144.6)	(126.3)	(106.0)
Capitalized development costs	(33.6)	(34.6)	(27.4)
***Free cash* flow**	**695.8**	**673.0**	**666.0**
Increase (decrease) in working capital requirement	56.1	(40.4)	(46.2)
(Increase) decrease in normalized working capital requirement	(16.7)	(8.7)	(2.6)
***Normalized free* cash flow**	**735.2**	**623.9**	**617.2**

The table below shows changes in the net financial debt of Legrand:

(in € millions)	**2017**	**2016**	**2015**
Long-term borrowings	2,457.1	1,550.7	1,823.2
Short-term borrowings	585.4	346.4	67.9
Cash and cash equivalents and marketable securities	(823.0)	(940.1)	(1,088.4)
Net financial debt	**2,219.5**	**957.0**	**802.7**

The table below shows changes in Legrand's equity:

(in € millions)	**2017**	**2016**	**2015**
Share capital	1,067.2	1,069.3	1,067.7
Retained earnings	3,644.6	3,227.8	3,006.2
Translation reserves	(573.2)	(240.0)	(276.1)
Equity attributable to equity holders of Legrand	**4,138.6**	**4,057.1**	**3,797.8**

CORPORATE GOVERNANCE

06

6.1 – ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The Company refers to the principles of corporate governance for listed companies set out in the Afep-Medef Code of Corporate Governance, as revised in November 2016 (the "**Code of Corporate Governance**"). This Code of Corporate Governance can be viewed on the Medef website: *www.medef.com*.

6.1.1 –Board of Directors

6.1.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

Principles

The current Articles of Association of the Company and the internal rules of the Board of Directors define the following principles:

- **number of Directors**: the Board of Directors has at least three members and no more than the maximum number of members authorized by the applicable legal and regulatory provisions (subject to the exception provided by law in the event of a merger);
- **term of office of Directors**: directors have a four-year term of office. This expires at the end of the Ordinary General Meeting of Shareholders convened to consider financial statements for the previous financial year and held in the year in which their term of office expires. They may be reappointed for consecutive terms without limit;
- **ownership of Legrand shares**: subject to legal exceptions, each director must own at least five hundred shares, registered in his/her name, for the entire duration of his/her mandate. In the course of his/her term of office, the rules of procedure of the Board of Directors recommends that each director gradually acquire a number of shares equivalent to one full year of his/her share of directors' fees. For calculation purposes, the assumption will be participation, over one financial year, at all meetings of the Board and of the special committee(s) to which the relevant director belongs, the Legrand share price unit value being the average Legrand share price over the previous financial year;
- **age limit for Directors**: no one over the age of 70 may be appointed to the Board of Directors if such appointment means that more than a third of Board members will be over this age. If, during their term of office, the number of members of the Board of Directors over the age of 70 exceeds one-third of their total number, the oldest member will be deemed to have resigned at the end of the Ordinary General Meeting of the shareholders called to consider the accounts for the previous financial year and held during the year in which the age limit is reached;
- **office of Chairman of the Board of Directors**: the Chairman is appointed by the Board of Directors from among its members. He or she must be a physical person aged under 65 at the time of appointment. When the Chairman has reached this age limit, he/she is considered as having resigned at the end of the Ordinary General Meeting of Shareholders that approved the financial statements for the past financial year (held in the year this age limit is reached). The Chairman may be reelected. His/her compensation is determined by the Board of Directors;
- **office of Vice-Chairman of the Board of Directors**: the Board of Directors may appoint a Vice-Chairman if necessary. His/her role is to take the place of the Chairman if the latter is prevented from fulfilling his or her duties. The Vice-Chairman is subject to the same age limit as the Chairman;
- **Lead Director**: the Board of Directors may appoint a Lead Director. In accordance with the Code of Corporate Governance, the Lead Director must be appointed from among the independent directors. This is a requirement if the roles of Chairman and Chief Executive Officer are performed by the same individual. If necessary, the Lead Director may directly convene a meeting of the Board of Directors on a given agenda whose importance or urgency justify holding an extraordinary meeting of the Board. Please see section 6.1.2 "Lead Director" for details of the Lead Director's tasks and resources;
- **coopting**: when the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. Pursuant to the law, provisional appointments are subject to ratification at the Ordinary General Meeting of Shareholders thereafter.

Current composition of the Board of Directors

Name	Duties main	Role on the Legrand Board	Nationality	Age	Gender	Independence	Other directorships in listed companies outside the Group[(1)]	Committee membership: Audit services	Committee membership: Appointments Governance	Committee membership: Compensation	Committee membership: CSR Strategy	Date of first appointment	Expiry of term of office	Years served on the Board[(2)]
Gilles Schnepp	Chairman of the Board of Directors[(3)]	Chairman of the Board of Directors	French	59	M		1				✓	12/10/2002	2018 Shareholders' General Meeting	15
François Grappotte[(4)]	Companies Director	Honorary Chairman	French	81	M		0					12/10/2002	2018 Shareholders' General Meeting	15
Angeles Garcia-Poveda	EMEA Managing Director of Spencer Stuart	Lead Director	Spanish	47	F	✓	0		✓ Chairwoman	✓ Chairwoman	✓	5/25/2012	2020 Shareholders' General Meeting	6
Olivier Bazil	Companies Director	Director	French	71	M		1		✓		✓	12/10/2002	2018 Shareholders' General Meeting	15
Christel Bories	Chief Executive Officer, Eramet*	Director	French	53	F	✓	2	✓			✓ Chairwoman	5/25/2012	2020 Shareholders' General Meeting	6
Isabelle Boccon-Gibod	Companies Director	Director	French	49	F	✓	2	✓			✓	5/21/2016	2020 Shareholders' General Meeting	2
Thierry de La Tour d'Artaise[(5)]	Chairman and Chief Executive Officer, SEB Group	Director	French	63	M	✓	2		✓			4/6/2006	2020 Shareholders' General Meeting	12
Dongsheng Li[(6)]	Chairman and Chief Executive Officer and founder of TCL Corporation*	Director	Chinese	60	M	✓	3					7/26/2012	2018 Shareholders' General Meeting	5
Annalisa Loustau Elia	Chief Marketing Officer of Printemps Group and member of its Executive Committee	Director	Italian	52	F	✓	1			✓		5/24/2013	2021 Shareholders' General Meeting	5
Éliane Rouyer-Chevalier	Companies Director	Director	French	65	F	✓	0	✓ Chairwoman		✓		5/26/2011	2019 Shareholders' General Meeting	7

(1) The office held within the Company was not taken into account for the calculation.

(2) At the date of the next General Meeting of Shareholders, i.e May 30, 2018.

(3) As of February 8, 2018, following the decision of the Board of Directors meeting of February 7, 2018 to separate the offices of Chairman of the Board of Directors and Chief Executive Officer, Mr. Gilles Schnepp's term as Chairman of the Board of Directors was renewed.

(4) Director has indicated that he did not wish to renew his term of office.

(5) Director has indicated that he wishes to resign from his term of office as a director of Legrand (and as a member of the Nominating and Governance Committee) at the end of the next General Meeting of Shareholders on May 30, 2018, due to the loss of his status as an independent director on April 6, 2018.

(6) Director has indicated that he did not wish to renew his term of office as a director of Legrand due to directorships held in other companies listed in China, as holding these posts results in exceeding the threshold for the number of terms of office held as recommended by governance best practices.

As at the date of the Company's Registration Document, the Board of Directors is composed of ten members including the Chairman of the Board, the Honorary Chairman and the Lead Director. The biographies of the Company's directors can be found on pages 337-342 of the Company's Registration Document.

In addition, on the date of publication of this Registration Document and under the terms of an agreement with the unions, four representatives of the Central Works Council also attend meetings of the Company's Board of Directors in an advisory capacity.

Since the Company has fewer than 50 employees and does not have a Works Council, it did not fulfill all the criteria of article L. 225-27-1 of the French Commercial Code as drafted prior to Law No. 2015-994 of August 17, 2015. Consequently, there is no director representing employees serving on the Company's Board of Directors as at the day of publication of this Registration Document. However, in accordance with article L. 225-27-1 of the French Commercial Code as drafted prior to Law No. 2015-994 of August 17, 2015, a director was appointed to represent employees on the Board of Directors of Legrand France, a subsidiary of the Company, by the Central Works Council at its meeting on October 16, 2014, as this subsidiary fulfills the criteria set forth in that article.

The Company (Legrand SA) will come within the scope of application of article L. 225-27-1 of the French Commercial Code in its current form, which requires one or more directors to represent employees on the Board of Directors, as from the expiration of the term of office of the director representing employees on the Legrand France Board of Directors in June 2018.

Therefore, pursuant to article L. 225-27-1 of the French Commercial Code as amended by Law No. 2015-994 of August 17, 2015 on social dialogue and employment, the Central Works Council at its meeting on February 1, 2018 decided on the appointment procedures for the director(s) representing the employees on the Company's Board of Directors, choosing to have the Central Works Council make the appointment.

The appointment of the director representing the employees on the Company's Board of Directors is on the agenda for the Central Works Council meeting to be held on April 19, 2018.

The director representing the employees, who will be appointed by the Central Works Council, will begin his or her term of office at the expiration of the term of office of the director representing employees on the Board of Directors of Legrand France, a subsidiary of Legrand SA, which will occur at the end of June 2018. This will be subject to shareholders approving the fifteenth resolution relating to the modification of article 9 of the Company's Articles of Association to set the appointment procedures for the director(s) representing the employees.

As the number of directors is less than 12 (noting that directors representing employee shareholders and directors representing employees are not included in the calculation) on the day of the appointment of the directors representing employees, only one director representing employees will be appointed pursuant to the current legal provisions.

The director appointed to represent the employees will have the same status, rights, and responsibilities as the other directors. As such, he or she will be subject to all the provisions of the internal rules governing directors' rights and obligations.

Since 2011, directors' terms of office have gradually been staggered, as reflected in the following table:

	2018 Shareholders' General Meeting	2019 Shareholders' General Meeting	2020 Shareholders' General Meeting	2021 Shareholders' General Meeting
Number of directorships due for renewal	4	1	4(1)	1

Absence of convictions or conflicts of interest

On the date this Registration Document was filed and as far as the Company is aware, none of the Company directors:

- have family links with other Company directors;
- have been convicted of fraud within the last five years;
- have been associated with any bankruptcy, receivership or liquidation within the last five years;
- have been convicted of any offense and/or received an official public penalty issued by the statutory or regulatory authorities (including professional bodies);
- have been prohibited by a court from sitting on an administrative, management or supervisory body of an issuer or from taking part in the management or conducting of the affairs of an issuer over the last five years.

In keeping with its corporate governance responsibilities, the Board of Directors adopted a Directors' Charter, which has been integrated into the internal rules. This Directors' Charter sets forth the rights and obligations of the directors and is binding upon each director.

Pursuant to the provisions of the Directors' Charter, directors undertake (i) to apprise the Lead Director and the Board of any actual or potential conflict of interest, to abstain from related discussions and votes and (ii) to avoid any personal engagement with businesses that are competitors of the Company and its Group without having informed the Board of Directors and obtained its consent.

In addition, the Board of Directors' internal rules lay down the requirements for preventing and managing conflicts of interest. Specifically, they state that the Company's Lead Director is responsible for preventing conflicts of interest from arising by conducting awareness-raising initiatives on the existence of facts likely to lead to such conflicts. Accordingly, the Lead Director is informed by each director of any actual or potential conflict of interest, and reports on these to the Board, as he/she does on any

(1) Mr. Thierry de La Tour d'Artaise, who's term of office expires at the end of the 2020 General Meeting of Shareholders, has indicated that he wishes to resign from his term of office as a Director of Legrand (and as a member of the Nominating and Gouvernance Committee) at the end of the next General Meeting of Shareholders on May 30, 2018, due to the loss of his status as an independant Director on April 6, 2018.

actual or potential conflict of interest which he/she may detect independently.

No actual or potential conflict of interest was reported to the Lead Director or to the Board of Directors. As far as the Company is aware, no conflict of interest currently exists.

Furthermore, the Company's Chairman of the Board of Directors has undertaken to inform the Chairman of the Nominating and Governance Committee of any intention to take on another directorship, and must ask the Board for its opinion before accepting any new directorship in a listed company.

Independent Directors

Definition of Independent Director and applicable criteria

A Director is considered to be independent if he or she has no relationship with the Company, its management or the Group which might compromise such Director's free judgment or create a conflict of interest with the Company, its management or the Group.

In this regard, the internal rules of the Company's Board of Directors lists the independence criteria set forth in the Code of Corporate Governance. Pursuant to the provisions of the Board's internal rules and those of the Code of Corporate Governance, an independent director must not:

- be or have been in the past five years:
  - an employee or executive officer of the Company or Group,
  - an employee, executive officer or director of a company consolidated within the Company,
  - an employee, executive officer or director of the Company's parent company or of a company consolidated by that parent company;
- be an executive officer of a company in which the Company directly or indirectly holds a directorship or in which an employee appointed as such or an executive officer of the Company (currently in office or having held such office during the last past five previous years) is a director;
- be a customer, supplier, commercial banker or investment banker:
  - that is material to the Company or its Group,
  - or for a significant part of whose business the Company or its Group accounts.

    The evaluation of the significant or non-significant relationship with the Company or its Group must be debated by the Board and the qualitative and quantitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the annual report;
- be related by close family ties to a company officer of the Company or Group;
- have been a statutory auditor for the Company or a Group company in the course of the five previous years;
- have been a director of the Company for more than 12 years. Loss of the status of independent director occurs on the date at which this period of twelve years is reached;
- be a non-executive officer and receive variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or Group, other than directors' fees, with the exception of attendance fees.

Directors representing major shareholders of the Company may be considered as being independent, provided that these shareholders do not take part in control of the Company. However, when a director represents a shareholder of the Company directly or indirectly holding more than 10% of the Company's capital or voting rights, the Board of Directors, after receiving a report from the Nominating and Governance Committee, must systematically review his or her status as an independent director, with due regard for the Company's share ownership structure and the potential for conflicts of interest.

Procedure for the review of the status of independent Directors

In accordance with the internal rules of the Company's Board of Directors, the qualifications for independent directorships are discussed by the Nominating and Governance Committee with regard to the independence criteria defined above, and are approved by the Board of Directors when a director is appointed and annually for all directors. The findings of the Board's review are made available to shareholders.

Findings of the review conducted by the Nominating and Governance Committee and the Board on the criterion of business dealings between the Company and its directors

During the annual review of the qualification criteria for independent directors, the Nominating and Governance Committee and then the Board of Directors at their meetings of February 7 and March 20, 2018 analyzed the business dealings that could exist between the Group on the one hand, and each director or companies with which they are associated (as a customer, supplier, investment banker or financing banker) on the other hand.

To prepare its assessment, the Nominating and Governance Committee asked directors to complete an independence questionnaire. The Committee then analyzed the position of each director based on the responses given in order to:

- determine the existence of a business relationship;
- and where applicable, assess whether or not this relationship was significant by applying qualitative criteria (context, background and structure of the relationship, and parties' respective powers) as well as quantitative criteria (material significance of the relationship to the parties).

The tests showed that none of the directors had business dealings with the Company, except for Mr. Dongsheng Li.

With regard to Mr. Dongsheng Li, business dealings between Legrand and the TCL group, of which Mr. Dongsheng Li is chief executive officer, consist of:

- a trademark licensing agreement entered into in 2008 by two Chinese companies acquired by the Group and TCL;
- a technology agreement between Chinese subsidiary Legrand (Shanghai) Management Co. Ltd, Legrand, and the subsidiary TCL Smart Home Technologies Co. LTD aimed at promoting communication and compatibility between their products and respective applications. This agreement is one of the collaborative arrangements set up by the Group to promote the development of interoperable connected solutions (Nest, La Poste, Samsung, and others).

The Nominating and Governance Committee noted that business relations between the two groups were limited to certain of their entities and to China.

In addition, the Committee noted that as regards the respective power of Legrand and Mr. Dongsheng Li:

- the Group's organizational structure meant that the Company did not get involved in business relationships formed by its various entities, which are managed locally;
- as a director, Mr. Dongsheng Li had no decision-making power within the Group in connection with establishing or maintaining these business relations.

Finally, the financial stakes involved are not material, either for Legrand or for the TCL group, since in 2017 they accounted less than 1/2 per thousand of both groups' sales.

The Nominating and Governance Committee consequently qualified the business relationship between Legrand and Mr. Dongsheng Li as "non-material," both from a qualitative standpoint, given the nature of the business between Legrand and TCL, as presented above, and the absence of the parties' respective powers, and from a quantitative standpoint, given the low financial stakes involved for both groups. The Board of Directors subsequently approved the Nominating and Governance Committee's conclusion.

Findings of the review conducted by the Nominating and Governance Committee and Board concerning other independence criteria

After reviewing the individual position of each director with regard to the independence criteria discussed above, the Board of Directors, at its meeting on March 20, 2018 and on the recommendation of the Nominating and Governance Committee, renewed its assessment that Ms. Isabelle Boccon-Gibod, Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Ms. Annalisa Loustau Elia, Ms. Éliane Rouyer-Chevalier, Mr. Thierry de La Tour d'Artaise(1) and Mr. Dongsheng Li could be classified as independent directors:

	Non-independent Directors			Independent Directors						
Criteria examined	**Gilles Schnepp**	**Olivier Bazil**	**François Grappotte**	**Christel Bories**	**Angeles Garcia-Poveda**	**Gérard Lamarche**	**Thierry de La Tour d'Artaise(1)**	**Dongsheng Li**	**Annalisa Loustau Elia**	**Éliane Rouyer-Chevalier**
No employee or corporate officer status during the past 5 years	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
No cross directorships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
No material business relations	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
No close family ties with an executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
No statutory auditor relations during the past 5 years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
No company director status held for more than 12 years	X	X	X	✓	✓	✓	✓	✓	✓	✓
No receipt of significant additional compensation excluding attendance fees	X	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ : *represents an independence criterion met.*

X : *represents an independence criterion not met.*

(1) *Director who will lose his status as an independent director on April 6, 2018, the date of the twelfth anniversary of his appointment to the office. Under these circumstances, Mr. Thierry de La Tour d'Artaise announced that he wishes to resign from his term of office as a director of Legrand (and as a member of the Nominating and Governance Committee) at the end of the next General Meeting of Shareholders on May 30, 2018.*

The proportion of independent directors on the Company's Board of Directors thus stands at 70%(1), higher than the minimum ratio of 50% recommended by the Code of Corporate Governance for non-controlled companies.

With respect to the specialized committees:

- the Audit Committee has three members, all of whom are independent, therefore the percentage of independent directors is 100%. This is consistent with the Code of Corporate Governance, which recommends that at least two-thirds of the Committee's members should be independent directors;
- the Nominating and Governance Committee has three members, two of whom are independent(1), therefore two-thirds of its members are independent directors. This is in line with the Code of Corporate Governance, which recommends that the majority of the Committee's members should be independent directors;
- the Compensation Committee has three members, all of whom are independent, therefore the percentage of independent directors is 100%. This is in line with the Code of Corporate Governance, which recommends that the majority of the Committee's members should be independent directors;
- the Strategy and Social Responsibility Committee has five members, three of whom are independent, therefore the percentage of independent directors is 60%.

As regards the lead director, his or her appointment complies with the Code of Corporate Governance, which recommends that the lead director be independent (see also section 6.1.2).

Changes in the composition of the Board of Directors

Changes in the composition of the Board of Directors in 2017

In the course of the 2017 financial year, changes in membership of the Board of Directors were the following:

Date	End of term of office	Appointment	Reappointment
5/31/2017	Nil	Nil	Annalisa Loustau Elia

Ms. Annalisa Loustau Elia has been a director of the Company since 2013 and is also a member of the Compensation Committee.

By virtue of her experience in marketing and product development in the luxury goods, retail sales and mass distribution markets, Ms. Annalisa Loustau Elia provides the Company with a perspective that complements the considerations specific to its field of business and enables it to benefit from her expertise on aspects of strategic leverage. Her Italian nationality further contributes a valuable perspective in view of the Group's importance in Italy.

Consequently, the Board of Directors asked the General Meeting of Shareholders called for May 31, 2017 to reappoint this director for a four-year term. The shareholders voted in favor of this reappointment.

Directorships due for renewal in 2018

The directorships of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepp end in 2018. Mr. Olivier Bazil and Mr. Gilles Schnepp wished to present themselves as candidates for the positions they currently hold.

Mr. Olivier Bazil and Mr. Gilles Schnepp have been Company directors since 2002 and each one has at least 25 years of professional experience within the Group. In addition, they have both held offices as directors or as members of the Supervisory Board of CAC 40 companies other than Legrand. They thus bring their experience to the Board and to the special committees, as well as their knowledge of the Group and of its business.

Mr. Olivier Bazil is also a member of the Strategy and Social Responsibility Committee and of the Nominating and Governance Committee. Mr. Gilles Schnepp was Chairman and Chief Executive Officer of Legrand from 2006 to February 7, 2018 and is a member of the Strategy and Social Responsibility Committee.

It is noted that the Board of Directors on February 7, 2018, as part of the separation of the duties of the Chairman of the Board of Directors and of the Chief Executive Officer as of February 8, 2018, decided to renew Mr. Gilles Schnepp in his duties as Chairman of the Board of Directors as of this date.

As a result of the foregoing, the Board of Directors has proposed that the General Meeting of Shareholders convened for May 30, 2018 reappoint these two directors for a four-year term (see presentation of the agenda and draft resolutions in Appendix 4 of the Company's Registration Document).

Mr. François Grappotte, Company director since 2002, did not wish to stand as a candidate for the position he currently holds and informed the Board of Directors accordingly.

Mr. Dongsheng Li, Company director since 2012, indicated that he did not wish to renew his term of office due to directorships held in other companies listed in China, as holding these posts results

(1) It is noted that Mr. Thierry de La Tour d'Artaise, member of the Nominating and Governance Committee and independent director at the date of publication of this Registration Document, will lose his status as an independent director on April 6, 2018, the date of the twelfth anniversary of his appointment to the office.

in exceeding the threshold for the number of terms of office held as recommended by governance best practices. He informed the Board of Directors accordingly.

Due to the loss of his status as an independent director on April 6, 2018, Mr. Thierry de La Tour d'Artaise, Company director since 2006, indicated that he wishes to resign from his term of office as a director of Legrand (and as a member of the Nominating and Governance Committee) at the end of the next General Meeting of Shareholders on May 30, 2018.

Under these circumstances, the Board of Directors (on the recommendation of the Nominating and Governance Committee) appointed an external recruitment firm to seek two new directors whose candidacy could be presented at the Company's Combined Annual and Extraordinary General Meeting of Shareholders to be held on May 30, 2018. This appointment was also made based of the conclusions of the annual self-assessment of the operation of the Board and its special Committees conducted in 2017 for financial year 2016. Through this assessment the directors expressed their wish to enrich the Board's composition by selecting the profile of an executive from a listed company operating within the industrial sector, as well as of an executive with US nationality, given the significant exposure the Group has in the US, particularly through its recent acquisitions. During this search, various profiles and candidates were examined and received by the members of the Nominating and Governance Committee, which kept the Board of Directors informed of the progress of its work, particularly during the meeting of February 7, 2018. At the end of this process, and after having ensured that the profiles of selected candidates corresponded to the profiles sought and that the candidates had the time available that would be required for their duties, on the recommendation of the Nominating and Governance Committee the Board of Directors approved the candidature of Mr. Edward A. Gilhuly and Mr. Patrick Koller during the meeting held March 20, 2018.

After having examined the individual situation of each director with regard to the aforementioned independence criteria, the Nominating and Governance Committee qualified Mr. Edward A. Gilhuly and Mr. Patrick Koller as independent; in addition, neither of these persons maintains a business relationship with Legrand.

Diversity of membership of the Board of Directors

Each year, the Board of Directors examines its composition and that of the specialized committees to ensure that the balance of members is correct, particularly in terms of diversity. It is constantly seeking to improve the gender balance, international dimension, skills diversity, international experience, expertise and independence of its members, so that it can assure shareholders and the market that it acts with the necessary independence and objectivity.

Subject to approval by the Company's Combined Annual and Extraordinary General Meeting of Shareholders on May 30, 2018 for the renewal of the directorships of Mr. Olivier Bazil and Mr. Gilles Schnepp, as Company directors, and on the appointment of Mr. Edward A. Gilhuly and Mr. Patrick Koller as well as on the fifteenth resolution concerning the appointment of the director to represent employees according to the conditions for appointment described in the Company's modified Articles of Association, noted among the 10 members (including one director representing employees[(1)]) comprising the Board of Directors, is the presence of:

- **five female members**, a share of 56%[(2)], which exceeds the requirements of the French Commercial Code (40% as of 2017);
- **seven independent members**, that is to say a share of 78%[(3)], beyond the 50% minimum level recommended by the Code of Corporate Governance;
- **five different nationalities**, with one US director, one Spanish director, one Italian director, on Franco-German director, and six French directors.

In terms of gender balance, the Board noted that its proportion of women increased from 25% on December 31, 2012 to 40% on May 24, 2013 and 50% on May 27, 2016, a rate that was maintained when Ms. Annalisa Loustau Elia was reappointed as a director by the Company's Combined Annual and Extraordinary General Meeting of Shareholders on May 31, 2017, and which will grow to 56% should the shareholders vote in favor of the reappointment and appointment of directors submitted for approval to the Company's Combined Annual and Extraordinary Meeting on May 30, 2018. The Board also looked favorably on the significant efforts made in recent years to become more international in terms of members and their experience.

(1) The appointment of the director representing the employees on the Legrand SA Board of Directors, will be effective at the end of the Central Works Council appointment process planned for April 2018 and on expiration of the term of office of the director representing employees on the Board of Directors of Legrand France, a subsidiary of Legrand SA, which will occur at the end of June 2018.

(2) The director representing the employees who will join the Company's Board of Directors subject to shareholder approval of the fifteenth resolution is not taken into account (i) in the calculation of the minimum ratio of directors of the same gender, in compliance with legal provisions, and (ii) in the calculation of the independence rate of the Board of Directors, in compliance with the recommendations of the Code of Corporate Governance.

(3) It is noted that Mr. Thierry de La Tour d'Artaise, independent director at the date of publication of this Registration Document, will lose his status as an independent director on April 6, 2018, the date of the twelfth anniversary of his appointment to the office.

For 2017, the Board of Directors considered directors' skills to be varied and complementary, with some directors having strategic skills suited to the general management of industrial groups, and others having financial competencies or more specific expertise, including investor communications, talent management, marketing and corporate social responsibility. Also, the participation on the Board of Directors of past and current representatives of Legrand's management ensures the Board enjoys a good level of knowledge of the Group and its functioning.

With regard to its composition, the Board of Directors has received a number of Corporate Governance Awards organized by the French financial magazine AGEFI:

- on the occasion of the eleventh edition of the AGEFI Corporate Governance Awards, on September 24, 2014, Legrand was awarded the Silver Governance Award for Board of Directors Membership. This award reflected recognition of several characteristics of Legrand's Board, including the percentage of female members, the percentage of different nationalities among members, the provision of detailed information about Board members, the duration of their term of office, and their independence. On the same occasion, Legrand was also awarded the 2014 Corporate Governance Grand Prix and the Golden Governance Trophy for Dynamic Governance;
- on the occasion of the twelfth edition of the AGEFI Corporate Governance Awards, on September 16, 2015, Legrand once again won an award for Board membership.

Furthermore, in 2017 Legrand was ranked among the 10 companies of the CAC 40 first quartile with the best governance practices as part of the new "CAC 40 Governance" index launched by Euronext in partnership with Vigeo Eiris based on indicators in four areas including one relating to the Board of Directors (efficiency, balance of power, integration of social responsibility factors).

Following the non-renewal of the terms of Mr. François Grappotte and Mr. Dongsheng Li and the departure of Mr. Thierry de La Tour d'Artaise, and in response to the proposals formulated by the directors during financial year 2017 on the composition of the Board of Directors as part of the self-assessment of the functioning of the Board and its special Committees (see paragraph *Areas of improvement for the operation of the Board of Directors further to the annual evaluation of the Board of Directors*, page 176), there was a desire to enrich the Board's composition by selecting the profile of an executive from a listed company operating within the industrial sector, as well as of an executive with US nationality, given the significant exposure the Group has in the US.

Within this scope, as mentioned above, on the recommendation of the Nominating and Governance Committee the Board of Directors approved the candidatures of Mr. Edward A. Gilhuly and Mr. Patrick Koller, which will be subject to the vote of the Company's Combined Annual and Extraordinary General Meeting of Shareholders on May 30, 2018.

Given all these factors, the Board considered its composition in 2018 to be satisfactory with regard to the diversity criteria examined and at the end of the replacement process for Mr. François Grappotte, Mr. Dongsheng Li and Mr. Thierry de La Tour d'Artaise. Nevertheless, it will continue to give careful consideration to any areas of improvement that could be useful for the development and dynamic growth of the business.

On this basis and relating to the next expiration of the directorships of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepp, the Board of Directors chose:

- to support the renewal of the directorships for which the current director is standing for reappointment, for the reasons stated in the previous paragraph entitled "*Changes in the composition of the Board of Directors*";
- to support the candidatures of Mr. Edward A. Gilhuly and Mr. Patrick Koller with regard to the aforementioned reasons.

6.1.1.2 FUNCTIONING OF THE BOARD OF DIRECTORS

The Company's Board of Directors has adopted, pursuant to the Articles of Association, internal rules designed to establish, within the framework of current legal and regulatory provisions and the Articles of Association, details of the composition, organization and functioning of the Board of Directors and its Committees, as well as the rights and obligations of Directors. The Board of Directors' internal rules, which include a Directors' Charter, are regularly updated and can be viewed on the Company's website: *www.legrand.com*.

The main rules relating to the organization and functioning of the Company's administration and management bodies determined by the internal rules and the Company's Articles of Association are outlined hereunder.

Missions and duties of the Board of Directors and of its Chairman

The Board of Directors carries out the missions that have been assigned to it by the law in order to act at all times in the corporate interest.

The Board of Directors rules on how the Company is managed.

The Board of Directors is authorized to allow the Chairman to issue special pledges on the issuing of bonds.

The Board of Directors may decide to set up specialized committees to consider matters submitted to them by the Board of Directors or its Chairman. It sets the composition and powers of its Committees which shall carry out their duties under its responsibility and without prejudice to the powers of the Board itself; these can never be delegated to the Committees.

The Board's strategy and decisions are made within the context of the Company's sustainable development policy.

In consequence, it is in particular the duty of the Board:

- to consider and approve all decisions relating to significant strategic, economic, social, financial and technological issues for the Company and the Group and ensure that management puts them into effect;
- concerning the matters itemized below, to make related proposals to shareholders where they are subject to approval at General Meetings of Shareholders or to grant prior authorization to the Chief Executive Officer for their finalization and implementation where they are matters for general management:
  - delegation of powers or competence for purposes relating to the issue or purchase of shares or other securities providing access to equity,
  - subscription to, or agreement for, any loan, whether in the form of bonds or of any other kind, or any early voluntary repayment of loans, advances or borrowings for an amount exceeding €100 million,
  - the establishment of joint venture(s) or the acquisition of any business(es) for an amount exceeding €100 million; the acquisition of any equity interest or business, or the execution of any joint-venture agreement where the amount involved exceeds €100 million,
  - the sale or transfer of any business or businesses, asset or assets for an amount exceeding €100 million; the sale of any equity interest or business involving an amount exceeding €100 million,
  - the annual budget (including, but not limited to, capital expenditure),
  - the selection, replacement or removal of any or all of the statutory auditors,
  - merger transactions or proposals concerning the Company or, more generally, any transaction resulting in the transfer or sale of all, or a substantial portion of, its assets,
  - any transaction leading to an increase or decrease in the Company's equity capital, including, as may be the case, through the issue of securities providing access to the Company's equity capital, such as securities convertible into shares or exchangeable for or redeemable in shares or preferred shares (except for grant of free shares or stock options in the ordinary course of business of the Company),
  - any creation of double voting rights or any other change to the voting rights attached to Company shares,
  - changes to governance, including but not limited to, any change in the rules of governance applying within the Company, in particular the rules governing the membership and operation of the Board of Directors and, more generally, any change to these internal rules in accordance with what is set forth below,
  - any proposal for the appointment of new members to the Board of Directors,
  - the listing of any financial instrument issued by the Company on a regulated market other than Eurolist by Euronext or any other financial instrument issued by the Company,
  - bankruptcy filings, appointment of an ad hoc authorized agent, liquidation, etc., any voluntary dissolution or agreed liquidation of the Company, and any decision that may result in the initiation of insolvency proceedings or the appointment of an ad hoc authorized agent,
  - any proposal for a decision entailing amendment of the Company's Articles of Association,
  - in the event of disputes, the conclusion of any agreements, settlements or arrangements, or acceptance of any compromise, where the amount concerned exceeds €100 million,
  - the grant of any surety on Company assets if the obligation for which surety is given or the assets pledged represents an amount in excess of €100 million,
  - and more generally, any material transaction outside the scope of the Legrand's stated strategy, where the amount concerned exceeds €100 million;
- to examine and approve the reports on the activities of the Board of Directors and its Committees to be included in the annual report;
- to examine and approve, at the proposal of the Nominating and Governance Committee, the presentation of Directors to be included in the annual report, in particular the list of independent directors, setting out the criteria applied;
- to co-opt directors where necessary, and present proposals for the reelection of directors to the Ordinary General Meeting of Shareholders;
- to discuss the performances of the executive officers (not in the presence of the interested parties) and determine, based on the recommendation of the Compensation Committee, the compensation due to executive officers and to apportion attendance fees;
- to deliberate on stock option and bonus share plans and all other share-based payments or compensation indexed on or otherwise linked to shares;
- to ensure that shareholders and investors receive a relevant balanced and instructive information about the strategy, development model, the consideration of non-financial issues that are of significance to the Company and its long-term outlook;
- to approve the management report, together with the sections of the annual report illustrating corporate governance and describing the compensation policy.

The Board of Directors alone has the power to amend its internal rules.

The Chairman of the Board organizes and directs the work of the Board, on which he must report back to the General Meeting of Shareholders, and ensures efficient operation of the corporate bodies in respect of the principles of good governance.

He sets the schedule and agenda for the Board of Director meetings and convenes the Board. He coordinates the work of the Board of Directors with that of the specialized Committees.

In relations with the other Company bodies and with respect to external relations, the Chairman of the Board of Directors is the only person with the power to act in the name of the Board of Directors and to speak on its behalf, except in exceptional circumstances, and excluding a particular mission or specific mandate entrusted by the Board of Directors to another director.

He may interview the Statutory Auditors in order to prepare the work of the Board of Directors and the Committees.

The Chairman coordinates with the Chief Executive Officer, who alone ensures the general and executive management of the Company.

He ensures that the quality of relations with shareholders is maintained in coordination with the actions undertaken in the area by the Chief Executive Officer.

The Chairman receives from the Chief Executive Officer all the information required by law regarding the internal control report.

He can ask the Chief Executive Officer or any manager, and in particular the manager responsible of the risk management, for specific information to enlighten the Board of Directors and its Committees in accomplishing their mission.

Meetings of the Board of Directors

The Company's Board of Directors may meet as often as required in the interest of the Company, and in any event, must meet at least five times per year.

Members of the Board of Directors are called to Board meetings by the Chairman, or, in the event of unavailability of the Chairman by the Vice-Chairman, if any.

The Lead Director, if necessary, may also (i) ask the Chairman to call a meeting of the Board of Directors or, (ii) directly convene a meeting of the Board of Directors on a given agenda whose importance or urgency justify holding an extraordinary meeting of the Board.

The Chief Executive Officer may also ask the Chairman to call a Board meeting on a specific matter. Whenever the Board has not met for more than two months, at least one-third of the members of the Board of Directors may ask the Chairman to call a meeting of the Board to consider a particular agenda.

The Chairman is bound by the requests made to him/her under the previous paragraph.

Subject to the above, the agenda is decided by the Chairman and can only be set, if required, at the time of the meeting.

Notices are issued by any means, even verbally, at the registered office or in any other place indicated in the meeting notice, in France or abroad. The internal rules of the Company's Board of Directors state that meeting notices, which can be sent by the secretary of the Board of Directors, can be issued by letter, telex, telegram, fax, e-mail or verbally.

Where the notices of meeting so stipulate, Board meetings may be held by videoconference or teleconference, provided that these transmit at least the voices of participants and meet the technical requirements for the continuous and simultaneous relay of deliberations. Directors participating in Board meetings using such means are deemed present for the purposes of quorum and majority requirements.

If one or more Directors notify the Chairman of the Board that they cannot attend a Board meeting, the Chairman must attempt to organize a Board meeting using the means described in the preceding paragraphs.

Board meetings held by videoconference or by other electronic means cannot adopt certain decisions set forth by law.

The Chairman shall strive to issue meeting notices five days prior to the actual meeting. He/she shall also strive to take account of the agenda constraints of the Board members so as to ensure the presence of as many members as possible at each meeting.

Deliberations take place subject to the conditions of quorum and majority provided for by law. In the event of a tie, the Chairman has a casting vote. The Board may appoint a secretary who can be chosen from outside the shareholders and members.

Attendance register

An attendance register is maintained at the Company's registered office and contains the names of the Board members who were physically or otherwise present (e.g., by telecommunication), represented, excused or absent at each meeting. Proxies granted by mail, fax, telex, telegram or electronic mail are annexed to the attendance register.

Minutes

Deliberations of the Board are evidenced by minutes established, signed and maintained in accordance with regulatory requirements.

The minutes of each Board meeting must include:

- the name of each director present (either physically or by means of telecommunication or teletransmission), represented, excused or absent;
- the occurrence of any technical incident that disrupted proceedings during a videoconference or teleconference;
- the name of other persons attending all or part of the Board meeting;

- a summary of the discussions and deliberations of the Board of Directors; and
- questions raised and the reservations of participating directors, if any.

Board meeting notices and minutes are translated into English.

Evaluation of the Board of Directors and its specialized committees

At least once a year, the Board of Directors debates of its operations (this involves a corresponding review of the Board's specialized committees) and an account of this is to be included in the Company's annual report so that shareholders are informed each year of the assessments carried out and, if applicable, of any steps taken as a result (see section 6.1.1.3).

The assessment of the Board's operations and those of its specialized committees is supervised by the Lead Director.

Director access to information

In order to allow Board members to carry out their duties effectively, the Chairman of the Board must provide each Director with the documents necessary to consider items on Board meeting agendas, at least five days prior to the meetings.

Directors may request any documents they believe relevant for the preparation of the meeting, provided that they submit such requests with reasonable notice.

When required by confidentiality, in particular where sensitive financial information is concerned, information may be communicated during the meeting.

Directors receive all relevant information on significant events or transactions for the Company between meetings.

Directors have the opportunity to meet with the Company's principal executive managers, even outside the presence of executive Officers. In the latter case, these should be given prior notice.

Board members are informed about market developments, the competitive environment, and most important issues at hand, including in the fields of corporate social and environmental responsibility.

Directors' training

Each Director may be provided, at the time of their appointment and throughout their term of office, with training relating to the specific features of the Company, its businesses and the sector it operates in.

New Directors are provided with an induction program aimed at facilitating their integration and assumption of their new duties. The induction program includes site guided tours and meetings with Group management.

To take the most recent appointment to the Board as an example, visits, presentations and meetings were organized after the appointment of Ms. Isabelle Boccon-Gibod as a director by the General Meeting of Shareholders of May 27, 2016, to familiarize Ms. Boccon-Gibod with her duties on the Board. In the course of this induction program, Ms. Boccon-Gibod visited the Innoval Customer Training Center in Limoges, as well as the My Home Apartment, which showcases the technologies marketed by Legrand in its home systems. She was also given a presentation of several production sites and product testing laboratories, and meetings were organized with several senior executives and operational management staff at Legrand.

Moreover, Audit Committee members are provided, at the time of their appointment, with information relating to the Company's specific accounting, financial and operational features, which was the case in 2016 for Isabelle Boccon-Gibod.

The Board internal rules also stipulate that, if appointed, Directors representing employees or employee shareholders shall receive appropriate training on the requirements of their role.

Lastly, the four Central Works Council representatives who attend Company Board meetings received financial and legal training in 2016 as well as during 2017, in particular on the new European regime relating to market abuse.

Deontology for Directors

In accordance with the Directors' Charter, before taking up their post, all Directors must ensure that they are fully aware of their general and specific duties, particularly where these result from legislation and regulation, the Articles of Association, the Board's internal rules and its Charter, as well as from any other legally binding document:

- directors must be competent, active and committed;
- directors must act at all times in the corporate interest of the business. They undertake to promote and defend the Company's values;
- directors are to devote the necessary time and attention to their tasks.

  In this regard, they undertake to:

  - not hold more than four other directorships in listed companies, including foreign companies, not affiliated with the Group; an executive officer may not hold more than two other directorships in listed companies, including foreign companies, not affiliated with the Group. However, the limit of two other directorships applicable to the executive officers does not apply to directorships held by an executive officer in subsidiaries and holdings, held alone or together with others, of companies whose main activity is to acquire and manage such holdings,

- keep the Board of Directors informed of directorships held in other companies, including participation on the board committees of these companies, both in France and abroad; an executive officer must seek the opinion of the Board of Directors before accepting a new directorship in a listed company,
- be assiduous and as far as possible attend all meetings of the Board of Directors and any committee they may belong to;

- in the interest of transparency, the annual report includes a report on directors' attendance at meetings of the Board of Directors and its committees;
- directors shall make every effort to attend General Meetings of Shareholders;
- the Company recommends that all directors gradually acquire a number of shares during their term of office equivalent to one full year of their share of attendance fees, which they must own personally. To calculate the number of shares, the following are assumed: attendance, for one financial year, at all meetings of the Board and of the special committee(s) of which the relevant director is a member; and using the average price of Legrand shares over the previous financial year as the value for one Legrand share. The minimum number of shares to be held personally and kept throughout the term of office is set at 500. The Company is informed of the number of shares held and includes this information in its annual report.
- directors have a duty of loyalty and diligence.

  In this regard, they undertake to:

  - apprise the Lead Director and the Board of any actual or potential conflict of interest, and abstain from the related discussions and votes,
  - avoid any personal involvement with businesses that are competitors of the Company and its Group without having informed the Board of Directors and obtained its consent;
- directors are subject to a duty of confidentiality concerning any unpublished information they obtain as a result of their position;
- directors shall make sure they receive in time all documents and information necessary for the performance of their duties. It is their responsibility to ask the Chairman to supply all documents they consider necessary for their proper information;
- directors who consider the information supplied inadequate may request additional information from the Chairman or the Board of Directors;
- directors are to have the broadest possible knowledge of the specific features of the Company, its businesses and the sector it operates in;
- directors are to comply with the provisions of the Company's Code of Conduct with respect to trading and market activities.

Code of Conduct with respect to trading and market activities

In 2006, the Group adopted a Code of Conduct concerning stock market trading activity, which can be accessed on the Company's website at www.legrand.com. It was revised in the second half of 2016 to take into account the new European rules resulting from EU Market Abuse Regulation no. 596/2014 (MAR), which entered into force on July 3, 2016, and the AMF Position-recommendation no. 2016-08: Since this Code was revised in 2016, the position of Ethics Officer has been held by the Director of Legal Affairs.

The purpose of this Code, adopted by the Board of Directors on June 2, 2006 and the new version of which was presented at the Board meeting of November 9, 2016, is to raise awareness among all Company employees regarding:

- the legislative and statutory provisions in force concerning the holding, disclosure and use of "inside information" concerning the Company which could apply to them since they may have access to such information by virtue of their positions or duties for the Company;
- the rules applicable to the holding of certain sensitive information concerning the Company and in particular to confidentiality obligations and compliance with the blackout periods established by the Company;
- the rules for trading the Company's shares and the preventive measures set up so that each employee may invest in the Company's shares without contravening market integrity rules;
- the penalties incurred in the event of violation of these rules.

The Code also specifies:

- the appointment of the Ethics Officer, which is the Group's Executive VP Legal Affairs;
- the rules for preparing lists of insiders, which is done by the Ethics Officer and service providers acting in the name and on behalf of the Company who have access to inside information as part of their business relationships with the Company;
- the embargo periods during which the Company will not give out any new information about its business or earnings to financial analysts and investors;
- the role of the MAR Committee, which was set up when the Company adopted an internal procedure for qualifying and publishing inside information in 2016. This role consists in evaluating, on a case by case basis, whether or not information is privileged in nature and then qualifying and examining the consequences should such information be disseminated.

In accordance with this Code, individuals who have financial and accounting information and as such holding information that, while not constituting inside information within the meaning of the MAR criteria, is nevertheless sensitive and confidential, are required to observe the blackout periods determined by the Company. As in the case of individuals with executive responsibilities who are subject to abstention obligations during blackout periods under the applicable regulations, such persons are required, as a preventive measure, to refrain from carrying out, either directly or indirectly, on their own behalf or on behalf of others, any transactions involving Legrand shares (i) during the 30 calendar days preceding the date on which the annual, half-yearly or quarterly financial statements are made public by means of a press release regarding the results concerned, including the date of the publication of this press release and for the three trading days after the aforementioned financial statements have been published, and (ii) during any other period defined and communicated by the Ethics Officer.

The Code has three categories of individuals:

- insiders, meaning individuals in possession of information whose privileged nature has been identified in respect of the MAR criteria by the MAR Committee as part of the implementation of the internal procedure for qualifying and publishing inside information and who were notified by the Ethics Officer of their inclusion on the Company's list of insiders. These individuals must comply with the rules applicable to the holding, disclosure and use of inside information and in particular the absolute prohibition of carrying out any transaction on the Company's shares while such information has not yet been made public;
- individuals involved in preparing the Company's financial and accounting information, who are not included on the Company's list of insiders but are on the list of individuals subject to blackout periods insofar as they hold financial or accounts-related information which, while not necessarily constituting inside information with regard to the MAR criteria, is nevertheless sensitive and confidential. These individuals are required to comply with the abstention obligations during the blackout periods established by the Company as described above and to ensure that the information in their possession remains confidential;
- individuals discharging managerial responsibilities[1] who are required to comply with abstention obligations during the blackout periods established by the Company as described above. These individuals, as well as those closely associated with them, furthermore have a duty to disclose to the AMF (French Financial Markets Authority) any transaction they have performed on Legrand shares within three business days following the completion of said transaction(s).

Any person may seek the opinion of the MAR Committee before performing a transaction on the Company's shares by submitting a request to the Ethics Officer who will then call a meeting of the MAR Committee for said purpose. The Chief Financial Officer may only give an advisory opinion: the decision on whether or not to execute the transaction is the sole responsibility of the person who requested the opinion.

6.1.1.3 WORK DONE BY THE BOARD OF DIRECTORS IN 2017

In 2017, the Board met six times. Directors' attendance at Board meetings was satisfactory; the attendance rate in 2017 was 87%.

According to the Board's internal rules, some of its deliberations may be prepared by specialized committees, enabling the Board to discharge its duties under optimum conditions. The work of these committees is the subject of a detailed report at the meeting of the Board of Directors.

In 2017, the meeting attendance rate for the various specialized committees was 99%. Information on these specialized committees can be found in section 6.1.3 of the Company's Registration Document.

Topics covered in 2017 by the Board of Directors

The Board met to consider the following agenda:

- Company results:
  - report on the Audit Committee's work, as set out in section 6.1.3.3 below,
  - approval of the consolidated and Company financial statements for the year ended December 31, 2016 and the related reports, the consolidated quarterly financial statements to March 31, 2017, the half-yearly consolidated financial statements and management report to June 30, 2017, and the consolidated quarterly financial statements to September 30, 2017,
  - review and approval of press releases on the annual, half-yearly and quarterly consolidated financial statements,
  - proposal for appropriation of earnings,
  - choice of dividend payment method and consequences in terms of securities adjustment,
  - presentation of forecast financial statements for 2017,
  - approval of the 2017 budget;
- corporate Governance:
  - report on the work of the Lead Director,
  - report on the work of the Nominating and Governance Committee, as set out in section 6.1.3.3 below,
  - qualification of independent directors,
  - review of the composition of the Board of Directors in view of the reappointment of one director,
  - review of the composition of the committees,

(1) *Individuals with executive responsibilities is taken to mean (i) senior executives, i.e. members of the Company's Board of Directors, including the Chief Executive Officer, and (ii) high-level managers who, without being members of the Board of Directors, have regular access to inside information about the Company either directly or indirectly, and have the power to make management decisions regarding the Company's strategy and future development.*

- definition of diversity targets for the Board of Directors' membership,
- reappointment of the Principal Statutory Auditors and non-renewal of the mandate of the Deputy Statutory Auditors,
- assessment of the performance of the Board of Directors and its Committees (summary and proposals),
- changes to the Board of Directors' internal rules primarily due to:
  - the reform of the legal audit and in particular the setting up of a pre-authorization scheme for Services Other than Certification of the Financial Statements (SACC) by the Audit Committee, following the opinion given by the High Council of the Statutory Auditors (H3C) on the compliance of such a scheme,
  - elimination of the Chairman's report on corporate governance, risk management, and internal control, and the creation of the new report on corporate governance,
- review of regulated agreements and commitments;

■ compensation:

- report on the work of the Compensation Committee, as set out in section 6.1.3.3 below,
- compensation of the executive officer:
  - examination of compensation for 2016,
  - determination of the principles of compensation for 2017,
- long term profit-sharing plans/ performance shares and stock warrant and stock option plans:
  - implementation of the delegation approved under the thirteenth resolution of the Combined Annual and Extraordinary General Meeting of Shareholders on May 27, 2016.
  - approval of the rules of the 2017 performance share plan for Group employees and the executive officer, and long-term profit-sharing premiums,
  - approval of individual performance share awards to Group employees and the executive officer,
  - determination of number of shares that the executive officer is required to retain in registered form until the termination of his duties concerning the attribution of performance shares,
- attendance fees:
  - amounts distributed in 2016,
  - determination of the budget for reimbursement of directors' expenses;

■ financial management of the Company:

- annual renewal of authorizations for refinancing,
- renewal of annual powers granted to the Chairman for guarantees, endorsements and security,
- delegation of powers to the Board of Directors to be proposed to the General Meeting of Shareholders,
- implementation of the delegations approved under the ninth resolution of the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 31, 2017;

■ Company strategy and growth:

- report on the work of the Strategy and Social Responsibility Committee, as set out in section 6.1.3.3 below,
- approval of acquisition projects involving an amount in excess of €100 million,
- regular progress reports on proposed acquisition projects and on the financing of certain acquisitions,
- annual update of the Company's shareholder structure, summary of roadshows,
- presentations on strategic issues, especially during the Board of Directors' Annual Seminar;

■ risk management:

- review of the risk management procedures;

■ preparation for the annual General Meeting of Shareholders and Special Meeting of Shareholders of May 31, 2017:

- convening of the annual Combined Ordinary and Extraordinary General Meeting of Shareholders (setting of the agenda and approval of proposed resolutions),
- production of reports for the General Meeting of Shareholders;

■ other:

- recognition of the capital increase following the exercise of options and cancellation of shares,
- annual review of the policy regarding gender equality and equal pay,
- update on the financial report of the Milestone acquisition and on the financing of acquisitions,
- regulatory changes: update of the implementation of the qualification procedure for insider information as part of the new European regime on market abuse, update on the anti-corruption action plan within the scope on the Sapin II law relating to transparency, to anti-corruption, and to the modernization of economic life.

Board of Directors' Annual Seminar

Every year Legrand's directors and the representatives of the Central Works Council who attend meetings of the Board of Directors attend a Seminar organized in France or abroad. The Board Seminar is a recurring event. Program content is such that directors have the opportunity to better understand their role on the Board and improve their knowledge of the Group and its structure, products and markets.

In 2017, the objective of the Board Seminar was to state the different Group growth strategies in the medium and long term. Various presentations were organized during the Seminar, giving directors the opportunity to meet the teams and freely discuss the Group's different strategic options with them.

Areas of improvement for the operation of the Board of Directors further to the annual evaluation of the Board of Directors

Since 2007, a formal assessment of the operations of the Board of Directors and its specialized committees has been performed every year in order to measure, as required by the Code of Corporate Governance, (i) the methods of operation of the Board and its specialized committees, (ii) the quality of preparation and debate regarding significant matters, and (iii) the effective contribution of each director to the work of the Board, and his/her involvement in deliberations. In compliance with its internal rules, the Board discusses its operating procedures at least once a year and includes a report on this in the Company's annual report.

It should be noted that at its meeting of November 9, 2016, the Board approved the process for assessing its work based on a three-year cycle alternating between an external assessment and internal assessments which may, depending on the year, include an assessment of directors' individual contributions.

In 2017, a formal assessment was made in-house of the Board of Directors and specialized committees, under the supervision of the Lead Director, based on a questionnaire issued to directors, who also had the option of scheduling individual meetings with the Lead Director. The results of the questionnaire were analyzed by the Nominating and Governance Committee and later discussed at a Board meeting.

To summarize, the self-assessment conducted in 2017 in respect of 2016 revealed that all directors were satisfied, particularly with regard to (i) the Board's composition, especially the diversity and quality of profiles and its size; (ii) the quality of the information provided by Legrand to help the directors carry out their duties; (iii) the presentations, visits, and training, and in particular the Seminar, an important moment for presentations and meetings with operational staff that the directors particularly appreciate; (iv) the Board's operating procedures, especially in terms of holding meetings and quality of discussions and minutes; (v) the operating procedures of the specialized committees; (vi) the annual meeting of non-executive directors, which was especially appreciated by the directors; and (vii) the corporate initiatives following previous assessments.

In 2017, suggestions made by directors and responses supplied by management regarding the continuous improvement process for the Board's operating procedures were as follows:

- **the wish to enrich the Board's composition by selecting the profile of an executive from a listed company operating within the industrial sector, as well as of an executive with US nationality, given the significant exposure the Group has in the US, particularly through its recent acquisitions**: in this regard, a recruitment process run by an external consultant, appointed by the Nominating and Governance Committee, started at the end of 2017 and the appointment of two new directors will be proposed to the General Meeting of Shareholders on May 30, 2018;
- **more in-depth presentation of certain subjects, particularly the Group's human resources policy**: the subjects relating to human resources were discussed during the Strategy and Social Responsibility Committee meeting on April 26, 2017 at the date of the review of the 2016 list of achievements from the CSR 2014-2018 roadmap and a report was given during the Board of Directors' meeting on May 9, 2017;
- **the advisability to devote more time to debates dedicated to examining the Group strategy and to dealing with certain specific subjects during Board of Directors meetings**: in this regard, the organization of Seminars addresses this proposal.
- **expanding the Audit Committee meetings to cover all the new subjects and providing additional information to the Strategy and Social Responsibility Committee**: concerning the proposals relating to Audit Committee operation, the additional one-hour meetings dedicated to regulatory, exceptional or current subjects were scheduled in addition to the regular Audit Committee meetings as of the meeting of May 2017. Concerning the proposals relating to information passed to the Strategy and Social Responsibility Committee, the in-depth presentation supplied at the Committee meeting of January 26, 2017 as well as the additional methodology content supplied during the Seminar of March 15, 2017 allowed for a response to directors' proposals;
- **making support documents for specialized committee meetings available online via a dedicated website prior to meetings**: this request was met from February 2017 with the documents being made available on the dedicated website from the time notices of meeting are sent.

Directors are conscious that the Board and its specialized committees must achieve and maintain the right balance of members. Please see the section entitled "Diversity in the composition of the Board of Directors" in the Registration Document for more details of their conclusions on this matter.

6.1.2 –Lead Director

In 2013, the directors amended the Board's internal rules to make the appointment of a Lead Director compulsory in the event that the positions of Chairman and Chief Executive Officer are held by the same person. This is consistent with the recommendations of the Autorité des marchés financiers (French Financial Markets Authority) in its 2013 report on corporate governance and executive compensation.

The appointment of a Lead Director is one of the guarantees established within the Company to ensure an appropriate balance of powers in matters of governance. The Lead Director is appointed from among the independent directors (in accordance with the Code of Corporate Governance) who have been members of the Board for at least one year, following the opinion of the Nominating and Governance Committee. The term of office of the Lead Director may not exceed his or her term as Director. The Lead Director may be reelected based on a recommendation from the Nominating and Governance Committee.

Accordingly, the Board of Directors has appointed Ms. Angeles Garcia-Poveda as Lead Director until the expiration of her term of office as Director. Ms. Angeles Garcia-Poveda, an independent director, is a member of the Strategy and Social Responsibility Committee and Chairman of the Nominating and Governance Committee and Compensation Committee.

DUTIES OF THE LEAD DIRECTOR

The Lead Director's chief responsibility is to ensure the proper operation of the Company's governance bodies. In this respect, he/she is tasked with:

- preventing and managing conflicts of interest: the Lead Director is responsible for preventing conflicts of interest by raising awareness on the existence of factors likely to lead to such situations. The Lead Director is informed by each director of any actual or potential conflict of interest and reports on these to the Board, as she does on any actual or potential conflict of interest which she may detect independently;
- supervising the periodic assessment of the Board's operations and its specialized committees;
- chairing and moderating an annual meeting of non-executive directors without executive or internal directors being present, during which, in particular, meeting the performance of senior executives is assessed and future management prospects given consideration;
- reporting to the Chairman of the Board of Directors on the conclusions of the annual meeting of non-executive directors; and
- if necessary, acting as point of contact for Legrand shareholders, subject to consent by the Board of Directors on the principle and terms of such contact.

RESOURCES OF THE LEAD DIRECTOR

In the exercise of his/her duties, the Lead Director may:

- submit a proposal, as appropriate, to the Chairman of the Board of Directors to include additional items on the agenda of Board meetings;
- ask the Chairman to call a meeting of the Board of Directors or directly convene a meeting of the Board of Directors on a given agenda whose importance or urgency justifies holding an extraordinary meeting of the Board;
- chair meetings of the Board of Directors in the event of the Chairman being unable to attend; and
- if appropriate, attend meetings of committees of which he/she is not a member.

The Lead Director ensures that Directors have the possibility of meeting and hearing senior management and Statutory Auditors, as provided for by the Board's internal rules.

More generally, the Lead Director ensures that Directors receive the information needed to discharge their duties in the best possible conditions, as provided for in the Board's internal rules.

The Lead Director reports to the Board of Directors once a year.

LEAD DIRECTOR'S REPORT FOR 2017

In 2017, Ms. Angeles Garcia-Poveda called and chaired an annual meeting of the Company's non-executive directors that was split into two sessions, without the Executive Director being present. During this meeting, the non-executive directors discussed various topics, including the assessment of the performance of the Chairman and Chief Executive Officer, his compensation, and the succession plans. During the annual assessment of the operations of the Board and its specialized committees, the Lead Director asked the directors to give their opinion on the quality of the organization of the annual meeting of non-executive directors (scheduling, duration, and so on) and their assessment of the quality and content of the discussions that took place at the meeting. The directors expressed their full satisfaction regarding the above points.

In 2017, the Lead Director also presided over the Board's deliberations regarding the assessment of the Chairman and Chief Executive Officer's performance and decision regarding his pay; these discussions took place without the Chairman and Chief Executive Officer being present.

The Lead Director spoke at the Company's General Meeting of Shareholders of May 31, 2017 and presented Mr. Gilles Schnepp's compensation components as well as the Group's governance. With regard to compensation, the Lead Director explained the underlying principles of the compensation policy, the compensation components paid to Mr. Gilles Schnepp for financial year 2016, and those that were allocated to him for his role as Chairman and Chief Executive Officer for financial year 2017, subject to approval by the shareholders. With regard to governance, were presented to shareholders: the composition of the Board of Directors and its evolution, with a focus on the varied and complementary competences of its members, as well as the formal assessment process of the Board of Directors and its specialized committees which contribute to improving their operation.

At the request of the Lead Director, the assessment of the Board's operating procedures and those of its specialized committees regarding 2016 took place internally at the start of 2017 under the supervision of the Lead Director through a questionnaire given to directors. The results of this assessment are reported in the above section, "Areas of improvement for the operation of the Board of Directors further to the annual evaluation of the Board of Directors."

In accordance with the Board of Directors' internal rules, the Lead Director presented a report of her activities in 2017 to the Board of Directors at its meeting on March 20, 2018. The Board of Directors approved the Lead Director's activity report, at the time expressing its full satisfaction with the work she had done.

6.1.3 –Board of Directors' specialized committees

In order to facilitate the work of the Board of Directors and the preparation of deliberations, there are specialized committees that examine topics within their respective areas of competence and submit opinions, proposals and recommendations to the Board of Directors.

There are four permanent specialized committees:

- the Audit Committee;
- the Nominating and Governance Committee;
- the Compensation Committee; and
- the Strategy and Social Responsibility Committee.

In addition to the permanent committees, the Board of Directors may at any time set up one or several ad hoc committees, which may or may not be temporary, and determine their membership and operation as it sees fit.

Finally, the Chief Executive Officer may create an executive committee and determine its membership and scope.

6.1.3.1 COMPOSITION OF THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES

Principles

The Board of Directors appoints committee members on the recommendation of the Nominating and Governance Committee, for a term set by the Board of Directors and which may not exceed their term of office as Directors. The Board of Directors may remove committee members after consultation with the Nominating and Governance Committee.

The Audit Committee may have a maximum of five members. Members of the Audit Committee may not be executive officers or managers holding salaried positions with the Company or any of its subsidiaries. Members of the Audit Committee should be competent in finance or accounting.

The Chairman of the Audit Committee is chosen by the members of the Audit Committee at the proposal of the Nominating and Governance Committee, from among the independent members of the committee. The appointment of the Audit Committee's Chairman should be specially reviewed by the Board of Directors. The same procedure shall apply for the extension of the term of office.

The Nominating and Governance Committee may have a maximum of five members. The Nominating and Governance Committee should not include any executive officers. The Chairman of the Nominating and Governance Committee is chosen by the committee from among its independent members.

The Compensation Committee may have a maximum of five members. The Nominating and Governance Committee should not include any executive officers. The Chairman of the Compensation Committee is chosen by the committee members from its independent members, on the recommendation of the Nominating and Governance Committee.

With respect to the Strategy and Social Responsibility Committee, it has a maximum of five members. The Chairman of the Strategy and Social Responsibility Committee is chosen by the members of said committee from its membership, on the recommendation of the Nominating and Governance Committee.

Current composition of the specialized committees

It should be noted that with regard to the composition of the specialized committees that since 2016:

- two specialized committees, the Audit Committee and the Compensation Committee, are composed entirely of women;
- the four specialized committees are chaired by women.

The Audit Committee

The Audit Committee is made up of three members appointed by the Board of Directors, all three of whom are independent: Ms. Christel Bories, Ms. Éliane Rouyer-Chevalier, and Ms. Isabelle Boccon-Gibod. Their biographies and education can be found in pages 339, 342 and 338 of the Company's Registration Document.

The Audit Committee is chaired by Ms. Éliane Rouyer-Chevalier who has financial and accounting qualifications and makes an additional contribution through her understanding of financial equilibrium and risk assessment. Ms. Isabelle Boccon-Gibod has expertise in finance and accounting as well as prior experience as a member of the audit committee of a listed company Ms. Christel Bories has experience of senior management in industrial groups which is also invaluable to the Audit Committee.

With all Audit Committee members being independent, membership of the Audit Committee is compliant with the Code of Corporate Governance which recommends that two-thirds of members be Independent Directors.

The Nominating and Governance Committee

The Nominating and Governance Committee has three members appointed by the Board of Directors, including two independent Directors: Ms. Angeles Garcia-Poveda (independent Director), Mr. Olivier Bazil, and Mr. Thierry de La Tour d'Artaise(1) (independent Director). Their biographies and education can be found in pages 339, 338 and 341 of the Company's Registration Document.

The Nominating and Governance Committee is chaired by Ms. Angeles Garcia-Poveda, who has expertise both in executive recruitment and corporate governance. Mr. Olivier Bazil has extensive knowledge of the Legrand Group, in which he has spent his entire career. As such, Mr. Bazil knows the business, the industry and its issues, which is particularly useful to the Committee's work. Mr. Thierry de La Tour d'Artaise has served and continues to serve on various boards of major groups. He also has a particular interest in the subject of corporate governance and has practical experience of governance issues.

With two independent Directors out of three members, the composition of the Nominating and Governance Committee is compliant with the Code of Corporate Governance, which recommends that the majority of the Committee's members be independent Directors.

As indicated in the section "Directorships due for renewal in 2018" of this Registration Document, Mr. Olivier Bazil has expressed his intention to seek reappointment as a director. The Nominating and Governance Committee supported the reappointment of Mr. Olivier Bazil as a director for the reasons detailed above.

For the reasons provided above in section 6.1.1.1, Mr. Thierry de La Tour d'Artaise has stated his intention to resign from his office as director of Legrand and committee member. The Nominating and Governance Committee recommended that Mr. Patrick Koller be appointed member of the Nominating and Governance Committee to replace Mr. Thierry de La Tour d'Artaise as from the date he wishes to cease his duties, i.e. at the end of the Combined Annual and Extraordinary General Meeting of Shareholders on May 30, 2018.

The Compensation Committee

The Compensation Committee has three members appointed by the Board of Directors, all of whom are independent: Ms. Angeles Garcia-Poveda, Ms. Annalisa Loustau Elia and Ms. Éliane Rouyer-Chevalier (independent directors). Their biographies and education can be found in pages 339 and 342 of the Company's Registration Document.

The Compensation Committee is chaired by Ms. Angeles Garcia-Poveda who, thanks to her HR experience and current position as manager at Spencer Stuart, brings to the committee her extensive knowledge of corporate remuneration structures and methodology. Ms. Éliane Rouyer-Chevalier has expertise in Corporate Social Responsibility, a major component of the compensation of the Group's executives. The Compensation Committee benefits from her experience and sensitivity in the areas of corporate governance. Ms. Annalisa Loustau Elia has the skills and abilities to assess the non-financial and longer term aspects of the Group's performance (initiatives for growth, marketing, and so on).

With all of its members being independent Directors, the Compensation Committee is compliant with the Code of Corporate Governance, which recommends that the majority of the Committee's members be independent Directors.

The Strategy and Social Responsibility Committee

The Strategy and Social Responsibility Committee is made up of five members appointed by the Board of Directors: Ms. Christel Bories, Ms. Angeles Garcia-Poveda, and Ms. Isabelle Boccon-Gibod who are independent directors, Mr. Olivier Bazil, and Mr. Gilles Schnepp. Their biographies and education can be

(1) It is noted that Mr. Thierry de La Tour d'Artaise, member of the Nominating and Governance Committee and independent director at the date of publication of this Registration Document, will lose his status as an independent director on April 6, 2018, the date of the twelfth anniversary of his appointment to the office.

found in pages 339, 338 and 337 of the Company's Registration Document.

The Strategy and Social Responsibility Committee is chaired by Ms. Christel Bories, whose senior management experience within industrial groups and as a strategy consultant is invaluable to the committee. Ms. Angeles Garcia-Poveda brings to the Strategy and Social Responsibility Committee a wealth of prior experience gained from her time with the Boston Consulting Group and now as an executive at Spencer Stuart. Finally, Ms. Isabelle Boccon-Gibod brings a fresh viewpoint to the Group's strategic initiatives and contributes to enrich them through her participation in the Strategy and Social Responsibility Committee, which she joined at a time of accelerated development for the Group and of growing importance of CSR topics, following approval of her appointment to the Committee by the Board of Directors meeting on July 28, 2017.

Finally, Mr. Olivier Bazil and Mr. Gilles Schnepp offer the Committee the benefit of their in-depth knowledge of the Group and its businesses.

As indicated in the section "*Directorships due for renewal in 2018*" of this Registration Document, Mr. Gilles Schnepp and Mr. Olivier Bazil have expressed their intention to seek reappointment as directors. The Nominating and Governance Committee supported the reappointment of Mr. Gilles Schnepp and Mr. Olivier Bazil as directors for the reasons provided above.

6.1.3.2 FUNCTIONING OF THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES

Each Committee is responsible for setting its own annual meeting schedule, taking into account the schedules for Board meetings and General Meetings of Shareholders.

Each Committee meets as often as required to consider issues falling within its purview; meetings are convened by the Chairman of the Committee or by half of its members. The Chairman of the Board of Directors may call a Committee meeting if he/she considers that a Committee has not met as often as required by the rules specific to each Committee, as detailed below. The Chairman may also convene a Committee meeting if he/she deems it necessary for the Committee to give an opinion or a recommendation to the Board on a specific topic.

The Chairman of each Committee establishes the Committee meeting agenda and gives notice of Committee meetings to Committee members within a period of time sufficient to allow each Committee member to prepare for the meeting. The notice must contain the Committee meeting agenda and all information and documentation useful to the examination of agenda items.

Committee meetings may be held at the Company's registered office or at any other location. Committees are provided with secretarial assistance by the persons appointed by or in agreement with the Committee Chairman.

In performing its duties, each Committee may contact the Company's principal executives after having informed the Chairman of the Board of Directors of its intention to do so and subject to briefing the Board of Directors on the exchange with such principal executives.

The committees make sure that the quality of reports to the Board of Directors enables the latter to be fully informed, thereby facilitating its deliberations.

The Audit Committee

The powers and operation of the Audit Committee are outlined in the Board's internal rules, the provisions of which are restated below. The duties and operating rules of the Company's Audit Committee were determined on the basis of the conclusions of the AMF working party on audit committees in July 2010.

To take account of the new European statutory audit framework resulting from European Regulation 537/2014/EU of April 16, 2014, and European Directive 2014/56/EU of the same date, transposed into French law by order number 2016-315 of March 17, 2016, a temporary mechanism was introduced during financial year 2016 of pre-authorization for Services Other than Certification of the Financial Statements. This means that services which, by their nature, pose no problem in terms of the independence of the statutory auditors and whose amount does not exceed €100,000 are considered as pre-approved by the Audit Committee and do not require formal Audit Committee approval. This temporary mechanism relies on an internal control system that verifies that these services comply with the law.

The internal rules of the Board concerning the Audit Committee section were not modified to adjust to this situation, pending the final version of the reform application guides and the outcome of the discussions with the High Council of the Statutory Auditors (H3C) regarding the possibility of implementing a pre-authorization scheme for Services Other than Certification of the Financial Statements (SACC).

Following the favorable opinion given by H3C in 2017 on implementing a scheme that under certain circumstances would permit pre-authorization for Services Other than Certification of the Financial Statements (SACC) and the publication of final versions of the legal audit reform application guides, the Board of Directors meeting on November 6, 2017 confirmed the SACC pre-authorization procedure by the Audit Committee and the Audit Committee section of the internal rules was changed to include this pre-authorization scheme.

Assignment of the Audit Committee

The Committee assists the Board of Directors in the conduct of its mission as regards the adoption of annual company and consolidated financial statements and the preparation of information for shareholders and the market. It monitors the efficiency of internal controls and risk management. It is also charged with monitoring issues relating to the establishment and control of accounting and financial information, as well as legally required verification of accounts.

The Audit Committee must conduct regular hearings of the Statutory Auditors, including hearings without the presence of executive officers.

Should the Audit Committee call upon outside experts, it must ensure that they have the requisite skills and independence.

- **As regards internal control procedures and risk management**, the Board of Directors entrusts the Audit Committee with the following tasks:
  - to ensure the existence and monitoring of the efficiency of internal control and risk management systems, as well as for internal audit, in relation to the procedures for preparing and processing accounting and financial information, without this affecting the committee's independence;
  - to be aware of the information on procedures relating to the preparation and processing of the accounting and financial information in the reports presented to the General Meeting of Shareholders;
  - to assess the efficiency and quality of the Group's internal control procedures, in order to ensure that these contribute to the production of annual separate and consolidated financial statements providing a true and fair presentation of the Company and its Group, and complying with applicable accounting standards;
  - to give its opinion on the organization of the internal audit and risk control departments;
  - to monitor the implementation and effectiveness of risk management procedures;
  - to ensure that corrective actions are implemented in the event of significant weaknesses or flaws;
  - to examine the risks and the material off-balance-sheet commitments, to assess the importance of any failures or weaknesses which are communicated to it and if necessary, to inform the Board of Directors;
  - to ensure the relevance and quality of the Company's financial communications;
  - to hear the person in charge of Corporate Social Responsibility (CSR) on (i) the risks, especially for the CSR risk mapping, (ii) the conclusions of the independent third-party body in charge of reviewing extra-financial data, and (iii) the methods of construction and analysis of the roadmap. In this framework, the Audit Committee may decide, with approval from the Board of Directors, to entrust special assignments to one of its members, it being specified that in accordance with the provisions of article 3.5 of the internal rules of the Board of Directors, undertaking such tasks may give rise to additional fees.

  The Statutory Auditors must be heard at the Audit Committee meetings dealing with evaluation of the process for preparing financial information and review of the financial statements in order to report on the execution of their tasks and the conclusions of their work.

  The Audit Committee is informed of the main findings of the Statutory Auditors and the internal audit as regards the effectiveness of internal control and risk management systems. It hears the views of the persons responsible for the internal audit and for risk control. It is informed about the internal audit program and receives internal audit reports or a regular summary of those reports.

- **As regards the review of the financial statements**, the Board of Directors entrusts the Audit Committee with the following tasks:
  - to monitor the financial reporting process and, where appropriate, to make recommendations to ensure its soundness;
  - to carry out a prior examination of the draft separate and consolidated financial statements, whether annual, half-yearly or quarterly, in order to ascertain the conditions in which they were prepared and to ensure the relevance and consistency of the accounting rules and principles adopted;
  - to examine the method and scope of consolidation applied in the financial statements;
  - to ensure the proper accounting treatment of significant transactions at Group level;
  - to regularly be aware of the financial position, cash flow and significant commitments of the Company and the Group.

  The review of financial statements by the Audit Committee is accompanied by a presentation from the Statutory Auditors stressing the essential points not only of the results of the statutory audit, in particular the adjustments resulting from the audit and significant weaknesses in internal control identified during the auditor's works, but also of the accounting methods chosen. At the time of review of the financial statements, the Audit Committee may consider the major transactions in connection with which conflicts of interest could have arisen.

  The review of financial statements by the Audit Committee should also be accompanied by a presentation from management describing the Company's risk exposures, its material off-balance-sheet commitments, as well as the chosen accounting options.

  More generally, for the review of financial statements, the Audit Committee may question, without the presence of the company officers or, more generally, of Directors playing an active role in the Company, any person who, in one capacity or another, participates in preparing or auditing the financial statements (finance department, internal audit department and statutory auditors).

- **As regards external control procedures,** the Audit Committee's main task is to ensure the proper examination of the annual separate and consolidated financial statements by the Statutory Auditors and the independence and objectivity of these auditors:
  - by ensuring that the Statutory Auditors fulfill their duty in performing the statutory audit of the annual Company and consolidated financial statements;
  - by overseeing the selection procedure for the Statutory Auditors pursuant to the applicable regulations and examining the issues relating to the appointment, renewal

or removal of the Company's Statutory Auditors. At the end of the selection procedure for the Statutory Auditors, the Audit Committee issues a recommendation to the Board of Directors on the Statutory Auditors proposed for appointment or re-appointment by the General Meeting of Shareholders in compliance with the applicable regulations;

- by receiving each year from the Statutory Auditors: (i) their declaration of independence; (ii) the amount of the fees paid to the network of Statutory Auditors by the companies controlled by the Company or the entity controlling the Company; and (iii) information concerning the services performed in respect of Services Other than Account Certification;
- by receiving the supplementary report to the audit report;
- by approving the Services Other than Certification of the Financial Statements by the Statutory Auditors, pursuant to the conditions provided for by the internal procedure of pre-authorization, and in particular after having analyzed the risks for independence of the Statutory Auditors and the safeguarding measures applied by the auditors;
- by examining the amount and details of the remuneration paid by the Group to the Statutory Auditors' firm and to the network to which the firm may belong. In this respect, the Audit Committee is to obtain details of the fees paid by the Company and its Group to the Statutory Auditors' firm and to the network to which it belongs, and to ensure that the amount of such fees, or the fraction they represent of the total revenues of the Statutory Auditors' firm and of the firm's network, are not such that the independence of the Statutory Auditors might be affected.

Meetings of the Audit Committee

The Audit Committee meets as often as may be necessary. The Audit Committee must report regularly to the Board of Directors and as a minimum at the time the annual and interim financial statements are approved (i) on the exercise of its duties; (ii) on the results of its duties in certifying the financial statement; and (iii) on the manner in which its duties have contributed to the soundness of the financial information and its role in the process. It immediately informs the Board of Directors of any difficulties encountered. The reports of the Audit Committee to the Board of Directors aim at keeping the Board of Directors fully informed in order to facilitate its deliberations.

A meeting of the Audit Committee is validly held if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

The Audit Committee meets 48 hours before the review of the financial statements by the Board of Directors, it being specified that this period of time may be reduced from time to time, with the agreement of the Chairman and of the members of the Audit Committee.

Meetings of the Audit Committee may take place by telephone or video-conference.

The Nominating and Governance Committee

The powers and operation of the Nominating and Governance Committee are outlined in the Board's internal rules, the provisions of which are restated below.

Assignment of the Nominating and Governance Committee

The Nominating and Governance Committee is tasked with:

- considering and submitting proposals to the Board of Directors on the various options for the organization of the Company's management and supervision;
- considering and submitting proposals to the Board of Directors for appointment to the positions of Director, Lead Director, Chief Executive Officer, Chief Operating Officer, Chairman of the Board and members and Chairs of the specialized committees; to that end, it must assess the levels of expertise and experience required, define assignments and assess the amount of time needed to carry them out;
- submitting proposals to the Board of Directors on the nature of the responsibilities of the specialized committees;
- considering proposals submitted by interested parties, including management and shareholders;
- preparing, under the supervision of the Lead Director, the procedures for the periodic self-evaluation of the Board of Directors and governance bodies, as well as their evaluation by an external consultant, if any;
- preparing a management succession plan so as to be able to recommend options to the Board of Directors, particularly in the event of an unforeseen vacancy;
- examining each year, on a case-by-case basis, the position of each Director in relation to the independence criteria;
- examining changes in the corporate governance rules, monitoring the implementation of those rules by the Company (including the implementation of the Code of Corporate Governance adopted by the Company), assisting the Board of Directors in adapting the Company's corporate governance, and submitting proposals in this regard;
- reviewing the information relating to corporate governance in the corporate governance report and any other document required by applicable law and regulations in the matter and, more generally, ensuring that the proper information on corporate governance is given to shareholders.

The executive officer is involved in particular with the Committee's work on the selection of new Directors and succession planning for company officers.

Meetings of the Nominating and Governance Committee

The Nominating and Governance Committee meets at least twice a year and, if necessary, prior to approval of the agenda of the Annual General Meeting of Shareholders, to review the draft resolutions which are to be submitted to it and which fall within the Committee's remit. The Nominating and Governance Committee must report on its activities to the Board of Directors.

The Nominating and Governance Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Nominating and Governance Committee may be held by teleconference or videoconference.

The Compensation Committee

The powers and operation of the Compensation Committee are outlined in the Board's internal rules, the provisions of which are restated below.

Assignment of the Compensation Committee

As regards the compensation of company officers, the Compensation Committee is required to:

- assess all forms of compensation, including benefits in kind, insurance and pension entitlements received from any company in the Group and any affiliated company;
- examine and submit proposals to the Board of Directors regarding all components of compensation and benefits of company officers in particular as regards the calculation of the variable portions of compensation. To this end, it defines the rules for calculating this variable portion, taking into account the need for consistency with annual assessments of the performance of company officers and the Group's medium-term strategy; it also oversees proper application of these rules;
- ensure that the Company fulfills its obligations regarding the transparency of compensation. In particular, it prepares an annual activity report which is submitted for the approval of the Board for inclusion in the Company's annual report, and ensures that all legally required information concerning compensation is fully and clearly set forth in the annual report;
- review the information relating to compensation in the corporate governance report and any other document required by applicable law and regulations in the matter and, more generally, ensure that the proper information on compensation is given to shareholders.

As regards Directors' compensation, the Compensation Committee:

- issues a recommendation on the overall amount and conditions of Directors' fees in accordance with the provisions of the Board's internal rules;
- makes recommendations concerning any compensation awarded to Directors entrusted with special assignments.

As regards stock-option plans for the purchase of existing shares or subscription to new shares, and all other share-based compensation or compensation indexed on or otherwise linked to shares, the Compensation Committee is tasked with:

- examining the general policy governing eligibility for such schemes and submitting any proposals it may have on this to the Board of Directors;
- reviewing the information on this subject provided in the annual report and to the General Meeting of Shareholders;
- submitting proposals to the Board of Directors regarding the choice to be made from among the options permitted by law and explaining the reasons for such choice, together with its consequences;
- preparing the Board's decisions on such schemes.

In addition, the Committee must be informed of the compensation policy of key senior executives other than executive officers. In this respect, the committee's work shall involve the executive officer.

Meetings of the Compensation Committee

The Compensation Committee meets at least twice a year and, if necessary, prior to approval of the agenda of the Annual General Meeting of Shareholders, to review the draft resolutions which are to be submitted to it and which fall within the Committee's remit. The Compensation Committee must report on its activities to the Board of Directors.

The Compensation Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Compensation Committee may take place by teleconference or videoconference.

The Strategy and Social Responsibility Committee

The powers and operation of the Strategy and Social Responsibility Committee are outlined in the Board's internal rules, the provisions of which are restated below.

Assignment of the Strategy and Social Responsibility Committee

The mission of the Strategy and Social Responsibility Committee is to assist the Board of Directors in its decisions on strategic directions for the Company's business, and in particular to:

- examine all significant projects concerning the Group's development and strategic positioning, in particular projects for strategic partnerships and significant investments or divestments;

- examine draft annual budgets submitted to the Board of Directors. For this purpose, the Strategy and Social Responsibility Committee may hear from Company managers on the assumptions used to draw up or amend these budgets;
- assess consistency between Group strategy and the CSR principles espoused by the Group and ensure that management conducts an analysis of internal or external factors related to CSR stakes (risks and opportunities) which have an influence on the Group, such as regulations, third-party expectations and comparisons among sectors;
- evaluate the adequacy of the resources available to the Group for the successful implementation of its CSR strategy, in view of the objectives pursued;
- take cognizance of the main findings and observations of the independent third-party body, assess them and examine the related management action plans.

Meetings of the Strategy and Social Responsibility Committee

The Strategy and Social Responsibility Committee meets as often as may be necessary and in all events at least twice a year. The Strategy and Social Responsibility Committee must report on its activities to the Board of Directors.

The Strategy and Social Responsibility Committee may only properly meet if at least half of its members are present. Decisions are taken by simple majority, with its Chairman having a casting vote.

Meetings of the Strategy and Social Responsibility Committee may be held by telephone or videoconference.

Services offered by external consultants

The Committees of the Board may request external technical studies relating to matters within their competence, at the Company's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon.

In the event of Committees having recourse to services offered by external consultants, the Committees must ensure that the consultant concerned is objective.

6.1.3.3 WORK DONE BY THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES IN 2017

Work done by the Audit Committee in 2017

The Audit Committee met seven times in 2017. Attendance for the year was 95%. The Committee met to consider, in particular, the following matters:

- company results:
  - review of the annual separate and consolidated financial statements to December 31, 2016 and the management report on the consolidated financial statements, review of the quarterly consolidated financial statements to March 31, 2017, the half-yearly consolidated financial statements to June 30, 2017 together with the half-yearly financial report, and the quarterly consolidated financial statements to September 30, 2017,
  - review of the Statutory Auditors' work at December 31, 2016 and June 30, 2017,
  - review of key figures in the press release on the annual, quarterly and half-yearly consolidated financial statements and assumptions on the outlook for 2017, as well as accounting options,
  - assess how dividends will be distributed and the consequences of such distribution on resolutions for the Annual Meeting of Shareholders of May 31, 2017;
- risk management and internal control:
  - review of the Group's risk management policy and procedures, its internal audit and control procedures, and the related organization and resources,
  - review of the report by the Chairman of the Board of Directors on corporate governance, risk management and internal control,
  - examination of risk mapping;
- auditing and relations with external auditors:
  - internal audit: 2016 summary and review of the 2017 audit plan,
  - quarterly update on internal audits and fraud (review of audit summaries and fraud report),
  - review of the assignments of Statutory Auditors, including additional assignments,
  - review of the budget for auditors' fees,
  - consider with a view to renewing the appointments of an Auditor and of a Deputy Statutory Auditor;
- other:
  - presentation of the Registration Document,
  - monitor regulatory changes: reform of legal audit and the scheme for approving Services Other than Certification of the Financial Statements.

Pursuant to the internal rules of the Company's Board of Directors, the Audit Committee, as part of its duties, met the Chief Financial Officer, the heads of internal audit and risk control, and the person responsible for Corporate Social Responsibility (CSR) matters. The Audit Committee also met with Statutory Auditors in the presence of and without the Company's general management, in line with the recommendations of the Code of Corporate Governance.

Work done by the Nominating and Governance Committee in 2017

Nominating and Governance Committee met three times in 2017. Attendance for the year was 100%. The Committee met to consider, in particular, the following matters:

- membership of the Board of Directors and its Committees:
  - procedure for the review of the status of independent directors,
  - annual review of the diversity policy of the Board of Directors,
  - recommendation to renew the directorship of Ms. Annalisa Loustau Elia,
  - recommendation on the composition of the Compensation Committee,
- Group succession plans:
  - annual review of existing succession plans, whether in the long term or in the case of unforeseen events, concerning the Chief Executive Officer and all key management positions within the Group,
  - preparation of the plan to separate the duties of Chairman and Chief Executive Officer;
- other:
  - review of the section of the Chairman's report on corporate governance, risk management and internal control, and of certain sections of the Registration Document,
  - proposal of amendments to the internal rules of the Board of Directors,
  - report on the assessment of the operation of the Board of Directors and its committees conducted internally.

Work done by the Compensation Committee in 2017

The Compensation Committee met three times in 2017. Attendance for the year was 100%. The Committee met to consider, in particular, the following matters:

- compensation:
  - compensation of the executive officer:
    - review of the overall compensation structure,
    - calculation of compensation for 2016 financial year,
    - determination of the principles of compensation for 2017 financial year,
  - long-term incentive plans/performance action plan:
    - setting the 2017 performance share plan,
    - approval of individual award of performance shares to the Executive Officer and the Group's key managers,
    - determination of number of shares that the Executive Officer is required to retain in registered form until the termination of his duties as concerns performance shares,
  - attendance fees:
    - amounts distributed in 2016,
    - proposal of an overall annual reimbursement budget.

Work done by the Strategy and Social Responsibility Committee in 2017

The Strategy and Social Responsibility Committee met four times in 2017. Attendance for the year was 100%. The Committee met to consider, in particular, the following matters:

- acquisitions:
  - review of acquisitions made since 2004,
  - examination of proposed acquisitions,
  - definition of strategic orientations for future acquisitions;
- budget:
  - presentation of the 2017 draft budget,
  - approval of the 2017 budget;
- corporate Social Responsibility:
  - review of CSR indices in which the Company is listed, and competitive analysis,
  - review of Legrand's CSR strategy and assessment of the 2014-2018 roadmap,
  - review of priority objectives for 2017,
  - report on philanthropic initiatives.

6.1.4 –General Management of the Company

6.1.4.1 IDENTITY OF THE CHIEF EXECUTIVE OFFICER OF THE COMPANY

Mr. Benoît Coquart is responsible for the general management of the Company. The Board of Directors on February 7, 2018, on the proposal of Gilles Schnepp and recommendation of the Nominations and Governance Committee, decided to separate the duties of the Chairman and Chief Executive Officer as of February 8, 2018, and to appoint Benoît Coquart as Chief Executive Officer. Please see page 337 of the Company's Registration Document for on the biography of Mr. Benoît Coquart.

6.1.4.2 FUNCTIONING OF THE GENERAL MANAGEMENT OF THE COMPANY

Choice relating to general management of the Company

Principles

The Board of Directors shall decide, under the conditions set out in the Company's Articles of Association, whether the general management is performed by the Chairman of the Board of Directors or by another individual bearing the title of Chief Executive Officer.

Shareholders and third parties are informed of this decision in accordance with applicable laws and regulations. The management structure can be changed at any time. The Board of Directors must discuss whether to keep the current system whenever the mandate of the Chairman of the Board of Directors or the Chief Executive Officer comes to an end.

When the Chairman of the Board of Directors is responsible for the general management of the Company, the following provisions relating to the Chief Executive Officer apply.

The Chief Executive Officer must always be a physical person aged under 65 at the time of appointment. When the Chief Executive Officer has reached this age limit, he/she is considered as having resigned from the role after the Ordinary General Meeting of Shareholders called to approve the financial statements from the past year and held in the same year the age limit is reached.

The Chief Executive Officer can always be reelected. The Chief Executive Officer may or may not be a Director. If the Chief Executive Officer is not a Director, he/she attends meetings of the Board of Directors in an advisory capacity, except if the Board decides otherwise by a simple majority. If the Chief Executive Officer is temporarily unable to perform his/her functions, the Board of Directors may appoint a Director to act as Chief Executive Officer. The Board of Directors shall determine the compensation and duration of the role of Chief Executive Officer. If the Chief Executive Officer is a Director, this term of office may not extend beyond his/her term of office as a Director.

On the proposal of the Chief Executive Officer, the Board of Directors may appoint a maximum of five Chief Operating Officers to assist him/her. The Chief Operating Officer must always be a physical person. They may or may not be a Director. In agreement with the Chief Executive Officer, the Board shall determine the scope and duration of the Chief Operating Officer's powers, which may not exceed the powers of the Chief Executive Officer as well as the duration of the Chief Executive Officer's role. The Board shall determine the compensation of each Chief Operating Officer. If the Chief Executive Officer leaves, the Chief Operating Officer shall remain in office unless a new Chief Executive Officer is appointed (unless a decision to the contrary is taken by the Board). Chief Operating Officers can be re-appointed and are subject to the same age limits as the Chief Executive Officer.

Choice of the separation of the offices of Chairman and Chief Executive Officer by the Board of Directors

According to the Code of Corporate Governance, "*corporations with boards of directors have a choice between separation and combination of the offices of chairman and chief executive officer. The law does not favor either formula and allows the Board of Directors to choose between these two forms of exercise of executive management*".

At its meeting of March 17, 2006, the Board of Directors decided to combine the functions of Chairman and Chief Executive Officer, both to be assumed by Mr. Gilles Schnepp. This form of governance was chosen in the context of the Company's initial public offering.

Mr. Gilles Schnepp, during the Board of Directors meeting of February 7, 2018, proposed to the Board of Directors a change in governance for the Group in order to proceed with Legrand's development under the best possible circumstances.

Therefore, on the proposal of Mr. Gilles Schnepp and the recommendation of the Nominating and Governance Committee, the Board of Directors decided to separate the offices of the Chairman and Chief Executive Officer as of February 8, 2018. This permanent separation is in line with the best governance practices. It allows both offices to be fully exercised.

Consequently, the Board of February 7, 2018, decided to renew Mr. Gilles Schnepp in his office as Chairman of the Board of Directors, to recommend the renewal of his directorship during the next General Meeting of Shareholders on May 30, 2018, and to appoint Mr. Benoît Coquart to succeed him as Chief Executive Officer of Legrand.

The appointment of Mr. Benoît Coquart places at the head of Legrand's general management a next-generation executive, who is fully aware of the challenges of the Group and its industry, and who has demonstrated his leadership skills by holding key strategic and operating positions at Legrand for over 20 years.

Plurality of mandates

Mr. Gilles Schnepp, Chairman of the Board of Directors, is also a member of the Board of Directors of another French listed company. With regard to the non-executive director, the Board can formulate specific recommendations concerning his or her status and particular duties.

Moreover, as mentioned in section 6.1.1.1 above, the Chairman of the Board of Directors is required to inform the Chairman of the Nominating and Governance Committee of any intention to take on another directorship, and must ask the Board for its opinion before accepting any new directorship in a listed company, in line with the provisions of the Board's internal rules.

Mr. Benoît Coquart, Chief Executive Officer, does not hold any other mandate in another French listed company. The number of mandates held by Benoît Coquart is therefore in line with the Corporate Governance Code, which recommends that executive corporate officers not hold more than two other mandates in listed companies outside their group, including foreign ones.

6.1.4.3 POWERS OF THE CHIEF EXECUTIVE OFFICER

Subject to internal limitations which are non-binding to third parties and which the Board of Directors may fix to its powers in the internal rules, the Chief Executive Officer is vested with the widest powers to act under any circumstances on behalf of the Company. These powers are to be exercised within the limits resulting from the Company's corporate purpose and the powers expressly reserved by law to General Meetings of Shareholders and to the Board of Directors.

The internal rules of the Board of Directors list the important decisions and transactions requiring prior approval from the Board of Directors. These decisions and transactions are presented in section 6.1.1.2 of the Company's Registration Document.

6.1.4.4 EXECUTIVE COMMITTEE

The Executive Committee is made up of a tightly-knit nine-member team which has varied and complementary expertise. All members of the Committee understand the core business of the Group and its stakes. This Committee gathers together countries' General Management but also operational departments' support of these countries. Several nationalities are represented on the Committee (French, American and Italian), reflecting Legrand's history and business breakdown.

As of the filing date of this Registration Document, the Executive Committee, which includes two women, is made up of the following

Name	Duties	Date of joining the Group
Mr. Benoît Coquart	Chief Executive Officer	1997
Ms. Karine Alquier-Caro	Executive VP Purchasing	2001
Ms. Bénédicte Bahier	Executive VP Legal Affairs	2007
Mr. Antoine Burel	Chief Financial Officer	1993
Mr. Xavier Couturier	Executive VP Human Resources	1988
Mr. Paolo Perino	Chairman of Bticino and Executive VP of Strategy and Development	1989
Mr. John Selldorff	President and Chief Executive Officer of Legrand North & Central America	2002
Mr. Patrice Soudan	Deputy Chief Executive Officer, Executive VP Group Operations	1990
Mr. Frédéric Xerri	Executive VP Export	1993

6.1.5 –Service agreements

As of the date of this Registration Document and as far as the Company is aware, no existing services contract has been entered into between members of the administrative or management bodies and the Company or any of its subsidiaries that provides for the award of benefits.

6.2 – COMPENSATION AND BENEFITS OF COMPANY OFFICERS

6.2.1 –Principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits due to company officers in respect of their office

The principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional components of overall compensation and any benefits attributable to company officers in respect of their office, which constitute the compensation policy applicable to them, are established by the Board of Directors based on the recommendation of the Compensation Committee, which helped to produce this chapter.

These principles and criteria are part of the corporate governance report required under article L. 225-37-2 of the French Commercial Code, which is subject to shareholder approval. This report can be found in Appendix 2 of this Registration Document.

6.2.1.1 UNDERLYING PRINCIPLES OF THE COMPENSATION POLICY

The compensation policy for company officers is determined by the Board of Directors upon the recommendation of the Compensation Committee on the basis of the principles mentioned in the Code of Corporate Governance: comprehensiveness, balance between the compensation components, comparability, consistency, understandability of the rules and proportionality.

The Board of Directors ensures that the compensation policy is in line with market practice for comparable companies, is tailored to the Company's strategy and situation and is designed to boost the Company's performance and competitiveness in the medium and long term.

The underlying principles for the compensation of company officers in 2018 remain essentially unchanged compared to 2017. Profitable growth and value creation on the long run taking into account all stakeholders within a broader definition of the business, are central to the Company's compensation policy and practices:

- total compensation should be balanced and consistent with the Company's strategy;
- the compensation structure (and financial and non-financial performance-based variable compensation in particular) should be aligned with shareholders' interests and contribute to the Company's profitable and sustainable growth;
- performance criteria should be stringent and correspond to the key factors of profitable and sustainable growth of the Company, and more generally be aligned with the Company's short- and long-term objectives;
- a significant proportion of variable compensation is based on the Company's performance relating to corporate social responsibility (CSR);
- lastly, the compensation policy, which is simple and transparent, must ensure a level of attractiveness for company officers while continuing to be fair and acceptable to stakeholders.

As part of the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors had undertook to define the compensation structures and levels applicable to the Chairman of the Board of Directors and to the Chief Executive Officer in accordance with the principles mentioned above as well as market practices and the compensation observed for similar functions in CAC 40 companies.

6.2.1.2 COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR 2018, AS OF FEBRUARY 8, 2018

At its meeting on March 20, 2018, and upon the recommendation of the Compensation Committee, the Board of Directors, taking market practices into account and in accordance with the recommendations of the Code of Corporate Governance, decided that the compensation structure that is most suited to the Chairman of the Board of Directors for the 2018 financial year as of February 8, 2018 consisted in paying a fixed compensation as the sole compensation component.

The Board of Directors has decided that the annual fixed compensation of the Chairman of the Board of Directors, Mr. Gilles Schnepp, will amount to €625,000, corresponding to the amount of the fixed compensation attributable to him in respect of his office as Chairman and Chief Executive Officer, before the separation of the offices of Chairman of the Board of Directors and Chief Executive Officer. This amount of annual fixed compensation for the Chairman of the Board of Directors was determined by the Board of Directors, upon a proposal from the Compensation Committee, in accordance with the principles described in section 6.2.1.1 of this chapter, and in line with the responsibilities and duties assumed by the Chairman of the Board of Directors and related to the office, as provided by the law, the Articles of Association and the internal rules. The main elements taken into account in determining this compensation were (i) the key role of the Chairman of the Board of Directors in connection with all the responsibilities of the Board and its committees as well as the expertise and experience required to carry out these responsibilities and (ii) the analysis, through market studies, of practices relating to compensation paid to non-executive chairmen of CAC 40 companies.

No other component of compensation (whether annual variable compensation, long-term compensation, attendance fees, extraordinary compensation or any undertaking set out in the provisions of article L. 225-42-1 of the French Commercial Code) is provided for in the compensation policy applicable to the Chairman of the Board of Directors.

It should also be noted that Mr. Gilles Schnepp has waived, at his own initiative, his compensation as Chairman and Chief Executive Officer for the 2018 financial year, i.e. between January 1, and February 7, 2018. Therefore, no ex-ante vote on the compensation policy for Mr. Gilles Schnepp in his capacity as Chairman and Chief Executive Officer for the 2018 financial year will be submitted to the General Meeting of May 30, 2018.

6.2.1.3 COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER FOR 2018 AS OF FEBRUARY 8, 2018

A – Overall structure of compensation attributable to the Chief Executive Officer for the 2018 financial year

At its meeting on March 20, 2018, and upon the recommendation of the Compensation Committee, the Board of Directors, taking market practices into account and in accordance with the recommendations of the Code of Corporate Governance, determined the total compensation attributable to the Chief Executive Officer for his office as from February 8, 2018, based on all the criteria defined in section 6.2.1.1. This compensation comprises three components:

- fixed compensation;
- annual variable compensation linked to financial and non-financial performance during the year;
- long-term compensation linked to financial and non-financial performance over the long term. Depending on the year, this can take the form of either one of the following financial instruments:
  - performance shares (corresponding to long-term compensation, attributable to the Chief Executive Officer for the 2018 financial year),
  - future performance units paid in cash (no “Future Performance Units” are attributable to the Chief Executive Officer for 2018 financial year).

Upon the recommendations of the Compensation Committee, the Board of Directors indicated that it had repeatedly proposed a revaluation of Mr. Gilles Schnepp’s compensation when he was Chairman and Chief Executive Officer, because it was below market practices. Mr. Gilles Schnepp had rejected these proposals and chose to maintain his fixed compensation at the same level since 2011, explaining to the Board of Directors that he had invested significantly in the Company’s capital before its IPO (Initial Public Offering) and that the issue of his retention was not a matter of concern.

Following the separation of the offices of Chairman and Chief Executive Officer and given the situation and different profile of the new executive officer, the Board of Directors, upon the recommendation of the Compensation Committee, decided to make minor changes to the compensation structure and level applicable to the Chief Executive Officer in order to bring his compensation to a level consistent and reasonable with the market and to guarantee that the compensation will meet its retention objective in a satisfactory manner. The Board of Directors, upon the recommendation of the Compensation Committee, has also emphasized the importance of having a balance between the various components of compensation in line with the strategy of Legrand. The Board of Directors has therefore decided to place the emphasis on annual variable compensation and long-term compensation in order to make them a retention tool and to encourage financial and non-financial performance as well as the value creation on the long run.

This revaluation of the compensation was carried out on the basis of analyses and studies of compensation practices of CAC 40 companies for comparable functions conducted by independent external firms.

The Board of Directors has therefore established the following compensation structure for the Chief Executive Officer:

Component	Strategic purpose	Operation	Amount/Weighting as % of fixed compensation
FIXED	**Compensate the scope and level of responsibilities**	Determined by the Board of Directors, fairly and competitively, upon a recommendation from the Compensation Committee, in consideration of: ■ the level of responsibility; ■ the experience; ■ the market practices of CAC 40 companies; ■ the potential changes of role and responsibility.	€700,000
ANNUAL VARIABLE	**Encourage the achievement of the Company's financial and extra-financial annual targets**	The Board of Directors upon a recommendation from the Compensation Committee, according to strategic priorities, determines the following: ■ annual objectives to be achieved; ■ type and weighting of performance criteria; ■ proportion between quantifiable and qualitative portions ***of which quantifiable (75%):*** *structured so as to incentivize the achievement of specific and ambitious performance criteria:* ■ *financial criteria (adjusted operating margin before acquisitions, organic growth, external growth);* ■ *extra-financial criteria (Legrands inclusion in benchmark CSR indices).* ***of which qualitative (25%):*** *structured so as to take account of the year's initiatives deployed to support growth and risk management.*	Minimum value: 0% of fixed compensation Target value: 100% of fixed compensation Maximum value: 150% of fixed compensation
LONG-TERM	**Incentivize long-term financial and extra-financial performance Retain and develop loyalty in the long-term**	The Board of Directors upon a recommendation from the Compensation Committee, determines the following: ■ objectives to be achieved; ■ type and weighting of future performance criteria. Determined after application of a presence condition and 4 demanding performance criteria (each counting for a 1/4) measured over three years: ■ target for organic growth of revenues (3-year average of achievements); ■ target for adjusted operating margin before acquisitions (three-year average of performance); ■ rate of achievement of the Group's CSR roadmap (3-year average of achievements); ■ Legrand stock market performance as compared with the performance of the CAC 40 index (difference in performance measured over a 3-year period).	Minimum value: 0% Initially allocated value (target value): 200% of fixed compensation, converted into shares Minimum value: 150% of the number of shares initially allocated depending to achievements of future performance criteria

Implementation for 2018

At its meeting on March 20, 2018, the Board of Directors, on the recommendation of the Compensation Committee, approved the following principles regarding the compensation policy applicable to the Chief Executive Officer for the 2018 financial year, in relation to his office, as from February 8, 2018:

- **a fixed annual compensation amounting to €700,000**. This amount was set by the Board of Directors on March 20, 2018, after considering the level of responsibility, profile and experience of the new Chief Executive Officer as well as market practices, which were identified in a study carried out by an independent consulting firm relating to compensation practices for similar functions in CAC 40 companies. This amount has been moderately revaluated compared to the annual fixed compensation applicable to the Chairman and Chief Executive Officer in 2017, given the following components:

- there had been no revaluation of the fixed compensation of Mr. Gilles Schnepp since 2011;
- it was positionned below comparables,
- the change in chief executive officer, his situation, profile and his experience required to set compensation at a consistent and reasonable level compared with the market in order to ensure that the retention objective is met satisfactorily.

It must be noted that the amount of the annual fixed compensation after such revaluation remains lower than the first decile of the CAC 40 in accordance with the external study carried out, which the Board of Directors has considered to be reasonable.

- **an annual variable compensation, the target value of which was set at 100% of fixed compensation (3/4 quantifiable and 1/4 qualitative)**, potentially ranging between 0% and 150% of fixed compensation, depending on the level of achievement of the predefined quantifiable and qualitative criteria presented on pages 191-192. The Board of Directors has wished thereby to place the emphasis on annual variable compensation in order to incentivize financial and extra-financial performance.

  The diligence conducted by the independent consulting firms commissioned by the Compensation Committee shows that the proposed weightings result in total target cash compensation equal to €1,400,000, which is slightly lower than the first decile of the CAC 40, according to the external study carried out, which the Board of Directors has considered to be reasonable.

- **a long-term compensation in the form of performance share plans**, the target value of which has been set at 200% of the fixed compensation and which will be converted into shares. The number of shares can range thereafter between 0% and 150% of the initial allocation based on the level of achievement of four financial and non-financial criteria measured on the basis of a three-year average and detailed on pages 192–194. It must also be noted that the weighting of the long-term compensation in the total compensation has been increased compared to 2017 to ensure that the compensation can meet its retention objective in a satisfactory manner and encourage the creation of long-term value.

The diligence conducted by the independent consulting firms commissioned by the Compensation Committee show that the proposed weightings result in a total target compensation equal to €2,800,000, which is slightly lower than the first quartile of the CAC 40, according to the external study carried out, which the Board of Directors has considered to be reasonable.

B – Determination of the calculation principles, criteria and weightings applicable to the annual variable and long-term elements of compensation attributable to the Chairman and Chief Executive Officer for the 2018 financial year by virtue of his office as from February 8, 2018

Annual variable compensation of the Chief Executive Officer for the 2018 financial year

The principles for the calculation of variable compensation for the 2018 financial year, including applicable criteria and their weighting shown in the table below, were determined by the Board of Directors at its meeting held on March 20, 2018 on the recommendation of the Compensation Committee.

As mentioned on page 189, the compensation scheme applicable to the Chief Executive Officer has been modified to suit the change in his profile, in order to guarantee that the compensation can fulfill its retention role satisfactorily and encourage value creation. In relation to this, the Board of Directors has decided to increase the weight of annual variable compensation in total compensation, setting the target value at 100% of fixed compensation (compared to 80% in 2017) and the maximum value at 150% (compared to 120% in 2017).

At its meeting on March 20, 2018, on the recommendation of the Compensation Committee, the Board of Directors also decided to maintain unchanged the nature and weighting of quantifiable and qualitative criteria of annual variable compensation that had been established for the 2017 financial year.

Choice of performance criteria for annual variable compensation and target-setting method

Performance criterion	Reason for criterion	Target-setting method
Adjusted operating margin before acquisitions	Alignment with published annual targets	The ranges of the performance targets to be reached correspond to the Company's annual targets, disclosed to the market upon publication of the annual financial statements for the previous year (February).
Organic growth of revenues	Alignment with published annual targets	
External growth	Consistent with the Group's growth model	Consistency with the Group's growth model (measured by the growth in revenues for the year by scope effect).
Legrand's inclusion in CSR benchmark indices	Non-financial criterion depending on the rating of third parties and consistent with the Company's sustainable development targets	Depending on the number of CSR benchmark indices in which Legrand is present.

Criteria and targets for annual variable compensation for 2018

				Min	Target	Max
Quantifiable portion: 3/4 of annual variable i.e., 75% of fixed compensation (as a target)	Operating margin	2018 adjusted operating margin (at 2017 perimeter)	As a % of fixed compensation	0%	**40%**	60%
			Indicator value	20%	20.25%	20.5%
	Organic growth of revenues	2018 organic revenues growth	As a % of fixed compensation	0%	**15%**	22.5%
			Indicator value	1%	2.5%	4%
	External Growth	2018 revenues growth (including the effect of the acquisitions)	As a % of fixed compensation	0%	**10%**	15%
			Indicator value	0%	5%	10%
	Corporate Social Responsibility (CSR)	Legrand's inclusion in CSR benchmark indices	As a % of fixed compensation	0%	**10%**	15%
			Indicator value	7	12	14
	QUANTIFIABLE TOTAL			**0%**	**75%**	**112.5%**
Qualitative portion: 1/4 of annual variable i.e., 25% of fixed compensation (as a target)	Revenue growth	Evolution market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies		0%	**10%**	15%
	External growth policy	Compliance with set priorities, emphasis on multiples paid, emphasis on any dilutive effects of acquisitions on the Group's performance, quality of the integration for acquisitions already made		0%	**10%**	15%
	General criteria	Risk management, initiatives and social dialogue, professional diversity and equality, succession plans		0%	**5%**	7.5%
	QUALITATIVE TOTAL			**0%**	**25%**	**37.5%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**

Long-term compensation paid to the Chief Executive Officer for the 2018 financial year

In respect of 2018 financial year, the Chief Executive Officer's long-term compensation consists of a performance share plan (the "**2018 Performance Share Plan**"), decided by the Board of Directors at its meeting on March 20, 2018 on the recommendation of the Compensation Committee. This initial allocation, which will be converted into performance shares when the Board of Directors meets on May 30, 2018 at the end of the 2018 General Meeting, corresponds to 200% of the target amount of fixed compensation, with a possible variation between 0% and 150% of the initial allocation based on future performance criteria.

As stated on page 189 of this Registration Document, the compensation scheme applicable to the Chief Executive Officer has been changed in order to set the compensation at a consistent and reasonable level given the change in his profile, and in order to guarantee that the compensation can fulfill its retention role satisfactorily and encourage long-term value creation. For these reasons, the Board of Directors has decided to increase the weight of the long-term variable compensation in the total compensation, setting the target value at 200% of fixed compensation (compared to 120% in 2017).

It must be recalled that, historically, long-term variable compensation depended in particular on the two following company performance criteria: based on EBITDA, calculated as a percentage of revenues, and normalized free cash flow calculated as a percentage of revenues. As stated on page 183 of the Company's 2016 Registration Document, a change in the accounting standard (IFRS 16), which will take effect as from 2019, is going to change the measurement of these indicators. On this basis, the Board of Directors at its meeting of March 20, 2018, acting on the recommendation of the Compensation Committee, decided to change the performance criteria for the 2018 Performance Share Plan.

Choice of performance criteria for long-term variable compensation and target-setting method

It must be specified that:

- the first two performance criteria are aligned with the Company's targets disclosed in February. These targets concern annual organic growth of revenues and adjusted operating margin before acquisitions. These indicators are central to Legrand's business model, based on profitable growth;

- the third criterion is of an extra-financial nature, based on the achievement of the Group's commitments in terms of Corporate Social Responsibility in the framework of its CSR roadmap, which is central to Legrand's model and aims to ensure sustainable growth with respect to all stakeholders;
- the last criterion is based on the Legrand stock market performance compared with that of the CAC 40 index, thus making it possible to relatively assess performance, on the understanding that the principle of non-payment in case it underperforms the CAC 40 index (as described in point 4 below) would apply to this criterion.

The performance criteria proposed thus reflect the Company's model based on profitable and sustainable growth aligned with the interest of shareholders and are transparent.

Performance criterion	Description of target-setting criteria and method	Weighting
Target of organic growth of revenues	Target: 3-year average of the upper and lower ranges of the annual target concerned. Comparison of the target with the average of achievements over three years.	1/4
Target of adjusted operating margin before acquisitions	Target: 3-year average of the upper and lower ranges of the annual target concerned. Comparison of the target with the average of achievements over three years.	1/4
Annual rates of achievements of the Group's CSR roadmap	Target: arithmetic average over 3 years of the annual rates of achievement of the Group's CSR roadmap.	1/4
Legrand stock market performance compared with the performance of the CAC 40 index	Difference in performance between the Legrand stock market price and that of the CAC 40 index over a 3-year period.	1/4

Accordingly, the performance criteria are measured over a three-year period and the calculation of the number of performance shares ultimately granted to the Chief Executive Officer is done according to the following method:

1) Criterion of organic growth of revenues:

Pay-out rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of the achievements of 2018, 2019 and 2020	Lower than (LR(2) - 2 points)	Between (LR(2) - 2 points) and LR(2)	**Equal to LR(2)**	Between LR(2) and UR(3)	**Equal to UR(3)**	Between UR(3) and (UR(3) + 2 points)	Higher than (UR(3) + 2 points)

Illustration of the determination of the 3-year target based on the 2018 allocation plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2018	Equal to 1.0%	Equal to 4.0%
Year 2: 2019	Disclosed to the market in February 2019	Disclosed to the market in February 2019
Year 3: 2020	Disclosed to the market in February 2020	Disclosed to the market in February 2020
3-year target: Average of annual targets	**LR(2)**	**UR(3)**

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) LR corresponding to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponding to the 3-year average of the upper ranges of the annual target disclosed to the market.

2) Criterion of adjusted operating margin before acquisitions:

Pay-out rate[(1)]	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of the achievements of 2018, 2019 and 2020	Lower than (LR[(2)] - 50 bps)	Between (LR[(2)] - 50 bps) and LR	**Equal to LR[(2)]**	Between LR[(2)] and UR[(3)]	**Equal to UR[(3)]**	Between UR[(3)] and (UR[(3)] + 50 bps)	Higher than (UR[(3)] + 50 bps)

Illustration of the determination of the 3-year target based on the 2018 allocation plan

	Lower range of the annual target	Upper range of the annual target
Year 1:2018	Equal to 20.0%	Equal to 20.5%
Year 2:2019	Disclosed to the market in February 2019	Disclosed to the market in February 2019
Year 3:2020	Disclosed to the market in February 2020	Disclosed to the market in February 2020
3-year target: Average of annual targets	**LR[(2)]**	**UR[(3)]**

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) LR corresponding to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponding to the 3-year average of the upper ranges of the annual target disclosed to the market.

3) Annual rates of achievement of the Group's CSR roadmap:

Pay-out rate[(1)]	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	150%
Arithmetic average over a 3-year period of the CSR roadmap annual achievement rates	Lower than70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Over 200%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

4) Legrand stock market performance:

Pay-out rate[(1)]	0%	30%	Between 30% and 150%	150%
Difference in performance between the Legrand stock market price and that of the CAC 40 index[(2)]	Lower than 0 point	Equal to 0 point	Between 0 point and 15 points	Higher than 15 points

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) For the 2018 allocation plan, the 3-year performance will be measured on the 2018-2020 period with the following calculation method:

- *Legrand stock market performance: comparison of the average daily closing prices of the second half of the third year of the plan (second half of 2020) with the average daily closing market prices of the second half of the year preceding the first year of the plan (second half 2017), or €61.30;*
- *performance of the CAC 40 index: comparison of the average CAC 40 daily closing indices of the second half of the third year of the plan (second half 2020) with the average daily CAC 40 closing indices of the second half of the year preceding the first year of the plan (second half of 2017), i.e. 5275.8 points.*

The difference between these two performances will be measured by the points gap between the percentage of variation of the Legrand share price and the percentage of variation of the CAC 40 index.

Vesting period and outcome of performance shares in the event of the departure of the Chief Executive Officer before the end of the vesting period

The vesting period for the Chief Executive Officer is three years, while the (additional) holding period is two years. At the end of the vesting period of the performance shares allocated in 2018, the performance criteria and the presence condition will be verified, it being specified that the following rules shall apply to the Chief Executive Officer with regard to the presence condition:

- should the Chief Executive Officer resign during the vesting period, the shares initially allocated by the Board of Directors will not be vested;
- in the event of dismissal, non-renewal or retirement of the Chief Executive Officer during the vesting period, only part of the shares will be vested, subject to the performance criteria on the date the vesting period ends, calculated on a prorated basis of his presence in the Company during the vesting period;
- in the event of death during the vesting period, the Chief Executive Officer's heirs may request that ownership of all the shares the Board of Directors initially allocated to the deceased

Chief Executive Officer be transferred to them, according to taw, without waiting until the end of the vesting period;

- in the event that the Chief Executive Officer becomes permanently disabled, within the meaning of French law or that of his country of residence, in accordance with the provisions of French taw, he or she may ask that ownership of all the shares the Board of Directors initially allocated to him be transferred without waiting for the vesting period to expire.

Holding obligation

Pursuant to article L. 225-197-1 II of the French Commercial Code specified in the Code of Corporate Governance, the Chief Executive Officer should retain in registered form a certain percentage of the shares allocated to be determined by the Board of Directors, until the termination of his duties.

The Board of Directors has decided that the Chief Executive Officer shall be required to hold at least 30% of all performance shares acquired under performance share plans until the termination of his duties.

Undertaking not to complete any hedge transactions

It is specified that the Company has not put in place any hedging instruments for performance shares. Furthermore, the Chief Executive Officer has formally undertaken to refrain from using any hedging instruments for the performance shares allocated to him. To the Company's knowledge, no hedging instruments for performance shares have been put in place.

C – Other elements of compensation

Attendance fees

The Chief Executive Officer receives no compensation in the form of attendance fees or other fees in respect of the office he holds in the Group companies.

Extraordinary compensation

There are no plans to allocate any extraordinary compensation.

Undertaking referred to in article L. 225-42-1 of the French Commercial Code

Pension plans

There is no undertaking corresponding to a defined-benefit pension plan.

The Chief Executive Officer shall continue to benefit from the mandatory collective defined contributions pension plan within the scope of supplementary article 83 of the French General Tax Code applicable to the Group's French executives, to which he was affiliated before his appointment as Chief Executive Officer, under the same terms as the rest of the employees concerned.

It is specified that all the Group's French executives benefit from the defined contributions pension plan (supplementary article 83 of the French General Tax Code). Contributions are based on the A, B and C Tranches of compensation as defined in for the calculation of contributions to the mandatory supplementary pension plans (ARRCO-AGIRC). The rights are constituted after the payment of annual contributions of 1.5% of A, B and C Tranches. The Company pays half of this amount (0.75%) and the beneficiaries pay the other half (0.75%).

For 2018, the Company's contribution for the Chief Executive Officer would represent an amount of €2,385. This amount is given for information purposes only for 2018.

In accordance with the procedure relating to related-party agreements and undertakings, this undertaking has been authorized by the Board of Directors on February 7, 2018.

The eighth resolution submitted to the vote of the General Meeting on May 30, 2018 will ask the Company's shareholders to approve this undertaking taken in favor of the Chief Executive Officer. Such undertaking is presented in detail in the Statutory Auditor's special report on related-party agreements and undertakings in section 7.4.2 of the Registration Document (pages 223–224).

Termination benefits

The Chief Executive Officer does not benefit from any undertaking corresponding to components of compensation, indemnities or other benefits due or that might be due as a result of the termination of his office or assignment to a different position, or subsequently ("golden parachutes"), even in the event of a change in control.

Non-compete clause

Given the profile of the new executive officer and to protect the interests of the Company and its shareholders, the Board of Directors on March 20, 2018, on the recommendation of the Compensation Committee, authorized the setting up of a non-compete agreement between the Company and the Chief Executive Officer, whereby the Chief Executive Officer undertakes not to exercise any activity that would compete with that of Legrand for a one-year period starting from the date of termination of his functions.

The Company's Board of Directors will decide, after the termination of the Chief Executive Officer's functions, whether or not to apply this non-compete clause and may unilaterally decide to waive this clause.

If it is applied, compliance with this undertaking by the Chief Executive Officer would result in the payment by the Company, for a one-year period after the termination of his functions as Chief Executive Officer, of a monthly compensation equal to the monthly average of the reference salary received during the last twelve months of presence in the Company, it being specified that the reference salary includes the fixed salary and the annual variable salary and excludes sums received as long-term variable compensation. The amount paid will in any case be lower than the cap recommended by the Code of Corporate Governance.

The seventh resolution submitted to the vote of the Combined General Meeting of May 30, 2018 will ask the Company's shareholders to approve this undertaking vis-à-vis the Chief Executive Officer as presented in detail in the Statutory Auditor's special report on related party agreements and undertakings in section 7.4.2 of the Company's Registration Document (pages 223–224).

Contract of employment of the Chief Executive Officer

In accordance with the Code of Corporate Governance, no employment contract remains between the Chief Executive Officer and the Company. In accordance with the Code of Corporate Governance, the Chief Executive Officer, who is a former employee of one of the Group's companies, has ended his employment contract without any indemnity, by resigning before his appointment as Chief Executive Officer of the Company.

Incentive schemes and Profit sharing

The Company has for many years implemented a derogatory profit-sharing and participation agreement in favour of all of its employees and those of its main French subsidiaries. The Chief Executive Officer no longer benefits from this scheme since his appointment as Chief Executive Officer on February 8, 2018.

Other non-monetary compensation components (company car, pension plan, supplementary health insurance coverage and more)

The Chief Executive Officer has a company car.

Furthermore, at its meeting held on February 7, 2018, the Board of Directors decided that the Chief Executive Officer would continue to benefit from the "medical expenses" supplementary health insurance coverage and the "pension plan : death, incapacity and invalidity", applicable to the Group's French executives, since he is assimilated, regarding his social and tax status, to an executive. He would benefit from the same conditions as the other employees of the category to which he is assimilated.

For 2018, the Company's contribution for Benoît Coquart would represent an amount of €6,465.84. This amount is given for information purposes only.

The eighth resolution submitted to the vote of the General Meeting of May 30, 2018 will ask the Company's shareholders to approve this undertaking in favor of the Chief Executive Officer. Such undertaking is presented in detail in the Statutory Auditor's special report on related party agreements and undertakings in section 7.4.2 of the Company's Registration Document (pages 223–224).

Signing bonuses

The Chief Executive Officer does not or will not receive any compensation for taking up his duties, intended to make up for the loss of benefits resulting from his appointment.

6.2.2 –Compensation and benefits of company officers for 2017

6.2.2.1 COMPENSATION AND BENEFITS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR 2017 FINANCIAL YEAR

The summary tables of all of the components of due and paid compensation for the 2016 and 2017 financial years to Mr. Gilles Schnepp, Chairman and Chief Executive Officer on December 31,2017, are presented below.

Table 1 – Summary of compensation, stock options and shares allocated to the Chairman and Chief Executive Officer

		2016	2017
Gilles Schnepp, Chairman and Chief Executive Officer			
Compensation due in respect of the financial year (see Table 2 below for details)			
	(in euros)	1,160,000	1,160,000
Valuation of the stock-options awarded during the financial year (see Table 4 below for details)			
	Number of stock-options	-	-
	(in euros)	-	-
Valuation of performance shares allocated during the financial year (see Table 6 below for details)			
	Number of shares	-	-
	Value *(in euros)*	659,391 (1)	668,381 (2)
Valuation of long-term variable compensation awarded during the financial year			
	Number of shares	-	-
	Value *(in euros)*	-	-
TOTAL		**1,819,391**	**1,828,381**

(1) *Value of performance shares allocated in 2016, as determined by an independent expert pursuant to IFRS 2, and subject to the future performance criteria detailed in the section on "Existing performance share plans" contained in the Registration Document.*

(2) *Value of performance shares allocated in 2017, as determined by an independent expert pursuant to IFRS 2, and subject to the future performance criteria detailed in the section on "Existing performance share plans" contained in the Registration Document.*

Table 2 – Summary table of compensation for the Chairman and Chief Executive Officer

(in euros)	2016 Amounts due	2016 Amounts paid in connection with the previous year	2017 Amounts due	2017 Amounts paid in connection with the previous year
Gilles Schnepp, Chairman and Chief Executive Officer				
Fixed compensation	625,000	625,000	625,000	625,000
Annual variable compensation	535,000[(1)]	535,000	535,000[(2)]	535,000
Long-term compensation[(3)]	-	-	-	-
Extraordinary compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind[(4)]	0	0	0	0
TOTAL	**1,160,000**	**1,160,000**	**1,160,000**	**1,160,000**

(1) Mr. Gilles Schnepp's variable compensation for 2016 is €535,000, and is identical to the variable compensation received for 2015 because Mr. Gilles Schnepp, on his own initiative, waived a portion of his variable compensation for 2016, maintaining it at the 2015 level. Aside from the amount waived, Mr. Schnepp's variable compensation for the 2016 financial year which had been determined by the Board of Directors on the recommendation of the Compensation Committee, should have been €640,000 (corresponding to the achievement of 85.3% of the maximum / 128% of the target of all quantifiable and qualitative targets). Details of the calculations are given in the section entitled "Annual variable compensation paid to the Executive Officer" on page 187 of the 2016 Registration Document registered with the Autorité des Marchés Financiers under no. D.17-0285.

(2) Mr. Gilles Schnepp's variable compensation for the 2017 financial year is €535,000, identical to the variable compensation for the 2016 financial year because Mr. Gilles Schnepp, on his own initiative, waived a portion of his variable compensation for 2017, maintaining it at the 2016 level. Aside from the amount waived, the variable compensation for the 2017 financial year which has been determined by the Board of Directors on the recommendation of the Compensation Committee, should have been €677,500, (corresponding to the achievement of 90.3% (equal to 108.4% divided by 120%) of the maximum, i.e. 135.5% (equal to 108.4% divided by 80%) of the target of all quantifiable and qualitative targets). Details of the calculations are given below in the section entitled "Annual variable compensation paid to the Chief Executive Officer" below, on page 198 of the Registration Document.

(3) There was no allocation during the last financial year.

Regarding the 2013 Performance Units Plan, note that the vesting period expired on March 7, 2016 and that the level of achievement of the future performance criteria was 100.2%. The 2013 Future Performance Units are subject to an additional two-year lock-in period. The reference value for these units is €63, which is the closing price of the Legrand share on the NYSE Euronext Paris on the last day of the two-year lock-in period, i.e. on March 7, 2018. The total theoretical amount calculated (on the basis of the rate of achievement of future performance criteria of 100.2% and the stock price of €63) which is €1,237,670.28 has been capped at €937,500 in accordance with the rule mentioned on pages 172 and 173 of the 2013 Registration Document.

Regarding the 2014 Performance Units Plan, note that the vesting period expired on March 6, 2017 and that the rate of achievement of the future performance criteria was 92.2% of the target and 61.5% of the maximum. The 2014 Future Performance Units are also subject to a further two-year lock-in period as from March 6, 2017, at the end of which their unit value will be determined on the basis of the average daily closing price of Legrand's shares on the NYSE Euronext Paris market over these two years.

(4) At the date of registration of this Registration Document, the Group does not fund any benefit.

Fixed compensation of the Chairman and Chief Executive Officer

For the 2017 financial year, the fixed compensation paid to Mr. Gilles Schnepp was €625,000, unchanged from the 2011 financial year.

Annual variable compensation of the Chairman and Chief Executive Officer

The variable compensation of Mr. Gilles Schnepp for the 2017 financial year was determined by the Board of Directors on March 20, 2018, based on the recommendation of the Compensation Committee and after applying the criteria set at the beginning of 2017 by the Compensation Committee and subsequently approved by the Board of Directors as presented in the following chart.

It is hereby specified that, in compliance with the Code of Corporate Governance, the Board deliberated on Mr. Gilles Schnepp's compensation without the presence of the latter.

It must be noted that the Board of Directors, at its meeting of March 15, 2017, on a recommendation of the Compensation Committee, decided on the following changes compared to the 2016 financial year: (i) replacement of the economic income criterion by an adjusted operating margin criterion, and (ii) increased weighting of organic and external growth criteria. While in no way altering the degree of stringency of the criteria, these changes enable complete consistency between the quantifiable targets and the Company's disclosed target.

				Min	Target	Max	Actual
Quantifiable portion: 3/4 of annual variable i.e., 60% of fixed compensation (as a target)	Operating margin	2017 adjusted operating margin (at 2016 perimeter)	As a % of fixed compensation	0%	32%	48%	48.0%
			Indicator value	19.3%	19.7%	20.1%	20.1%
	Organic growth of revenues	2017 organic revenues growth	As a % of fixed compensation	0%	12%	18%	18.0%
			Indicator value	0%	1.5%	3.0%	3.1%
	External growth	2017 revenues growth (including the effect of the acquisitions)	As a % of fixed compensation	0%	8%	12%	10.2%
			Indicator value	0%	5%	10%	7.8%
	Corporate Social Responsibility (CSR)	Legrand's inclusion in CSR benchmark indices	As a % of fixed compensation	0%	8%	12%	3.2%
			Indicator value	7	12	14	9
	QUANTIFIABLE TOTAL			**0%**	**60%**	**90%**	**79.4%**
Qualitative portion: 1/4 of annual variable i.e., 20% of fixed compensation (as a target)	Revenues growth	Evolution market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies		0%	8%	12%	12.0%
	External growth policy	Compliance with set priorities, emphasis on multiples paid, quality of integration for acquisitions already made		0%	8%	12%	12.0%
	General criteria	Risk management, labor issues, successions plans		0%	4%	6%	5.0%
	QUALITATIVE TOTAL			**0%**	**20%**	**30%**	**29.0%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**80%**	**120%**	**108.4%**

Therefore, for the 2017 financial year, quantifiable and qualitative targets were achieved up to 90.3% (equal to 108.4% divided by 120%) out of the maximum, i.e. 135.5% (equal to 108.4% divided by 80%) of the target. As a result, Mr. Gilles Schnepp's variable compensation for 2017 amounted to €677,500. However, on his own initiative, Mr. Gilles Schnepp waived a portion of his variable compensation for 2017 in order to maintain it at the 2016 level of €535,000.

The principles (as well as the achievements) governing the determination of the variable portion of Mr. Gilles Schnepp's 2017 annual compensation, as calculated in the above table, are as follows:

a) the target value of the quantifiable portion was set at 60% of the fixed compensation, with a possible variation between 0% and 90% of said fixed compensation. The 2017 achievement of this quantifiable portion reached 79.4% of the fixed compensation, determined as follows:

- the target defined was 32% of the fixed compensation (target value) for a 2017 adjusted operating margin (based on the 2016 perimeter) equal to 19.7%; such figure varying between 0% and 48% of the fixed compensation for an adjusted operating margin (based on the 2016 perimeter) between 19.3% and 20.1% (annual target disclosed to the market at the beginning of 2017). The performance achieved in 2017 was 20.1%, representing 48% of the fixed compensation,
- the target defined was 12% of fixed compensation (target value) for an organic growth of revenues of +1.5%, such figure varying between 0% and 18% of the fixed compensation for an organic growth in revenues between 0% and +3% (annual target disclosed to the market at the beginning of 2017). The performance achieved in 2017 was +3.1%, representing 18% of the fixed compensation,
- the target defined was 8% of the fixed compensation (target value) for a growth in 2017 revenues (including the effect of the acquisitions) of 5%, such figure varying between 0% and 12% of the fixed compensation for a growth of revenues (including the effect of the acquisitions) between 0% and +10%. The performance achieved in 2017 was +7.8%, representing 10.2% of the fixed compensation,

- the target defined was 8% of the fixed compensation (target value) for Legrand being included in twelve CSR benchmark indices, such figure varying between 0% and 12% of the fixed compensation for Legrand being included in seven to fourteen CSR benchmark indices. The performance achieved for 2017 was 9, representing 3.2% the fixed compensation;

b) the target value of the quantifiable portion was set at 20% of the fixed compensation, with a possible variation between 0% and 30% of said fixed compensation. The 2017 achievement of this qualitative portion reached 29% of the fixed compensation. The Compensation Committee did consider , in the light of the criteria below, that the efforts undertaken in these areas had been particularly sustained. This 2017 achievement was determined on the basis of the following criteria:

- 12% of the fixed compensation (8% in target value) depending on the growth of revenues: thanks in particular to the increase in market share, to new products including those developed for the Eliot program, sales policies, access to new markets, alliances (including outside France) and notably, technological partnerships with major groups such as Amazon, Apple and Google and start-ups, as well as business partnerships, and to development in new economies,
- 12% of fixed compensation (8% in target value) linked to the external growth policy: thanks in particular to compliance with set priorities, a steady acquisition pace, to emphasis on multiples paid compared to those of the market and to those paid for peers under the same market and geographical conditions, also emphasis on potential dilutive effects of acquisitions on the Group's performance, and also to the quality of integration of acquisitions already made, with, in particular, the acquisition of Milestone AV Technologies in 2017, which is the largest acquisition ever made by the Group,
- 5% of the fixed compensation (4% in target value) linked to other general criteria and in particular risk management, labor relations and succession plans.

Long-term compensation of the Chairman and Chief Executive Officer

Future Performance Units

In 2017, no allocation was made in respect of the previous financial year.

Options for the subscription or purchase of shares

In 2017, no options to purchase or subscribe to shares have been allocated.

Performance shares

As concerns the allocation of performance shares in 2017, Mr. Gilles Schnepp was allocated performance shares subject to the future performance criteria detailed in the section "Existing performance share plans" on pages 201–202 of this Registration Document. Their value was determined by an independent expert pursuant to IFRS 2 and amounts to €668,381.

The vesting period of the performance shares allocated in 2017 will end on June 17, 2021. On that date, performance and presence criteria will be verified, bearing in mind that with respect to presence, the following rules are applicable to Mr. Gilles Schnepp:

- in the event of dismissal, non-renewal, resignation, or retirement of Mr. Gilles Schnepp during the vesting period, in line with the recommendations of the *Autorité des Marchés Financiers* and Code of Corporate Governance, he will not be granted the shares initially allocated by the Board of Directors, unless doing so is justified by exceptional circumstances explained by the Board of Directors and made public. It is specified that in such a case, in accordance with the recommendations of the *Autorité des Marchés Financiers* and the Committee for Corporate Governance, the Board of Directors will ensure that such vesting would be only partial and based on a *prorata temporis* acquisition principle;
- in the event of death during the vesting period, Mr. Gilles Schnepp's heirs may request that ownership of all the shares the Board of Directors initially allocated to Mr. Gilles Schnepp be transferred to them, according to law, without waiting for the end of the vesting period;
- in the event that Mr. Gilles Schnepp becomes permanently disabled, within the meaning of French law or that of the beneficiary's country of residence, in accordance with the provisions of French law, he may ask that ownership of the shares the Board of Directors initially allocated to him be transferred without waiting for the end of the vesting period.

It is specified that the change in corporate governance that took place at the beginning of 2018 (separation of the offices of Chairman and Chief Executive Officer), is not considered as a case of departure as defined in the 2015, 2016 and 2017 performance share plans (which define the company officer as "*any person serving in the Company as Chairman of the Board of Directors, Chief Executive Officer or Senior Vice President*") and that Mr. Gilles Schnepp shall therefore keep the benefit of the 2015, 2016 and 2017 performance share plans.

Table 4 – Options for the subscription or purchase of shares allocated by the Company and by any Group company to the executive officer during the financial year

Neither the Company nor any other Group company granted any options for the subscription or purchase of shares to the executive officer during the 2017 financial year.

Existing stock option plans

General principles

Stock option and performance share plans put in place by the Company in respect of previous financial years are described in sections 7.2 and 7.3 of the Company's Registration Document.

No discount was applied at the time of their implementation. In addition, the Company has not put in place any hedging instruments for options or performance shares. Mr. Gilles Schnepp has formally undertaken to refrain from using any hedging instruments for the options and/or performance shares allocated to him. Therefore, to the Company's knowledge, no hedging instruments for options or performance shares have been put in place.

The Company is in compliance with the allocation rules relating to options and performance shares defined in the Code of Corporate Governance.

Stock option plans

Since the March 4, 2010, no options to purchase or subscribe to shares have been allocated.

Table 5 – Options for the subscription or purchase of shares exercised by the executive officer during the financial year

Executive Officer	Date of plan	Number of options exercised during the year	Exercise price*
Gilles Schnepp	2010 Plan (3/4/2010)		21.43

* *As stated in section 7.2 of the Registration Document, the number and exercise price of stock options was adjusted, under the conditions of article L. 228-99 of the French Commercial Code, to take into account the impact of this transaction on the interests of stock option beneficiaries, considering the terms and conditions of dividend payment decided by the Company's Combined Ordinary and Extraordinary General Meeting of Shareholders on May 31, 2017.*

Table 6 – Performance shares freely allocated by the General Meeting of Shareholders during the financial year to the executive officer by the Company and by any Group company

Executive Officer	Date of plan	Number of shares allocated during the year	Valuation of the shares according to the method used for consolidated financial statements	Acquisition date	Availability date	Performance criteria
Gilles Schnepp	2017 plan (5/31/2017)	12,324	€668,381	6/17/2021	6/17/2021	For a description of the applicable performance criteria, see pages 201-202 of this Registration Document.

Existing performance share plans

On the recommendation of the Compensation Committee, the Board of Directors, at its meetings of May 29, 2015, May 27, 2016 and May 31, 2017, approved the setting up of the performance share plans (the "**2015 Performance Share Plan**", "**2016 Performance Share Plan**" and the "**2017 Performance Share Plan**", respectively) which benefit notably to Mr. Gilles Schnepp.

The number of performance shares that will be finally allocated to Mr. Gilles Schnepp will vary between 0% and 150% of the number of shares initially allocated, subject to a presence condition and various performance criteria as described in the tables below.

Type of performance criteria	Description of performance criteria	Weight of performance criteria	
		2015	2016-2017
"External" financial performance criterion	Comparison between the three-year arithmetic average of Legrand's consolidated EBITDA* margin derived from the consolidated financial statements and the average of EBITDA margins of companies included in the MSCI World Capital Goods index during the same period	50%	33 1/3%
"Internal" financial performance criterion	Three-year arithmetic average of normalized free cash flow* as a percentage of revenues, as appearing in the consolidated financial statements.	50%	33 1/3%
Extra-financial performance criterion	Arithmetic average over a three-year period of the average annual rates of achievement of the Group's CSR roadmap priorities.	0%	33 1/3%

* *Note that the Group has identified a change in accounting standard (IFRS 16) which is likely to affect EBITDA and free cash flow in 2019. For more information, please refer to the section on IFRS 16, "Leases", which can be found in Chapter 8, note 1, section 1.2.1.3 on page 234 of the Registration Document.*

If it were to be confirmed that this change would have the effect of distorting the assessment of performance, the Board of Directors reserves the possibility of amending these two criteria, especially in the context of assessment of the 2019 performance for the 2017 plan, it being specified that, in accordance with the Code of Corporate Governance, such an amendment would be made public and would in any event be required to maintain the alignment of interests between shareholders and beneficiaries

The procedure for calculating the number of performance shares definitively allocated to Gilles Schnepp are as follows:

"External" financial performance criterion

Pay-out rate(1)	0%	100%	150%
Average spread of the EBITDA margin in favor of Legrand over a three-year period between Legrand and the MSCI average	2015 plan:	2015 plan:	2015 plan:
	Lower than or equal to 4 points	Equal to 8.3 points	Equal or higher than 10.5 points
	2016 plan:	2016 plan:	2016 plan:
	Lower than or equal to 3.5 points	Equal to 7.8 points	Equal or higher than 10.0 points
	2017 plan:	2017 plan:	2017 plan:
	Lower than or equal to 3.1 points	Equal to 7.4 points	Equal or higher than 9.6 points

"Internal" financial performance criterion

Pay-out rate(1)	0%	100%	150%
Average over a three-year period of normalized free cash flow as a percentage of revenues	2015 plan:	2015 plan:	2015 plan:
	Lower than or equal to 9.4%	Equal to 12.8%	Equal to or higher than 14.5%
	2016 plan:	2016 plan:	2016 plan:
	Lower than or equal to 8.8%	Equal to 12.2%	Equal to or higher than 13.9%
	2017 plan:	2017 plan:	2017 plan:
	Lower than or equal to 8.6%	Equal to 12.0%	Equal to or higher than 13.7%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

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Non-financial performance criterion (applicable to the 2016 and 2017 plans)

Applicable to the Chairman and Chief Executive Officer

Pay-out rate[(1)]	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
3-year average achievement rate of the Group's CSR Roadmap priorities	Lower than 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Over 213%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

Table 7 – Performance shares freely allocated that became available in 2017 for the executive officer

Executive Officer	Date of plan	Number of shares that have become available during the year	Acquisitions terms
Gilles Schnepp	N/A	Nil	N/A

Table 10 – Summary of multi-year variable compensation attributed to the executive officer for previous financial years by the Company and by any Group company

	2013	2014
Gilles Schnepp, Chairman and Chief Executive Officer	2013 Future Performance Units Plan	2014 Future Performance Units Plan
Date of plan	March 6, 2013	March 5, 2014
Min Target Max *(as a % of fixed compensation)*	0% 100% 150%	0% 100% 150%
IFRS valuation *(in euros)* before indexation to stock price and application of performance criteria	605,221	600,508
Performance criteria	For a description of the applicable performance criteria, see pages 203-204 of this Registration Document.	
Date on which presence and performance criteria are verified	March 6, 2016	March 6, 2017
Level of achievement of future performance criteria	100.2%	92.2% of the target and 61.5% of the maximum
Method used to index the value of Future Performance Units to the stock price	For a description of the method used to index the value of Future Performance Units to the stock price during the two-year lock-in period, please refer to page 204 of this Registration Document	

Under the 2013 Performance Units Plan, the value of Future Performance Units is equal to €63 each, the closing price of the Legrand stock on NYSE Euronext Paris on the last day of the two-year lock-in period, i.e. on March 7, 2018. The total theoretical amount calculated (on the basis of the rate of achievement of future performance criteria of 100.2% and the stock price of €63) which is €1,237,670.28 has been capped at €937,500 in accordance with the rule mentioned on pages 172 and 173 of the 2013 Registration Document.

Existing performance units plans

For 2013 and 2014, the long-term variable compensation approved by the Board of Directors and presented in the table above consists of Future Performance Units Plans.

On the recommendation of the Compensation Committee, the Board of Directors, at its meetings of March 6, 2013 and March 5, 2014, decided to put in place Future Performance Units plans (the "**2013 Performance Units Plan**" and the "**2014 Performance Units Plan**" respectively) which benefit notably to Mr. Gilles Schnepp.

The target value of these plans was set at 100% of fixed compensation (for 2013 and 2014) and could vary between 0% and indexing to the share price and 150% (maximum) of said fixed compensation, depending on the achievement of external and internal performance criteria, and the indexing to the stock price.

Overview of the Performance Units Plans in practice

The 2013 and 2014 Performance Units Plans are subject presence and performance criteria. Details are provided in the chart below:

STAGE 1

Allocation by the Board of Directors of an initial number of Future Performance Units

This number is theoretical as it corresponds to the target achievement rate of the future performance criteria related to the Future Performance Units

3-year vesting period

STAGE 2

Review of the presence condition and the performance criteria related to Future Performance Units based on the Group's future achievements over the next 3 years

Subject to compliance with a presence condition, determination of the final number of vested Future Performance Units depending to the achievement of performance criteria

STAGE 3

Application of an additional 2-year lock-in period

During this period, no payment will be made in respect of the Future Performance Units

2-year lock-in period

STAGE 4

Payment of Future Performance Units

After taking into account the indexing of the Future Performance Units to Legrand's stock price during the lock-in period

Nature of the performance criteria attached to the Future Performance Units and measured after a three-year vesting period from the date of the initial allocation of Future Performance Units

The applicable performance criteria, which cover all performance units, are identical to those attached to the Performance Shares, as described in the section "Ongoing Performance Shares Plans" on page 201–202 of this Registration Document, except with respect to the non-financial performance criterion introduced in 2016, relating to the average level of achievement of the priorities of the Group's CSR roadmap over three years.

For each Future Performance Units Plan, on the recommendations of the Compensation Committee, the Board of Directors determines the target "external" and "internal" performance criteria, which will be measured over a three-year period. The target level is set to ensure that the performance criteria are demanding. After the three-year vesting period, the performance criteria will be measured and the number of Future Performance Units finally granted to beneficiaries will be calculated according to the following method:

2013 Performance Units Plan

"External" financial performance criterion

Pay-out rate(1)	0%	100%	145%	Actual: 90.8%
Average spread of the EBITDA margin in favor of Legrand over a three-year period between Legrand and the MSCI average	Lower than or equal to 4 points	Equal to 8.3 points	Equal to or higher than 12 points	Actual: 8 points

"Internal" financial performance criteria

Pay-out rate(1)	0%	100%	145%	Actual: 109.6%
Average normalized free cash flow over a three-year period as a percentage of revenues	Lower than or equal to 9%	Equal to 12.4%	Equal to or higher than 16%	Actual: 13.2%

(1) Linear calculation of pay-out rate for any result between the limits indicated above. Overall rate of achievement of the 2013 Performance Units Plan: 100.2%

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Under the 2013 Performance Units Plan, the value of Future Performance Units is equal to €63 each, the closing price of the Legrand stock on NYSE Euronext Paris on the last day of the two-year lock-in period, i.e. on March 7, 2018. The total theoretical amount calculated (on the basis of the rate of achievement of future performance criteria of 100.2% and the stock price of €63) which is €1,237,670.28 has been capped at €937,500 in accordance with the rule mentioned on pages 172 and 173 of the 2013 Registration Document.

2014 Performance Units Plan

"External" financial performance criterion

Pay-out rate(1)	0%	100%	150%	Actual: 81.4%
Average spread of the EBITDA margin in favor of Legrand between Legrand and the MSCI average over a three-year period	Lower than or equal to 4 points	Equal to 8.3 points	Equal to or higher than 10.5 points	Actual: 7.5 points

"Internal" financial performance criteria

Pay-out rate(1)	0%	100%	150%	Actual: 102.9%
Average normalized free cash flow over a three-year period as a percentage of revenues	Lower than or equal to 9.4%	Equal to 12.8%	Equal to or higher than 14.5%	Actual: 12.9%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

Overall rate of achievement of the 2014 Performance Units Plan: **92.2%** of the target and 61.5% of the maximum.

Methodology for indexing the value of the Future Performance Units definitively vested to the stock price during the additional two-year lock-in period:

An additional two-year lock-in period is required after the three-year vesting period, during which no payment may be made in respect of the Future Performance Units. During this period, the value of the Future Performance Units is indexed to the Legrand stock price.

Under the 2013 Performance Units Plan, the value of Future Performance Units is equal to €63 each, the closing price of the Legrand stock on NYSE Euronext Paris on the last day of the two-year lock-in period, i.e. on March 7, 2018. The total theoretical amount calculated (on the basis of the rate of achievement of future performance criteria of 100.2% and the stock price of €63) which is €1,237,670.28 has been capped at €937,500 in accordance with the rule mentioned on pages 172 and 173 of the 2013 Registration Document.

Under the 2014 Performance Units Plan, the value of each Future Performance Unit is equal to the average of the daily closing price of the Legrand stock on NYSE Euronext Paris during the two-year lock-in period. The change in the calculation of the value each unit compared to the 2013 Performance Units Plan aims to closely connect long-term variable compensation to the company's stock market performance.

At the end of the two-year lock-in period, the amount to be paid to Mr. Gilles Schnepp will be equal to the unit value of his Future Performance Units, plus an amount equivalent to dividends per share paid on Legrand stock during the two-year lock-in period and capitalized over said period and then multiplied by the number of Future Performance Units held by Mr. Schnepp. As stated, the amount that will be paid to Mr. Gilles Schnepp may not, in any event, exceed 150% of his fixed compensation.

Table 11 – Compensation and benefits due on termination of the executive officer's position in the Company

Executive Officer	Employment contract		Supplementary pension plan		Indemnities or benefits due or which may become due as a result of termination or change of office		Non-compete compensation	
	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Schnepp								
Chairman and Chief Executive Officer		X		X		X		X
Commencement: 5/27/2014								
Expiration: 2/8/2018								

6.2.2.2 COMPENSATION OF NON-EXECUTIVE OFFICERS

Rules of allocation of attendance fees paid to Directors

The Board of Directors allocates attendance fees to Directors based on the recommendation of the Compensation Committee and on the total amount of attendance fees authorized by the Shareholders' General Meeting.

The maximum amount of attendance fees authorized by the May 27, 2014 General Meeting of Shareholders is €800,000. This amount remains valid until a new resolution setting out a new amount is adopted by the Shareholders' General Meeting.

The Board of Directors at its meeting of March 20, 2018, on the recommendation of the Compensation Committee, has decided to raise this total amount to €900,000.

The envelope was increased to take into account:

- the possibility of appointing new directors in the future whose profile would contribute to promoting diversity on the Board of Directors;
- additional meetings of the Board of Directors and its specialized committees: for example, in 2017, the Audit Committee held four additional meetings dedicated to regulatory, exceptional or topical issues as well as an additional meeting of the Strategy and Social Responsibility Committee dedicated to the acquisition of Milestone AV Technologies.

It is recalled that the Chairman of the Board of Directors does not receive attendance fees and attendance fees are therefore distributed among the other Directors including the Director representing employees.

This increase in the amount of the annual maximum envelope will be submitted to the approval of the Combined General Meeting of May 30, 2018, as the ninth resolution. It will be reported in the Company's 2018 Registration Document.

The allocation of attendance fees between Directors takes into account effective Directors' participation on the Board of Directors and its specialized committees. Specific duties, such as that of Lead Director, may result in the allocation of additional attendance fees or the payment of exceptional compensation subject to the application of the procedure for related party agreements.

The Board of Directors decided, from the 2014 financial year, to allocate the attendance fees paid to Directors as follows:

- €20,000 a year paid to each Director as part of the fixed portion of attendance fees, to which is added €5,000 each time the Director attends a Board meeting. Because the Board of Directors met six times in 2017, the maximum variable portion of attendance fees for the year 2017 amounted to €30,000, in line with the Code of Corporate Governance which recommends that the variable portion of attendance fees be predominant;
- €2,000 is also paid to each Director who is also a member of a specialized committee for each specialized committee meeting they attend (thus, a Director who fails to attend any meetings of the specialized committee to which he or she belongs would receive no attendance fees in this regard); and
- an additional €20,000 paid to the Chairman of the Audit Committee and an additional €10,000 paid to the Chairmen of the other specialized committees.

With regard to the Lead Director, and in view of his specific duties, the Board of Directors decided to allocate to said Director an additional amount of attendance fees corresponding to one time the fixed portion of attendance fees for one year (information regarding the Lead Director's duties is provided in section 6.1.2 of the Company's Registration Document).

These rules for allocation of attendance fees comply with the Code of Corporate Governance.

Lastly, according to the Company's internal rules, each Director is required to acquire, during his/her mandate, a number of shares (which he/she will personally hold) equivalent to one full year of his/her portion of Directors' fees. For calculation purposes, it is assumed that (i) the concerned Director attends, over one financial year, all meetings of the Board and of the special committee(s) to which the concerned Director belongs, and (ii) the reference Legrand stock price is the average Legrand stock price over the previous financial year. The minimum number of shares to be held personally and kept throughout the term of his/her mandate is set at 500.

Summary of amounts paid to directors in attendance fees for 2016 and 2017

The table below presents the amounts paid in attendance fees for 2017 and 2016 for the participation of the Directors in the work done in the previous year. The amount of attendance fees is adjusted according to actual attendance at meetings of the Board of Directors and, in the case of Committee members, meetings of Board Committees.

Table 3 – Attendance fees and other payments to non-executive Officers

Non-executive Directors	Gross amounts paid during 2016 financial year *(in euros)*	Gross amounts paid during 2017 financial year *(in euros)*
Olivier Bazil		
Attendance fees	62,000	66,000
Other payments		
Isabelle Boccon-Gibod(1)		
Attendance fees		33,167
Other payments		
Christel Bories		
Attendance fees	76,000	78,000
Other payments		
Angeles Garcia-Poveda		
Attendance fees	83,000	112,000
Other payments		
Francois Grappotte		
Attendance fees	50,000	50,000
Other payments		
Gerard Lamarche(2)		
Attendance fees	57,667	20,833
Other payments		
Thierry de La Tour d'Artaise		
Attendance fees	45,000	51,000
Other payments		
Dongsheng Li		
Attendance fees	35,000	25,000
Other payments		
Annalisa Loustau Elia		
Attendance fees	50,000	56,000
Other payments		
Eliane Rouyer-Chevalier		
Attendance fees	73,333	78,000
Other payments		
TOTAL	**532,000**	**570,000**

(1) Director whose appointment was approved by the General Meeting of Shareholders of May 27, 2016.

(2) Director not renewed on May 27, 2016.

The Board of Directors meeting of March 20, 2018 approved the payment in 2018 of €587,000 as attendance fees in respect of the 2017 financial year.

The Executive Officer waived his right to receive attendance fees from 2011.

6.2.3 – Company officers Shareholding in the Company

Please refer to pages 337–342 of this Registration Document.

6.2.4 – Other benefits granted to company officers

The Company has not granted any loan, advance or guarantee to any of its company officers.

6.2.5 – Compensation policy attributable for the 2018 financial year to company officers and compensation elements paid or attributed for the 2017 financial year to Mr. Gilles Schnepp submitted for the approval of shareholders

6.2.5.1 COMPENSATION POLICY APPLICABLE TO COMPANY OFFICERS IN RESPECT OF THE 2018 FINANCIAL YEAR, SUBMITTED FOR THE APPROVAL OF SHAREHOLDERS

In accordance with article L. 225-37-2 of the French Commercial Code, the principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional components of overall compensation and any benefits attributable to the Chairman of the Board of Directors and the Chief Executive Officer for the 2018 financial year, in respect of their terms beginning on February 8, 2018 which constitute the compensation policy applicable to them, are submitted to shareholder approval at the next General Meeting of Shareholders convened in 2018 to approve the financial statements for the 2017 financial year.

The amounts that would result from the implementation of these principles and criteria will be submitted for shareholder approval at the General Meeting of Shareholders convened in 2019 to approve the financial statements for the 2018 financial year, it being specified that payment of variable and exceptional compensation components is conditional upon approval by the 2019 Annual General Meeting.

It should be noted that Gilles Schnepp has waived, at his own initiative, his compensation as Chairman and Chief Executive Officer for the 2018 financial year, i.e. between January 1, and February 7, 2018. Therefore, no ex-ante vote on the compensation policy for Gilles Schnepp in his capacity as Chairman and Chief Executive Officer for the 2018 financial year will be submitted to the General Meeting of May 30, 2018.

Compensation policy for the Chairman of the Board of Directors for 2018 financial year submitted to the approval of shareholders, by virtue of his office as from February 8, 2018

The components that make up the policy relating to the compensation attributable to the Chairman of the Board of Directors are presented in the table below:

Compensation components attributable in respect of the 2018 financial year	Amounts/weighting as a percentage of fixed compensation	Details
Fixed compensation	€625,000	Gross annual fixed compensation approved by the Board of Directors on March 20, 2018, on the recommendation of the Compensation Committee and corresponding to the amount attributable to Mr. Gilles Schnepp, in respect of his office as Chairman and Chief Executive Officer before the separation of the offices of Chairman and Chief Executive Officer. This amount of annual fixed compensation for the Chairman of the Board of Directors was determined by the Board of Directors, upon a proposal from the Compensation Committee, in accordance with the principles recalled in section 6.2.1.1 of this chapter, and in line with the responsibilities and duties assumed by the Chairman and related to the office, as provided by the law, the Articles of Association and the internal rules. The main elements taken into account in determining this compensation were (i) the key role of the Chairman of the Board of Directors in connection with all the responsibilities that fall upon the Board and its committees as well as the expertise and experience required to carry out these responsibilities and (ii) the analysis, through market studies, of practices relating to compensation paid to non-executive chairmen of CAC 40 companies.
Annual variable compensation	Not applicable	There are no plans to allocate any annual variable compensation. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.
Long-term cash compensation	Not applicable	There are no plans to allocate any long term cash compensation. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	There are no plans to allocate any stock options. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance.
	Performance shares	There are no plans to allocate any performance shares. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance. Nevertheless, he could receive performance shares allocated before February 2018 under the 2015, 2016 and 2017 performance share plans provided that performance criteria are met.
	Other allocation of securities: Not applicable	There are no plans to allocate securities. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Extraordinary compensation	Not applicable	There are no plans to allocate an extraordinary compensation.
Attendance fees	Not applicable	The Chairman of the Board of Directors does not receive attendance fees in respect of his offices within the Company or its subsidiaries.
Valuation of all types of benefits	Not applicable	

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Compensation components to be submitted to shareholders' approval in accordance with the procedure relating to related party agreements and undertakings

Compensation components to be submitted to shareholders' approval in accordance with the procedure relating to related party agreements and undertakings	Amounts	Details
Severance payment	Not applicable	There is no undertaking in this regard.
Non-compete compensation	Not applicable	There is no undertaking in this regard.
Supplementary pension plan	Not applicable	There is no undertaking in this regard.

Signing bonus in the event of appointment of a new Chairman of the Board of Directors during the 2018 financial year

There is no provision for any signing bonus intended to compensate loss of benefits in the event of appointment of a new Chairman of the Board of Directors in the course of the 2018 financial year.

Compensation policy for the Chief Executive Officer for the 2018 financial year submitted to the approval of shareholders, by virtue of his office as from February 8, 2018

The components of the policy relating to the compensation attributable to the Chief Executive Officer are presented in the table below:

Compensation components attributable in respect of the 2018 financial year	Amounts/weighting as a percentage of fixed compensation	Details
Fixed compensation	€700,000	Gross annual fixed compensation set by the Board of Directors on March 20, 2018, on the recommendation of the Compensation Committee, after considering the levels of responsibility, profile and experience of the new Chief Executive Officer as well as market practices, which were identified by an independent consulting firm relating to compensation practices for similar functions in CAC 40 companies. As indicated on pages 190–191 of the Company's Registration Document, the annual fixed compensation of the Chief Executive Officer has been moderately revaluated compared to 2017 compensation policy applicable to the Chairman and Chief Executive Officer, given the following components: ■ there had been no revaluation of the fixed compensation of Mr. Gilles Schnepp since 2011; ■ it was positioned below comparables; ■ the change in chief executive officer, his situation, profile and his experience required to set compensation at a consistent and reasonable level compared with the market in order to ensure that the retention objective was met satisfactorily. It is important to note that, even after such revaluation, the amount of the annual fixed compensation remains lower than the first decile of the CAC 40 in accordance with the external study carried out, which the Board of Directors considers to be reasonable.

Compensation components attributable in respect of the 2018 financial year	Amounts/weighting as a percentage of fixed compensation	Details
Annual variable compensation	Minimum value: 0% of fixed compensation Target value: 100% Maximum value: 150% of fixed compensation	As indicated on page 191 of the Company's Registration Document, the Board of Directors dated March 20, 2018, on the recommendation of the Compensation Committee, has decided to increase the weight of the annual variable compensation in the total compensation of the Chief Executive Officer compared with the compensation planned under the 2017 policy. The target value is now set at 100% of the fixed compensation and the maximum value at 150% of this same fixed compensation depending on the level of achievement of the pre-established quantifiable and qualitative criteria set out below. The Board of Directors wished thereby to place the emphasis on annual variable compensation in order to incentivise financial and extra-financial performance. At its meeting on March 20, 2018, on the recommendation of the Compensation Committee, the Board of Directors also decided to maintain unchanged the nature and weighting of quantifiable and qualitative criteria of annual variable compensation that had been established for the 2017 financial year. The Board of Directors thus decided that the variable compensation paid to the Chief Executive Officer in respect of the 2018 financial year could vary between 0% and 150% of fixed annual compensation (with a target value set at 100% of fixed annual compensation) and would be determined as follows: ■ a quantifiable portion representing 3/4 of this annual fixed compensation: it could therefore vary from 0% to 112.5% of the annual fixed compensation (with a target value: set at 75%) and will be calculated on the basis of criteria relating to (i) the achievement of a certain level of 2018 adjusted operating margin before acquisitions, (ii) the 2018 organic growth in revenues, (iii) the 2018 revenues growth resulting from acquisitions (perimeter effect) and (iv) Legrand's inclusion in benchmark CSR indices; and ■ a qualitative portion representing 1/4 of this annual variable compensation: it could therefore vary from 0% to 37.5% of the annual fixed compensation (with a target value set at 25%) and will be calculated on the basis of criteria relating to (i) the revenues growth (evolution market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies), (ii) the external growth policy (compliance with set priorities, emphasis on multiples paid, emphasis on any potential dilutive effects of acquisitions on the Group's performance, quality of the integration for acquisitions already made, and (iii) other general criteria, particularly risk management, social dialogue initiatives, professional equality and succession plans. These quantifiable and qualitative criteria, as well as the targets set, are described in detail in section 6.2.2.1 of the Company's 2017 Registration Document.
Deferred variable compensation	Not applicable	No allocation is planned in respect of 2018.
Long-term cash compensation	Not applicable	No allocation is planned in respect of 2018.

Compensation components attributable in respect of the 2018 financial year	Amounts/weighting as a percentage of fixed compensation	Details
Stock options, performance shares or any other long-term compensation component	Stock-options: Not applicable	No allocation is planned in respect of 2018. component
	Performance shares: Minimum value: 0% Initially allocated value (target value): 200% Maximum value: 150% of the number of shares initially allocated depending the achievement of future performance criteria	On the recommendation from the Compensation Committee, the Board of Directors on March 20, 2018 decided to set up a long-term compensation scheme for 2018 financial year in the form of a 2018 Performance Share Plan. The target value of this plan is set at 200% of the fixed compensation and will be converted into shares. The number of shares that will be definitively vested will range between 0% and 150% of the number of shares initially allocated based on the level of achievement of four financial and non-financial criteria calculated as the three-year average and detailed on pages 192–194. It must be noted that the weighting of long-term compensation in the total compensation has been increased compared with 2017 to ensure that the compensation can meet its retention objective in a satisfactory manner and encourage the creation of long-term value. This plan is described (especially the new performance criteria applicable to the allocated shares and the calculation method for determining the number of shares ultimately vested) in section 6.2.1.3 of the Company's 2017 Registration Document, on pages 192–194. It must be specified that: ■ the first two performance criteria are aligned with the targets disclosed by the Company in February. These targets concern the annual organic growth of revenues and the adjusted operating margin before acquisitions. These indicators are central to Legrand's business model, based on profitable growth; ■ the third criterion is of an extra-financial nature, based on the achievement of the Group's commitments in terms of Corporate Social Responsibility in the framework of its CSR roadmap, which is central to Legrand's model and aims to ensure sustainable growth with respect to all stakeholders; ■ the last criterion is based on the Legrand stock market performance compared with that of the CAC 40 index, thus making it possible to relatively assess performance, on the understanding that in case it underperforms the CAC 40 index (as described on page 194), the principle of non-payment would apply to this criterion. The performance criteria proposed thus reflect the Company's model based on profitable and sustainable growth aligned with the interest of shareholders and are transparent. It is specified that the renewal of the authorization granted by the Combined General Meeting of May 27, 2016 in the thirteenth resolution to allocate free shares under the 2018 Performance Share Plan is submitted to the vote of the Combined General Meeting of May 30, 2018 (resolution 17). It should be noted that even after the revaluation of the amount of fixed compensation and the increase of the weight of the annual variable compensation and the long-term compensation in the total compensation, the target total compensation remains at a level lower than the first quartile of the CAC 40 in accordance with the external study carried out, which the Board of Directors has considered to be reasonable.
	Other allocation securities Not applicable	No allocation is planned in respect of 2018.
Extraordinary compensation	Not applicable	There are no plans to allocate an extraordinary compensation.
Attendance fees	Not applicable	The Chief Executive Officer does not receive attendance fees in respect of his offices within the subsidiaries of the Company.
Valuation of all types of benefits	€5,409.96	A company car will be available to the Chief Executive Officer. The amount given here for information purposes only corresponds to the valuation done in 2017.

Compensation components to be submitted to shareholders' approval in accordance with the procedure relating to related party agreements and undertakings

Compensation components to be submitted to the approval by the General Meeting in accordance with the procedure relating to related party agreements and undertakings	Amounts	Details
Severance payment	Not applicable	There is no undertaking in this regard
Non-compete compensation	1 year of the reference salary (annual fixed + variable) at the Company's sole initiative	Given the profile of the new executive officer and to protect the interests of the Company and its shareholders, the meeting of the Board of Directors held on March 20, 2018, on the recommendation of the Compensation Committee, authorized the setting up of an non-compete agreement between the Company and the Chief Executive Officer, whereby the Chief Executive Officer undertakes not to exercise any activity that will compete with that of Legrand for a one-year period starting from the date of termination of his functions The Company's Board of Directors will decide, after the termination of the Chief Executive Officer's functions, whether or not to apply this non-compete clause and may unilaterally decide to waive the application of this clause. If it is implemented, the compliance with this undertaking by the Chief Executive Officer would result, for a one-year period after the termination of his functions as Chief Executive Officer, in the payment by the Company of a monthly compensation equal to the monthly average of the reference salary received during the last twelve months of presence in the company, it being specified that the reference salary includes the fixed salary and the annual variable salary and excludes sums received as long-term variable compensation, which will be an amount lower than the cap recommended by the Code of Corporate Governance. In accordance with the procedure relating to related party agreements and undertakings, this agreement has been authorized by the Board of Directors on March 20, 2018 and is submitted to the approval of the Combined General Meeting of May 30, 2018 (7th resolution). There is no commitment corresponding to a defined-benefit pension plan. The Chief Executive Officer also continues to benefit from the mandatory collective defined contributions pension plan that falls within the scope of supplementary article 83 of the French General Tax Code, applicable to the Group's French executives, to which he was affiliated before his appointment as Chief Executive Officer, under the same terms as the rest of the employees concerned.
Supplementary pension plan	€2,385	It is specified that all the Group's French executives benefit from for the defined contributions pension plan (supplementary article 83 of the French General Tax Code). Contributions are based on the A, B and C Tranches of compensation as defined in for the calculation of contributions to the mandatory supplementary pension plans (ARRCO-AGIRC). The rights are constituted through the payment of annual contributions of 1.5% of A, B and C Tranches. The Company pays half of this amount (0.75%) and the beneficiaries pay the other half (0.75%). This amount stated is given for information purposes only for 2018. In accordance with the procedure relating to related party agreements and undertakings, this undertaking has been authorized by the Board of Directors on February 7, 2018 and is submitted to the approval of the Combined General Meeting of May 30, 2018 (8th resolution).
Pension and medical expenses plan	€6,465.84	The Chief Executive Officer benefits from the "medical expenses" supplementary health insurance coverage and the "pension plan: death, incapacity and invalidity", applicable to the Group's French executives, to the extent that he is assimilated to an executive regarding his social and tax status, under the same conditions as the rest of the employees of the category to which he is assimilated. The amount stated is given for information purposes only for 2018. In accordance with the procedure relating to related party agreements and undertakings, this commitment has been authorized by the Board of Directors on February 7, 2018 and is submitted for approval to the Combined General Meeting of May 30, 2018 (8th resolution).

Signing bonus in the event of the appointment of a new executive officer in the course of 2018

There is no provision for any signing bonus intended to compensate loss of benefits in the event of appointment of a new executive officer in the course of the 2018 financial year.

6.2.5.2 COMPENSATION COMPONENTS PAID OR ATTRIBUTED IN RESPECT OF THE 2017 FINANCIAL YEAR TO MR. GILLES SCHNEPP, SUBMITTED TO SHAREHOLDERS' APPROVAL

In accordance with articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the components of compensation paid or attributed for the 2017 financial year to Mr. Gilles Schnepp, are submitted for approval by shareholders at the General Meeting convened in 2018 on the financial statements of the 2017 financial year, it being specified that the payment of the variable and exceptional components of compensation is conditional upon the approval by said General Meeting. These components are detailed in the following table:

Compensation components paid or attributed for the financial year ended on December 31, 2017	Amounts or accounting valuation submitted for vote	Details
Fixed compensation	€625,000	Gross fixed annual compensation set by the Board of Directors on March 3, 2011, and unchanged since that date.
Annual variable compensation*	€535,000	The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepp in respect of the 2017 financial year could vary between 0% and 120% of fixed annual compensation (with a target value set at 80% of fixed annual compensation) and would be determined as follows: ■ from 0% to 90% of annual fixed compensation (with a target value set at 60%) depending on a quantifiable portion (representing 3/4 of annual variable compensation) calculated on the basis of criteria relating to (i) the achievement of a certain level of "adjusted operating margin", (ii) the 2017 organic growth in revenues, (iii) the 2017 revenues growth (including the effect of the acquisitions), and (iv) Legrand's inclusion in benchmark CSR indices; and ■ from 0% to 30% of annual fixed compensation (with a target value set at 20%) depending on a qualitative portion (representing 1/4 of annual variable compensation) calculated on the basis of criteria relating to (i) revenue growth (evolution market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies), (ii) the external growth policy (compliance with set priorities, emphasis on multiples paid, quality of integration for acquisitions already made), and (iii) other general criteria, particularly risk management, labour issues, and succession plans. Based on the diligence and proposals of the Compensation Committee, the Board, at its meeting on March 20, 2018, set ■ at 79.4% of the annual fixed compensation, the amount of the portion of the 2017 variable compensation resulting from the achievement of quantifiable targets; and ■ at 29% of the annual fixed compensation, the amount of the portion of the 2017 variable compensation resulting from the achievement of qualitative targets, therefore corresponding to a rate of achievement of 90.3% (equal to 108.4% divided by 120%) of the maximum annual variable compensation and 135.5% (equal to 108.4% divided by 80%) of the target, i.e. €677,500 (details of the rate of achievement of the quantifiable and qualitative criteria are presented in section 6.2.2.1 of the Company's Registration Document). However, it should be noted that Mr. Gilles Schnepp chose, on its own initiative, to waive a portion of this variable compensation in respect of 2017 so as to keep it at the same level as 2016, i.e. €535,000.
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation

* *Component of compensation, the payment of which is subject to the approval of the Combined General Meeting of May 30, 2018, pursuant to section II of article L. 225-100, paragraph 2 of the French Commercial Code.*

Compensation components paid or attributed for the financial year ended on December 31, 2017	Amounts or accounting valuation submitted for vote	Details
Long-term cash compensation	Not applicable	There was no allocation during the last financial year. It may be noted that with respect to the 2013 Performance Units Plan the vesting period for this plan expired on March 7, 2016, and that the rate of achievement of the future performance criteria is 100.2%. The 2013 Future Performance Units are subject to an additional two-year lock-in period. The reference value for these units is €63 each, which is the closing price of the Legrand stock on the NYSE Euronext Paris on the last day of the two-year lock-in period, i.e. on March 7, 2018. The total theoretical amount calculated (on the basis of the rate of achievement of future performance criteria of 100.2% and the stock price of €63) which is €1,237,670.28 has been capped at €937,500 in accordance with the rule mentioned on pages 172 and 173 of the 2013 Registration Document. It must be noted that the vesting period of the 2014 Future Performance Shares Plan expired on March 6, 2017 and that the rate of achievement of the future performance criteria was 92.2% of the target and 61.5% of the maximum. The amount corresponding to these Future Performance Shares will be paid to Mr. Gilles Schnepp at the end of a further two-year period *i.e.* on March 6, 2019. Such amount is not yet known because it is indexed to the average daily closing price of Legrand's stocks on the NYSE Euronext Paris market during the two-year lock-in period. These plans (especially the performance criteria applicable to performance units allocated) are described in section 6.2.2.1 of the Company's 2017 Registration Document, pages 202–204.
Stock options, performance shares or any other long-term compensation component	Stock-options Not applicable	There was no allocation during the last financial year.
	Performance share: valuation: €668,381	On the recommendation from the Compensation Committee, the Board of Directors on May 31, 2017 decided to set up a 2017 Performance Share Plan. This plan (especially the performance criteria applicable to the allocated shares) is described in section 6.2.2.1 of the Company's Registration Document, on pages 200–202, and in chapter 7.3 of the Company's Registration Document, on page 222. The allocation benefiting Mr. Gilles Schnepp in respect of this plan corresponds to 2.5% of the overall allocation**. The number of performance shares allocated to Mr. Gilles Schnepp is 12,243. This number of shares that will be definitively vested may subsequently vary in a range between 0% and 150% of the number of shares initially allocated, according to the level of achievement of "external" and "internal" financial performance criteria and an extra-financial performance criterion. As stated previously, the Board of Directors took its decision on May 31,2017 on the basis of an authorization granted by the General Meeting on May 27, 2016, in its thirteenth resolution *(Authorization to allocate existing shares or shares to be issued benefiting Company personnel and/or corporate officers)*.
	Other security allocation: Not applicable	There was no allocation during the last financial year.
Extraordinary compensation*	Not applicable	There are no plans to allocate an extraordinary compensation.
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees in respect of his offices within the Company or its subsidiaries.
Valuation of all types of benefits	Not applicable	

* *Component of compensation, the payment of which is subject to the approval of the Combined General Meeting of May 30, 2018, pursuant to section II of article L. 225-100, paragraph 2 of the French Commercial Code.*

** *This calculation takes into account the adjustment of the number of performance shares made in view of the conditions of dividend payment decided by the Company's Combined General Meeting on May 31, 2017, to acknowledge the impact of this operation on the interests of beneficiaries of performance shares (for details, please refer to chapter 7.3 of the 2017 Registration Document).*

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to related party agreements and undertakings

Compensation components voted upon by the General Meeting of Shareholders in accordance with the procedure relating to related party agreements and undertakings	Amounts	Details
Severance payment	Not applicable	There is no undertaking in this regard.
Non-compete compensation	Not applicable	There is no undertaking in this regard.
Supplementary pension plan	Not applicable	There is no undertaking in this regard.

SHARE OWNERSHIP

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7.1 – BREAKDOWN OF SHARE CAPITAL

Unless otherwise stated, the information presented in this chapter is dated as of December 31, 2017.

7.1.1 – Shareholding structure at December 31, 2017 and changes to the shareholding structure in 2017

7.1.1.1 SHAREHOLDING STRUCTURE AT DECEMBER 31, 2017

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Current and former managers and employees (Employee Savings Plan)(1)	10,228,162	3.83	10,228,162	3.83	10,228,162	3.83
Treasury stock(2)	45,128	0.02	45,128	0.02	0	0
Free float	256,532,461	96.15	256,532,461	96.15	256,532,461	96.17
TOTAL	**266,805,751**	**100**	**266,805,751**	**100**	**266,760,623**	**100**

(1) Relates to shares held in registered form by current and former managers of the Group, and to shares held by employees in an employee savings investment fund (FCPE).

(2) Voting rights not exercisable at Shareholders' General Meetings.

7.1.1.2 CHANGES IN SHAREHOLDING DURING THE 2017 FINANCIAL YEAR AND INFORMATION ON BREACHES OF LEGAL THRESHOLDS

The Company was notified of the following breaches of the legal thresholds during the 2017 financial year:

Company	Declaration date	Date of breach	Legal threshold	Direction of breach	% of capital	% of voting rights
Norges Bank Investment Management	09/19/2017	09/18/2017	5% of the share capital	Increase	5.12%	5.12%
Norges Bank Investment Management	09/20/2017	09/19/2017	5% of the share capital	Decrease	4.95%	4.95%
Norges Bank Investment Management	09/26/2017	09/25/2017	5% of the share capital	Increase	5.16%	5.16%
Norges Bank Investment Management	10/03/2017	10/02/2017	5% of the share capital	Decrease	4.999%	4.999%

To the best of the Company's knowledge, and based on the threshold disclosures filed with the French Financial Markets Authority ("AMF"), no shareholder, other than Massachusetts Financial Services Company ("MFS"), holds, directly or indirectly, alone or in concert, more than 5% of its share capital or voting rights at the date of this Registration Document.

7.1.2 – Shareholding structure at December 31, 2016 and changes to the shareholding structure in 2016

The Company's shareholding structure at December 31, 2016 was as follows:

Shareholders	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
	Number	%	Number	%	Number	%
Current and former managers and employees (Employee Savings Plan)(1)	10,771,429	4.03	10,771,429	4.03	10,771,429	4.05
Treasury stock(2)	1,365,561	0.51	1,365,561	0.51	0	0
Free float	255,190,384	95.46	255,190,384	95.46	255,190,384	95.95
TOTAL	**267,327,374**	**100**	**267,327,374**	**100**	**265,961,813**	**100**

(1) Relates to shares held in registered form by current and former managers of the Group, and to shares held by employees in an employee savings investment fund (FCPE).

(2) Voting rights not exercisable at Shareholders' General Meetings.

Information on breaches of legal thresholds and changes to the shareholding structure during the 2016 financial year can be found in section 7.1.1 of the 2016 Registration Document filed with the AMF under No. D.17-0285.

7.1.3 – Shareholding structure at December 31, 2015 and changes to the shareholding structure in 2015

The Company's shareholding structure at December 31, 2015 was as follows:

Shareholders	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable at Shareholders' General Meetings	
	Number	%	Number	%	Number	%
Current and former managers and employees (Employee Savings Plan)(1)	10,817,714	4.05	10,817,714	4.05	10,817,714	4.06
Treasury stock(2)	156,595	0.06	156,595	0.06	0	0
Free float	255,956,293	95.89	255,956,293	95.89	255,956,293	95.94
TOTAL	**266,930,602**	**100**	**266,930,602**	**100**	**266,774,007**	**100**

(1) Relates to shares held in registered form by current and former managers of the Group, and to shares held by the employees in an employee savings investment fund (FCPE).

(2) Voting rights not exercisable at Shareholders' General Meetings.

Information on breaches of legal thresholds and changes to the shareholding structure during the 2015 financial year can be found in section 7.1.1 of the 2015 Registration Document filed with the AMF under no. D.16-0232.

7.1.4 – Shareholders' agreement and specific agreements

To the best of the Company's knowledge, there is no shareholders' agreement in effect as at the date of this Registration Document that governs relations between its shareholders, nor are any shareholders acting in concert.

7.2 – STOCK OPTIONS PLANS

Table 8 – Breakdown of awards of stock options

No stock option plans have been implemented since the 2010 Plan.

The Company's Board of Directors approved the implementation of the stock options plans listed below:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,642,578(1)	2,024,675(1)	1,192,066(1)	3,279,147(1)
o/w to Executive Officers	*79,871(1)*	*142,738(1)*	*94,967(1)*	*221,659(1)*
■ *Gilles Schnepp*	*40,880(1)*	*72,824(1)*	*48,460(1)*	*136,828(1)*
■ *Olivier Bazil*	*38,991(1)*	*69,914(1)*	*46,507(1)*	*84,831(1)*
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€24.91(1) Average closing price over the 20 trading days preceding the grant date	€20.21(1) Average closing price over the 20 trading days preceding the grant date	€12.89(1) Average closing price over the 20 trading days preceding the grant date	€21.43(1) Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(2) (3)	(2) (3)	(2) (3)	(2) (3)
Number of options exercised as of December 31, 2017	(1,505,297)	(1,617,420)	(843,884)	(2,063,920)
Number of options cancelled or forfeited	(137,281)	(123,313)	(108,813)	(240,817)
Stock options outstanding as of December 31, 2017	**0**	**283,942**	**239,369**	**974,410**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016 and on May 31, 2017, the number and exercise price of stock options was adjusted to take into account the impact of these transactions on the interests of stock option beneficiaries, in accordance with article L. 228-99 of the French Commercial Code.

(2) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(3) All these plans were subject to performance conditions (see Note 12 to the consolidated financial statements for the 12 months ended December 31, 2014).

The weighted average market price of the Company stock upon exercise of stock options in 2017 was €58.01.

If all these options were to be exercised (i.e., 1,497,721 options), the Company's capital would be diluted at most by 0.6% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2017.

The cost of stock options is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model.

Stock options granted under all of these plans are considered as having a five-year life.

Table 9 – Options granted to and exercised by the ten highest beneficiaries who are not Executive Officers

The table below shows the options granted to and exercised by the ten highest beneficiaries who were not Executive Officers of the Company during the financial year ended December 31, 2017:

Stock options granted to and exercised by the ten highest beneficiaries who are not executive officers	Total number of options granted/ of shares subscribed for or purchased	Weighted average price	2010 plan		2009 plan		2008 plan		2007 plan
			before adjustment[(1)]	after adjustment[(1)]	before adjustment[(1)]	after adjustment[(1)]	before adjustment[(1)]	after adjustment[(1)]	before adjustment[(1)]
		20.888	21.568	21.427	12.97	12.885	20.338	20.205	24.91
Options granted, during the year, by the issuer and by all companies within the scope of the option plan, to the ten employees of the issuer and of those companies included in this scope, to whom the highest number of options was granted (total)	Nil	-	-	-	-	-	-	-	-
Options previously granted, by the issuer and the aforesaid companies, and exercised during the course of the year by the ten employees of the issuer, and of these companies, who purchased, or subscribed for, the highest number of shares (total)	175,516		9,528	84,929	0	16,709	5,278	32,551	26,521

(1) In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary General Meeting of Shareholders of the Company on May 31, 2017, the number and exercise price of the stock options were adjusted, in accordance with article L. 228-99 of the French Commercial Code, to take into account the impact of this transaction on the beneficiaries' interests.

Given the dividend distribution features approved by the Combined Ordinary and Extraordinary General Meeting of Shareholders of the Company on May 27, 2016, the number and exercise price of the stock options were adjusted, in accordance with article L. 228-99 of the French Commercial Code, to take into account the impact of this transaction on the beneficiaries' interests.

Information on the options granted to and exercised by the Executive Officer during the year ended December 31, 2017 is included in section 6.2.2.1 of the Company's Registration Document.

The Executive Officer is subject to the requirement to hold at least 30% of all shares acquired (including stock options and performance shares) until the termination of his duties.

7.3 – PERFORMANCE SHARES

Table 10 – Breakdown of free share allocations

2015, 2016 and 2017 performance share plans

The following performance share plans were also approved by the Company's Board of Directors:

	Plan 2015	Plan 2016	Plan 2017
Date approved by shareholders	May 24, 2013	May 24, 2013	May 27, 2016
Grant date	May 29, 2015	May 27, 2016	May 31, 2017
Total number of performance share rights initially granted	388,769(1)	495,615(1)	484,583(1)
o/w to Executive Officer	*14,583(1)*	*15,281(1)*	*12,324(1)*
Total IFRS 2 charge (in € millions)	16.3(2)	20.3(2)	24.8(2)
End of vesting period	June 17, 2019	June 17, 2020	June 17, 2021
End of lock-up period	June 17, 2019	June 17, 2020	June 17, 2021
Number of performance shares acquired as of December 31, 2017	0	0	0
Number of performance share rights cancelled or forfeited	(19,329)	(12,073)	(5,925)
Performance share rights outstanding as of December 31, 2017	**369,440**	**483,542**	**478,658**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016 and on May 31, 2017, the number of remaining performance shares was adjusted to take into account the impact of these transactions on the interests of performance share beneficiaries in accordance with article L. 228-99 of the French Commercial Code. Moreover, the number of performance shares has been reduced following the Executive Director's decision to waive part of his entitlement to performance shares granted under the 2015 and 2016 plans.

(2) Total charge estimated at the grant date assuming a 100% achievement for each performance criteria. This charge is spread over the 4 years of the vesting period.

If all these shares from the 2015, 2016 and 2017 plans (i.e. 1,331,640 shares) recorded as at December 31, 2017 were to vest, the Company's capital would be diluted by 0.5% as at this latter date.

If all these shares from the 2015, 2016 and 2017 plans were to vest (i.e., 1,331,640 shares), the Company's capital would be diluted by 0.5% as of December 31, 2017.

Under the 2017 Plan, in respect of the 2017 financial year, 87,796 free performance shares were awarded to the 10 non-executive employees of the Company with the highest share awards, before applying the performance and employment conditions attached to said shares.

Information on the shares awarded to the Executive Officer or vested during the financial year ended December 31, 2017 is included in section 6.2.2.1 of the Company's Registration Document.

The Executive Officer is subject to the requirement to hold at least 30% of all shares acquired (including options and performance shares) until the termination of his duties.

7.4 – REGULATED AGREEMENTS AND COMMITMENTS

7.4.1 – Description and qualification

In accordance with the AMF Recommendation no. 2012-05 of July 2, 2012 on "General meetings of shareholders of listed companies" and particularly Proposition 20, the Company has adopted an internal charter to define such agreements, which can be viewed on the Company's website at: *www.legrand.com*.

7.4.2 – Statutory Auditors' special report on regulated agreements and commitments

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements and commitments should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R. 225-31 of the French Commercial Code (*Code de commerce*) relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized since the year end

Pursuant to article L. 225-40 of the French Commercial Code, the following agreements and commitments, which were previously authorized by the Board of Directors have been brought to our attention.

1. **Commitments in relation to the collective mandatory defined contribution pension plan, the "medical expenses" supplementary plan and the "pension plan: death, incapacity and invalidity":**

Person concerned: Mr. Benoît Coquart, Chief Executive Officer of Legrand SA since February 7, 2018.

Nature, purpose, terms and conditions and justification: the Board of Directors' meeting of February 7, 2018 authorized Mr. Benoît Coquart to continue benefiting from these schemes following his appointment as Chief Executive Officer of the Company.

The Board of Directors justified this decision on the basis of market practice and the compensation observed for similar functions in CAC 40 companies.

2. Non-compete commitment between Legrand SA and its Chief Executive Officer:

Person concerned: Mr. Benoît Coquart, Chief Executive Officer of Legrand SA since February 7, 2018.

Nature, purpose, terms and conditions and justification: the Board of Directors' meeting of March 20, 2018 authorized the setting-up of a non-compete agreement between Legrand SA and its Chief Executive Officer, whereby the Chief Executive Officer undertakes not to exercise any activity that will compete with that of Legrand for a one-year period starting from the date of termination of his functions.

The Company may unilaterally decide to waive application of this agreement. If it is implemented, compliance with this commitment by the Chief Executive Officer would result in the payment by the Company of a monthly compensation equal to the monthly average of the reference salary received during the last twelve months of presence in the company for a one-year period after the termination of his functions as Chief Executive Officer, it being specified that the reference salary includes the fixed salary and the annual variable salary and excludes sums received as long-term variable salary.

The Board of Directors justified this decision citing the need to protect the interests of the Company and shareholders in the event of the departure of the Chief Executive Officer, Mr. Benoît Coquart.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement or commitment previously approved by the Shareholders' Meeting which remained in force during the year.

Neuilly-sur-Seine, April 5, 2018

The Statutory Auditors

French Original signed by

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Edouard Sattler	Jean-François Viat

CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES, FINANCIAL POSITION AND RESULTS

08

8.1 – CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

8.1.1 – Consolidated key figures

(in € millions)	**2017**	**2016**
Net sales	**5,520.8**	**5,018.9**
Adjusted operating profit(1)	**1,104.9**	**978.5**
As % of net sales	*20.0%*	*19.5%*
	*20.1% before acquisitions**	
Operating profit	**1,025.6**	**934.0**
As % of net sales	*18.6%*	*18.6%*
Adjusted net profit attributable to the Group(2)	**625.7**	**567.3**
As % of net sales	*11.3%*	*11.3%*
Net profit attributable to the Group	**711.2**	**628.5**
As % of net sales	*12.9%*	*12.5%*
***Normalized*(3) *free* cash flow**(4)	**735.2**	**623.9**
As % of net sales	*13.3%*	*12.4%*
***Free* cash flow**(4)	**695.8**	**673.0**
As % of net sales	*12.6%*	*13.4%*
Net financial debt at December 31(5)	**2,219.5**	**957.0**

* *At 2016 scope of consolidation.*

(1) *Adjusted operating profit is defined as operating profit adjusted for amortization and depreciation of revaluation of assets at the time of acquisitions and for other P&L impacts relating to acquisitions and, where applicable, for impairment of goodwill.*

(2) *Adjusted net profit attributable to the Group does not take into account the net favorable effect of significant non-recurring gains and expenses resulting from announced changes in tax measures, primarily in France and in the United States. This net favorable effect is adjusted as it does not reflect an underlying performance.*

(3) *Normalized free cash flow is defined as the sum of net cash from operating activities - based on a working capital requirement representing 10% of the last 12 month's sales and whose change at constant scope of consolidation and exchange rates is adjusted for the period considered - and net proceeds of sales from fixed and financial assets, less capital expenditure and capitalized development costs.*

(4) *Free cash flow is defined as the sum of net cash from operating activities and net proceeds from sales of fixed and financial assets, less capital expenditure and capitalized development costs.*

(5) *Net financial debt is defined as the sum of short-term borrowings and long-term borrowings, less cash and cash equivalents and marketable securities.*

The reconciliation of consolidated key figures with the financial statements is available in the appendices to the 2017 results press release.

The reconciliation of adjusted net profit attributable to the Group with net profit attributable to the Group is also presented in the following table:

(in € millions)	2017	2016
Adjusted net profit attributable to the Group	**625.7**	**567.3**
Tax income linked to mechanical revaluation of deferred tax liabilities on trademarks resulting from the announcement of reductions in corporate income tax rates, primarily in France	26.4	61.2
Tax income resulting from refund of tax on dividends paid since 2013, net of the exceptional corporate income tax on companies in 2017 in France	18.3	0.0
Net tax income linked to changes in corporate taxation in the United States, mainly accounting impacts due to mechanical revaluation of deferred tax assets and liabilities	40.8	0.0
Total adjustments	85.5	61.2
Net profitable attributable to the Group	**711.2**	**628.5**

8.1.2 – Consolidated statement of income

	12 months ended	
(in € millions)	December 31, 2017	December 31, 2016
Net sales (Notes 2.1 et 2.2)	**5,520.8**	**5,018.9**
Operating expenses (Note 2.3)		
Cost of sales	(2,627.0)	(2,381.0)
Administrative and selling expenses	(1,511.6)	(1,364.7)
Research and development costs	(252.1)	(237.7)
Other operating income (expenses)	(104.5)	(101.5)
Operating profit	**1,025.6**	**934.0**
Financial expenses	(92.1)	(101.3)
Financial income	13.7	10.9
Exchange gains (losses)	(8.3)	6.5
Financial profit (loss)	(86.7)	(83.9)
Profit before tax	**938.9**	**850.1**
Income tax expense (Note 2.4)	(224.2)	(218.6)
Share of profits (losses) of equity-accounted entities	**(1.5)**	**(1.3)**
Profit for the period	**713.2**	**630.2**
Of which:		
■ **Net profit attributable to the Group***	**711.2**	**628.5**
■ **Minority interests**	**2.0**	**1.7**
Basic earnings per share *(euros)* (Note 4.1.3)	2.669	2.359
Diluted earnings per share *(euros)* (Note 4.1.3)	2.646	2.339

* *Refer to the previous table.*

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.3 – Consolidated statement of comprehensive income

(in € millions)	12 months ended	
	December 31, 2017	**December 31, 2016**
Profit for the period	713.2	630.2
Items that may be reclassified subsequently to profit or loss		
Translation reserves	(333.5)	36.2
Income tax relating to components of other comprehensive income	(16.2)	(2.1)
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Note 4.5.1.1)	7.6	(13.8)
Deferred taxes on actuarial gains and losses	(5.1)	0.4
COMPREHENSIVE INCOME FOR THE PERIOD	**366.0**	**650.9**
Of which:		
■ **Comprehensive income attributable to the Group**	**364.3**	**649.1**
■ **Minority interests**	**1.7**	**1.8**

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.4 – Consolidated balance sheet

ASSETS

(in € millions)	**December 31, 2017**	**December 31, 2016**
Non-current assets		
Intangible assets (Note 3.1)	2,294.0	1,880.0
Goodwill (Note 3.2)	3,930.3	3,121.9
Property, plant and equipment (Note 3.3)	622.4	597.4
Investments in equity-accounted entities	15.5	2.2
Other investments	19.6	19.7
Other non-current assets	10.0	5.3
Deferred tax assets (Note 4.7)	104.0	102.5
TOTAL NON-CURRENT ASSETS	**6,995.8**	**5,729.0**
Current assets		
Inventories (Note 3.4)	747.4	670.6
Trade receivables (Note 3.5)	624.9	564.2
Income tax receivables	48.0	41.1
Other current assets (Note 3.6)	184.1	164.8
Marketable securities	0.0	0.0
Other current financial assets	1.1	1.6
Cash and cash equivalents (Note 3.7)	823.0	940.1
TOTAL CURRENT ASSETS	**2,428.5**	**2,382.4**
TOTAL ASSETS	**9,424.3**	**8,111.4**

The accompanying Notes are an integral part of these consolidated financial statements.

EQUITY AND LIABILITIES

(in € millions)	December 31, 2017	December 31, 2016
Equity		
Share capital (Note 4.1)	1,067.2	1,069.3
Retained earnings (Notes 4.2 and 4.3.1)	3,644.6	3,227.8
Translation reserves (Note 4.3.2)	(573.2)	(240.0)
Equity attributable to the Group	4,138.6	4,057.1
Minority interests	9.5	9.3
TOTAL EQUITY	**4,148.1**	**4,066.4**
Non-current liabilities		
Long-term provisions (Notes 4.4 and 4.5.2)	148.6	127.4
Provisions for post-employment benefits (Note 4.5.1)	153.6	166.0
Long-term borrowings (Note 4.6.1)	2,457.1	1,550.7
Other non-current liabilities	0.0	0.0
Deferred tax liabilities (Note 4.7)	621.1	636.2
TOTAL NON-CURRENT LIABILITIES	**3,380.4**	**2,480.3**
Current liabilities		
Trade payables	612.9	558.3
Income tax payables	37.7	30.8
Short-term provisions (Note 4.4)	75.3	82.4
Other current liabilities (Note 4.8)	583.7	546.2
Short-term borrowings (Note 4.6.2)	585.4	346.4
Other current financial liabilities	0.8	0.6
TOTAL CURRENT LIABILITIES	**1,895.8**	**1,564.7**
TOTAL EQUITY AND LIABILITIES	**9,424.3**	**8,111.4**

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.5 – Consolidated statement of cash flows

	12 months ended	
(in € millions)	**December 31, 2017**	**December 31, 2016**
Profit for the period	**713.2**	**630.2**
Adjustments for non-cash movements in assets and liabilities:		
■ Depreciation and impairment of tangible assets (Note 2.3)	99.8	97.1
■ Amortization and impairment of intangible assets (Note 2.3)	66.6	47.4
■ Amortization and impairment of capitalized development costs (Note 2.3)	32.7	30.5
■ Amortization of financial expenses	1.8	2.4
■ Impairment of goodwill (Note 3.2)	0.0	0.0
■ Changes in long-term deferred taxes	(50.9)	(36.7)
■ Changes in other non-current assets and liabilities (Notes 4.4 and 4.5)	38.0	33.7
■ Unrealized exchange (gains)/losses	0.6	(16.2)
■ Share of (profits) losses of equity-accounted entities	1.5	1.3
■ Other adjustments for non-cash movements	16.4	0.9
■ Net (gains)/losses on sales of assets	0.1	0.8
Changes in working capital requirement:		
■ Inventories (Note 3.4)	(55.7)	36.4
■ Trade receivables (Note 3.5)	(30.1)	18.8
■ Trade payables	44.1	15.7
■ Other operating assets and liabilities (Notes 3.6 and 4.8)	(14.4)	(30.5)
Net cash from operating activities	**863.7**	**831.8**
■ Net proceeds from sales of fixed and financial assets	10.3	2.1
■ Capital expenditure (Notes 3.1 and 3.3)	(144.6)	(126.3)
■ Capitalized development costs	(33.6)	(34.6)
■ Changes in non-current financial assets and liabilities	3.8	14.1
■ Acquisitions of subsidiaries, net of cash acquired (Note 1.3.2)	(1,638.0)	(407.4)
Net cash from investing activities	**(1,802.1)**	**(552.1)**
■ Proceeds from issues of share capital and premium (Note 4.1.1)	16.9	8.3
■ Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)	1.8	(81.8)
■ Dividends paid to equity holders of Legrand (Note 4.1.3)	(317.1)	(307.1)
■ Dividends paid by Legrand subsidiaries	(1.5)	(1.9)
■ Proceeds from long term financing (Note 4.6)	1,402.7	0.0
■ Repayment of long term financing (Note 4.6)	(305.7)	(7.6)
■ Debt issuance costs	(9.7)	0.0
■ Net sales (buybacks) of marketable securities	0.0	2.5
■ Increase (reduction) in short term financing (Note 4.6)	100.6	(5.5)
■ Acquisitions of ownership interests with no gain of control (Note 1.3.2)	(0.6)	(23.4)
Net cash from financing activities	**887.4**	**(416.5)**
Translation net change in cash and cash equivalents	(66.1)	(9.0)
Increase (decrease) in cash and cash equivalents	**(117.1)**	**(145.8)**
Cash and cash equivalents at the beginning of the period	940.1	1,085.9
Cash and cash equivalents at the end of the period (Note 3.7)	**823.0**	**940.1**
Items included in cash flows:		
■ Interest paid* during the period	84.7	85.0
■ Income taxes paid during the period	256.7	246.4

* *Interest paid is included in the net cash from operating activities.*

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.6 – Consolidated statement of changes in equity

	Equity attributable to the Group						
(in € millions)	Share capital	Retained earnings	Translation reserves	Actuarial gains and losses*	Total	Minority interests	Total equity
As of December 31, 2015	**1,067.7**	**3,057.4**	**(276.1)**	**(51.2)**	**3,797.8**	**9.6**	**3,807.4**
Profit for the period		628.5			628.5	1.7	630.2
Other comprehensive income		(2.1)	36.1	(13.4)	20.6	0.1	20.7
Total comprehensive income		626.4	36.1	(13.4)	649.1	1.8	650.9
Dividends paid		(307.1)			(307.1)	(1.9)	(309.0)
Issues of share capital and premium	1.6	6.7			8.3		8.3
Cancellation of shares held in treasury	0.0	0.0			0.0		0.0
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(81.8)			(81.8)		(81.8)
Change in scope of consolidation**		(16.7)			(16.7)	(0.2)	(16.9)
Current taxes on share buybacks		(0.4)			(0.4)		(0.4)
Share-based payments		7.9			7.9		7.9
As of December 31, 2016	**1,069.3**	**3,292.4**	**(240.0)**	**(64.6)**	**4,057.1**	**9.3**	**4,066.4**
Profit for the period		711.2			711.2	2.0	713.2
Other comprehensive income		(16.2)	(333.2)	2.5	(346.9)	(0.3)	(347.2)
Total comprehensive income		695.0	(333.2)	2.5	364.3	1.7	366.0
Dividends paid		(317.1)			(317.1)	(1.5)	(318.6)
Issues of share capital and premium (Note 4.1.1)	3.1	13.8			16.9		16.9
Cancellation of shares held in treasury (Note 4.1.1)	(5.2)	(57.4)			(62.6)		(62.6)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)		64.4			64.4		64.4
Change in scope of consolidation**		2.9			2.9	0.0	2.9
Current taxes on share buybacks		(0.4)			(0.4)		(0.4)
Share-based payments (Note 4.2)		13.1			13.1		13.1
As of December 31, 2017	**1,067.2**	**3,706.7**	**(573.2)**	**(62.1)**	**4,138.6**	**9.5**	**4,148.1**

* *Net of deferred taxes.*

** *Corresponds mainly to acquisitions of additional shares in companies already consolidated and to puts on minority interests.*

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.7 – Notes to the consolidated financial statements

NOTE 1 – BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 GENERAL INFORMATION

Legrand ("the Company") along with its subsidiaries (together "Legrand" or "the Group") is the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 90 countries, and sells its products in close to 180 countries.

The Company is a French société anonyme incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny – 87000 Limoges (France).

The 2016 Registration Document has been filed with the AMF on March 31, 2017 under no. D.17-0285.

The consolidated financial statements were approved by the Board of Directors on February 7, 2018.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

1.2 ACCOUNTING POLICIES

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the Code de commerce (French Commercial Code).

The consolidated financial statements cover the 12 months ended December 31, 2017. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee publications adopted by the European Union and applicable or authorized for early adoption from January 1, 2017.

None of the IFRS issued by the International Accounting Standards Board (IASB) that have not been adopted for use in the European Union are applicable to the Group.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.2.3.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities in accordance with IFRS. The classes concerned are mentioned in Note 5.1.1.2.

1.2.1 New standards, amendments and interpretations that may impact the Group's financial statements

1.2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2017 that have an impact on the group's 2017 financial statements

Amendment to IAS 7 – Statement of Cash Flows

In January 2016, the IASB issued an amendment to IAS 7 – Statement of Cash Flows.

This amendment requires disclosing in the financial statements an analysis of changes in financial liabilities, detailing changes impacting cash flows versus changes not impacting cash flows.

This analysis is disclosed in the notes to the financial statements in Note 4.6.3.

1.2.1.2 New standards, amendments and interpretations with mandatory application from January 1, 2017 that have no impact on the Group's 2017 financial statements

Amendment to IAS 12 – Income Taxes

In January 2016, the IASB issued an amendment to IAS 12 – Income Taxes.

This amendment clarifies the elements to include in estimated future taxable profits to justify the recognition of deferred tax assets resulting from tax losses.

1.2.1.3 New standards, amendments and interpretations adopted by the European Union not applicable to the Group until future periods

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which replaces IAS 18 – Revenue and IAS 11 – Construction Contracts.

IFRS 15 sets out the requirements for recognizing revenue arising from all contracts with customers (except for contracts that fall within the scope of other standards). In addition, the standard requires the reporting entity to disclose certain contract information, particularly in the case of contracts that are expected to extend beyond one year, and to describe the assumptions used by the entity to calculate the revenue amounts to be reported.

Amendment to IFRS 15 – Revenue from Contracts with Customers

In April 2016, the IASB issued amendments to IFRS 15 – Revenue from Contracts with Customers.

These amendments clarify in particular the concept of performance obligations that are not considered "distinct within the context of the contract". Revenue resulting from such performance obligations is to be recognized as a single performance obligation.

This standard and these amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments

In July 2014, the IASB published the complete version of IFRS 9 – Financial Instruments, which replaces most of the guidance in IAS 39 – Financial Instruments: Recognition and Measurement.

The complete standard covers three main topics: classification and measurement, impairment and hedge accounting.

IFRS 9 introduces a single model for determining whether financial assets should be measured at amortized cost or at fair value. This model supersedes the various models set out in IAS 39. The IFRS 9 model is dependent on the entity's business model objective for managing financial assets and the contractual cash flow characteristics of the financial assets.

As under IAS 39, all financial liabilities are eligible for measurement at amortized cost, except for financial liabilities held for trading, which must be measured at fair value through profit or loss.

In addition, IFRS 9 introduces a single impairment model that supersedes the various models set out in IAS 39 and also includes a simplified approach for financial assets that fall within the scope of IFRS 15 – Revenue from Contracts with Customers. This model is based in particular on the notion of expected credit losses, which applies regardless of the financial assets' credit quality.

Lastly, whereas most of the IAS 39 hedge accounting rules still apply, IFRS 9 allows more types of hedge relationships to qualify for hedge accounting, in addition to derivatives.

In October 2017, the IASB issued an amendment to IFRS 9 clarifying the accounting for the modification of financial liabilities. The amendment provides that modifications of financial liabilities that do not result in derecognition give rise to an adjustment to the amortized cost of the financial liability on the date of modification. The adjustment must be recognized in full in the income statement.

This standard is effective for annual periods beginning on or after January 1, 2018.

The Group reviewed these two standards to determine their possible impacts on the consolidated financial statements and related disclosures. The application of IFRS 15 and IFRS 9 will not generate any material impact on the Group's financial statements as of January 1, 2018.

IFRS 16 – Leases
In January 2016, the IASB issued IFRS 16 – Leases, which supersedes IAS 17.

IFRS 16 provides a single lessee accounting model for the majority of leases with a term of more than 12 months. This model requires the lessee to recognize a right-of-use asset and a financial liability in the balance sheet when a lease contract conveys the right to control the use of an identified asset.

In addition, the standard requires the lessee to recognize the lease expense partly as a depreciation charge within operating expenses and partly as an interest expense within financial expenses.

This standard is effective for annual periods beginning on or after January 1, 2019.

The Group reviewed the standard to determine its possible impacts on the consolidated financial statements and related disclosures. A new Group-wide process for monitoring and accounting for leases is expected to be implemented in 2018.

1.2.1.4 New standards, amendments and interpretations not yet adopted by the European Union not applicable to the group until future periods

Amendment to IFRS 2 – Share-based Payment
In June 2016, the IASB issued an amendment to IFRS 2 – Share-based Payment.

This amendment specifies in particular that, for cash-settled share-based payment plans, non-market performance conditions and service conditions must impact the number of granted shares expected to vest but not their fair value.

In addition, the amendment outlines that, for equity-settled share-based payment plans, the IFRS 2 charge recognized in equity does not have to be reduced by any withholding tax to be paid by the entity to tax authorities on behalf of beneficiaries.

This amendment, which has not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2018.

The Group reviewed the amendment, to determine its possible impact on the consolidated financial statements and related disclosures. Its impact on the Group is not expected to be material.

1.2.2 Basis of consolidation

Subsidiaries are consolidated if they are controlled by the Group.

The Group has exclusive control over an entity when it has power over the entity, i.e., it has substantive rights to govern the entity's key operations, is exposed to variable returns from its involvement with the entity, and has the ability to affect those returns.

Such subsidiaries are fully consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Any entity over which the Group has:

- significant influence (a situation that occurs when the Group holds more than 20% of the voting rights without providing it with substantive rights to govern the entity's key operations);
- joint-control (a situation where the Group's interest gives it substantive rights to govern the entity's key operations jointly with a partner but does not provide exclusive control to the Group);

is consolidated using the equity method.

Such subsidiaries are initially recognized at acquisition cost and consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

1.2.3 Use of judgments and estimates

The preparation of financial statements in conformity with generally IFRS requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

1.2.3.1 Impairment of goodwill and intangible assets

Trademarks with indefinite useful lives and goodwill are tested for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Future events could cause the Group to conclude that evidence exists that certain intangible assets acquired in a business combination are impaired. Any resulting impairment loss could have a material adverse effect on the Group's consolidated financial statements and in particular on the Group's operating profit.

Discounted cash flow estimates (used for impairment tests on goodwill and trademarks with indefinite useful lives) are based on management's estimates of key assumptions, especially discount rates, long term growth and profitability rates and royalty rates for trademarks with indefinite useful lives.

1.2.3.2 Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit. Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available, based on management-approved taxable profit forecasts.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on management's estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable.

1.2.3.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, share-based payments, provisions for contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

1.3 SCOPE OF CONSOLIDATION

1.3.1 List of main consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and its 202 subsidiaries.

The main operating subsidiaries as of December 31, 2017, all of which being 100% owned and fully consolidated, are as follows:

France		
Legrand France	France	Limoges
Legrand SNC	France	Limoges
Italy		
Bticino SpA	Italy	Varese
Rest of Europe		
Legrand Group Belgium	Belgium	Diegem
Legrand ZRT	Hungary	Szentes
Legrand Polska	Poland	Zabkowice
Legrand LLC	Russia	Moscow
Legrand Group España	Spain	Madrid
Inform Elektronik	Turkey	Istanbul
Legrand Elektrik	Turkey	Gebze
Legrand Electric	United Kingdom	Birmingham
North and Central America		
Bticino de Mexico SA de CV	Mexico	Querétaro
Finelite Inc.	United States	Union City
Lastar Inc.	United States	Dayton
Legrand Home Systems Inc.	United States	Middletown
Middle Atlantic Products Inc.	United States	Fairfield
Milestone AV Technologies LLC	United States	Eden Prairie
Ortronics Inc.	United States	New London
Pass & Seymour Inc.	United States	Syracuse
Pinnacle Architectural Lighting Inc.	United States	Denver
Raritan Inc.	United States	Somerset
The WattStopper Inc.	United States	Santa Clara
The Wiremold Company	United States	West Hartford
Rest of the world		
Legrand Group Pty Ltd	Australia	Sydney
GL Eletro-Eletronicos Ltda	Brazil	Sao Paulo
HDL Da Amazonia Industria Eletronica Ltda	Brazil	Manaus
Electro Andina Ltda	Chile	Santiago
DongGuan Rocom Electric	China	Dongguan
TCL International Electrical	China	Huizhou
TCL Wuxi	China	Wuxi
Legrand Colombia	Colombia	Bogota
Novateur Electrical and Digital Systems	India	Mumbai
Legrand SNC FZE	United Arab Emirates	Dubaï

1.3.2 Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2016 were as follows:

2016	March 31	June 30	September 30	December 31
Full consolidation method				
Fluxpower	Balance sheet only	Balance sheet only	8 months' profit	11 months' profit
Primetech	Balance sheet only	Balance sheet only	8 months' profit	11 months' profit
Pinnacle		Balance sheet only	5 months' profit	8 months' profit
Luxul Wireless		Balance sheet only	5 months' profit	8 months' profit
Jontek		Balance sheet only	5 months' profit	8 months' profit
Trias		Balance sheet only	Balance sheet only	8 months' profit
CP Electronics		Balance sheet only	Balance sheet only	7 months' profit
Solarfective			Balance sheet only	5 months' profit
Equity method				
TBS		6 months' profit	9 months' profit	12 months' profit

2017	March 31	June 30	September 30	December 31
Full consolidation method				
Fluxpower	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Primetech	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Pinnacle	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Luxul Wireless	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Jontek	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Trias	3 months' profit	6 months' profit	9 months' profit	12 months' profit
CP Electronics	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Solarfective	3 months' profit	6 months' profit	9 months' profit	12 months' profit
OCL	Balance sheet only	5 months' profit	8 months' profit	11 months' profit
AFCO Systems		Balance sheet only	5 months' profit	8 months' profit
Finelite		Balance sheet only	4 months' profit	7 months' profit
Milestone			Balance sheet only	5 months' profit
Server Technology				Balance sheet only
Equity method				
TBS	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Borri		Balance sheet only	Balance sheet only	8 months' profit

The main acquisitions carried out in 2017 were as follows:

- the Group acquired OCL, specialized in architectural lighting solutions for commercial and high-end residential buildings in the United States. OCL reports annual sales of about $15 million;
- the Group acquired AFCO Systems, a US provider of Voice-Data-Image (VDI) cabinets for datacenters, specialized in customized solutions. AFCO Systems has annual sales of about $23 million;
- the Group signed a joint-venture agreement to purchase 49% of Borri, an Italian UPS specialist. As this agreement provides the Group with a joint-control alongside Borri's historical shareholders, this entity is consolidated in the Group's financial statements using the equity method;
- the Group acquired Finelite, a US front-runner in linear specification-grade lighting fixtures for non-residential buildings. Finelite has annual sales of approximately $200 million;

- the Group acquired Milestone AV Technologies LLC, a US frontrunner in Audio Video (AV) infrastructures and power. In 2016, Milestone recorded net sales of $464.1 million (see Note 2 in the September 30, 2017 unaudited consolidated financial information and Note 3.2 in the present document); and
- the Group acquired Server Technology Inc., a US frontrunner in intelligent PDUs for datacenters. Server Technology Inc. has annual sales of approximately $100 million.

In all, acquisitions of subsidiaries (net of cash acquired) came to a total of €1,638.0 million in 2017 (plus €0.6 million for acquisitions of ownership interests without gain of control), versus €407.4 million in 2016 (plus €23.4 million for acquisitions of ownership interests without gain of control).

NOTE 2 – RESULTS FOR THE YEAR

2.1 NET SALES

In 2017, the Group's consolidated net sales came to €5,520.8 million, up +10.0% in total compared with 2016 due to organic growth (+3.1%), changes in scope of consolidation (+7.8%) and the unfavorable impact of exchange rates (-1.1%).

The Group derived the large majority of its revenue from sales to generalist and specialist distributors. The two largest distributors accounted for close to 20% of consolidated net sales. The Group estimates that no other distributor accounted for more than 5% of consolidated net sales.

Revenue from the sale of goods is recognized when ownership and liability for loss or damage is transferred to the buyer, which is generally upon shipment.

The Group offers some sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

Revenue is also presented net of product returns which are strictly limited by sales conditions defined on a country by country basis.

2.2 SEGMENT INFORMATION

In accordance with IFRS 8, operating segments are determined based on the reporting made available to the chief operating decision maker of the Group and to the Group's management.

Given that Legrand activities are carried out locally, the Group is organized for management purposes by countries or groups of countries which are allocated for internal reporting purposes into five geographical segments:

- France;
- Italy;
- Rest of Europe, mainly including Benelux, Germany, Iberia (including Portugal and Spain), Poland, Russia, Turkey, and the United Kingdom;
- North and Central America, including Canada, Mexico, the United States, and Central American countries; and
- Rest of the world, mainly including Australia, China, India, Saudi Arabia and South America (including particularly Brazil, Chile and Colombia).

The first four segments are under the responsibility of four segment managers who are directly accountable to the chief operating decision maker of the Group.

Rest of the world is the only segment subject to an aggregation of several operating segments which are under the responsibility of segment managers who are themselves directly accountable to the chief operating decision maker of the Group. The economic models of subsidiaries within these segments are quite similar.

Indeed, their sales are made up of electrical and digital building infrastructure products, in particular to electrical installers, mainly through third-party distributors.

	Geographical segments					
	Europe					
12 months ended December 31, 2017 *(in € millions)*	**France**	**Italy**	**Others**	**North and Central America**	**Rest of the world**	**Total**
Net sales to third parties	**1,012.6**	**544.7**	**914.5**	**1,857.4**	**1,191.6**	**5,520.8**
Cost of sales	(386.5)	(187.8)	(513.2)	(887.0)	(652.5)	(2,627.0)
Administrative and selling expenses, R&D costs	(397.7)	(162.1)	(234.3)	(641.0)	(328.6)	(1,763.7)
Other operating income (expenses)	(29.7)	(2.7)	(9.4)	(28.9)	(33.8)	(104.5)
Operating profit	**198.7**	**192.1**	**157.6**	**300.5**	**176.7**	**1,025.6**
■ of which acquisition-related amortization, expenses and income						
■ accounted for in cost of sales	0.0	0.0	0.0	(16.8)	0.0	(16.8)
■ accounted for in administrative and selling expenses, R&D costs	(3.5)	(0.7)	(4.1)	(41.2)	(12.3)	(61.8)
■ accounted for in other operating income (expenses)	0.0	0.0	(0.7)	0.0	0.0	(0.7)
■ of which goodwill impairment						0.0
Adjusted operating profit	**202.2**	**192.8**	**162.4**	**358.5**	**189.0**	**1,104.9**
■ of which depreciation expense	(27.2)	(17.4)	(13.6)	(15.5)	(25.4)	(99.1)
■ of which amortization expense	(4.8)	(3.8)	(1.5)	(3.1)	(1.1)	(14.3)
■ of which amortization of development costs	(21.7)	(8.8)	(1.5)	0.0	(0.7)	(32.7)
■ of which restructuring costs	(9.1)	0.1	1.0	(3.9)	(9.3)	(21.2)
Capital expenditure	(38.5)	(24.8)	(25.4)	(27.4)	(28.5)	(144.6)
Capitalized development costs	(20.1)	(8.9)	(2.3)	0.0	(2.3)	(33.6)
Net tangible assets	178.4	119.7	93.7	101.6	129.0	622.4
Total current assets	663.8	120.3	411.7	525.2	707.5	2,428.5
Total current liabilities	882.5	194.7	172.1	275.5	371.0	1,895.8

12 months ended December 31, 2016 *(in € millions)*	Geographical segments					
	Europe			North and Central America	Rest of the world	Total
	France	Italy	Others			
Net sales to third parties	**977.8**	**529.4**	**844.6**	**1,496.7**	**1,170.4**	**5,018.9**
Cost of sales	(360.8)	(186.8)	(478.3)	(701.9)	(653.2)	(2,381.0)
Administrative and selling expenses, R&D costs	(386.5)	(157.9)	(223.0)	(513.4)	(321.6)	(1,602.4)
Other operating income (expenses)	(24.6)	(2.4)	(9.5)	(20.2)	(44.8)	(101.5)
Operating profit	**205.9**	**182.3**	**133.8**	**261.2**	**150.8**	**934.0**
■ of which acquisition-related amortization, expenses and income						
■ accounted for in cost of sales	0.0	0.0	0.0	0.0	0.0	0.0
■ accounted for in administrative and selling expenses, R&D costs	(3.2)	(0.2)	(5.0)	(22.9)	(13.2)	(44.5)
■ accounted for in other operating income (expenses)	0.0	0.0	0.0	0.0	0.0	0.0
■ of which goodwill impairment						0.0
Adjusted operating profit	**209.1**	**182.5**	**138.8**	**284.1**	**164.0**	**978.5**
of which depreciation expense	(26.0)	(18.2)	(13.8)	(12.7)	(25.8)	(96.5)
■ of which amortization expense	(2.4)	(3.6)	(0.6)	(2.5)	(1.0)	(10.1)
■ of which amortization of development costs	(21.9)	(7.5)	(0.6)	0.0	(0.5)	(30.5)
■ of which restructuring costs	(8.7)	(1.3)	(5.7)	(0.8)	(8.6)	(25.1)
Capital expenditure	(33.1)	(30.1)	(14.3)	(25.3)	(23.5)	(126.3)
Capitalized development costs	(21.5)	(7.6)	(3.5)	0.0	(2.0)	(34.6)
Net tangible assets	174.3	116.4	86.1	78.6	142.0	597.4
Total current assets	826.3	124.1	327.2	398.2	706.6	2,382.4
Total current liabilities	689.8	173.7	129.2	217.3	354.7	1,564.7

2.3 OPERATING EXPENSES

Operating expenses include the following main categories of costs:

	12 months ended	
(in € millions)	**December 31, 2017**	**December 31, 2016**
Raw materials and component costs	(1,768.3)	(1,592.2)
Personnel costs	(1,411.3)	(1,299.1)
Other external costs	(1,001.1)	(921.7)
Depreciation and impairment of tangible assets	(99.8)	(97.1)
Amortization and impairment of intangible assets	(99.3)	(77.9)
Restructuring costs	(21.2)	(25.1)
Goodwill impairment	0.0	0.0
Other	(94.2)	(71.8)
OPERATING EXPENSES	**(4,495.2)**	**(4,084.9)**

"Other" primarily includes impairment losses and reversals on inventories (Note 3.4), trade receivables (Note 3.5), and provisions for contingencies (Note 4.4). In addition in 2017, "Other" includes the non recurring impact of the reversal of Milestone's inventory step-up.

The Group had an average of 37,356 employees in 2017 (versus 35,902 in 2016), of which 30,085 back-office employees and 7,271 front-office employees (versus 28,883 and 7,019, respectively, in 2016).

2.4 INCOME TAX EXPENSE

Income tax expense consists of the following:

	12 months ended	
(in € millions)	**December 31, 2017**	**December 31, 2016**
Current taxes:		
France	(27.6)	(44.9)
Outside France	(244.6)	(205.1)
TOTAL	**(272.2)**	**(250.0)**
Deferred taxes:		
France	30.9	33.6
Outside France	17.1	(2.2)
TOTAL	**48.0**	**31.4**
Total income tax expense:		
France	3.3	(11.3)
Outside France	(227.5)	(207.3)
TOTAL	**(224.2)**	**(218.6)**

Income tax expense is equal to €(309.7) million for full-year 2017 and €(279.8) million for full-year 2016, once adjusted for the following non-recurring favorable impacts:

- the favorable accounting impact representing respectively a €26.4 million tax income in 2017 and a €61.2 million tax income in 2016, linked to mechanical revaluation of deferred tax liabilities on trademarks resulting from the announcement of reductions in corporate income tax rates, primarily in France;
- the favorable accounting impact representing a €18.3 million tax income in 2017 in France, resulting from refund of tax on dividends paid since 2013, net of the exceptional income tax on companies in 2017 in France; and
- the favorable accounting impact representing a €40.8 million net tax income in 2017 linked to changes in corporate taxation in the United States, mainly accounting impacts due to mechanical revaluation of deferred tax assets and liabilities.

The reconciliation of total income tax expense for the period to income tax calculated at the standard tax rate in France is as follows, based on profit before tax of €938.9 million in 2017 (versus €850.1 million in 2016):

	12 months ended	
(Tax rate)	**December 31, 2017**	**December 31, 2016**
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
■ effect of foreign income tax rates	(5.85%)	(5.07%)
■ non-taxable items	0.40%	0.61%
■ income taxable at specific rates	(0.13%)	0.34%
■ other	2.32%	2.88%
	31.17%	**33.19%**
Impact on deferred taxes of:		
■ changes in tax rates	(7.67%)	(7.07%)
■ recognition or non-recognition of deferred tax assets	0.38%	(0.41%)
EFFECTIVE TAX RATE	**23.88%**	**25.71%**

The effective tax rate is equal to 33.00% in 2017 and 32.90% in 2016, once adjusted for the impacts mentioned above.

NOTE 3 – DETAILS ON NON-CURRENT AND CURRENT ASSETS

3.1 INTANGIBLE ASSETS

(in € millions)	**December 31, 2017**	**December 31, 2016**
Trademarks	1,810.3	1,697.8
Patents	81.7	24.8
Other intangible assets	402.0	157.4
NET VALUE AT THE END OF THE PERIOD	**2,294.0**	**1,880.0**

3.1.1 Trademarks with indefinite and finite useful lives

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives. These trademarks with indefinite useful lives are used internationally, and therefore contribute to all of the Group's cash-generating units.

They should contribute indefinitely to future consolidated cash flows because management plans to continue using them indefinitely. The Group performs periodical reviews of these trademarks' useful lives.

Trademarks with finite useful lives are amortized over their estimated useful lives ranging:

- from 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- to 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of trademarks is recognized in the income statement under administrative and selling expenses.

Trademarks can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Gross value at the beginning of the period	1,917.8	1,852.9
■ Acquisitions	184.3	52.2
■ Adjustments	0.0	0.0
■ Disposals	0.0	0.0
■ Translation adjustments	(59.7)	12.7
Gross value at the end of the period	**2,042.4**	**1,917.8**
Accumulated amortization and impairment at the beginning of the period	(220.0)	(186.9)
■ Amortization expense	(33.4)	(27.8)
■ Reversals	0.0	0.0
■ Translation adjustments	21.3	(5.3)
Accumulated amortization and impairment at the end of the period	**(232.1)**	**(220.0)**
NET VALUE AT THE END OF THE PERIOD	**1,810.3**	**1,697.8**

To date, no impairment has been recognized for these trademarks.

Each trademark with an indefinite useful life is tested for impairment separately, in the fourth quarter of each year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment tests are performed using the relief from royalty method. This method consists of measuring the royalties that the company would have to pay to license the trademark from a third party. The theoretical value of these royalties is then measured by estimating future revenue generated by the trademark over its useful life, as if the trademark were owned by a third party.

The following impairment testing parameters were used in the period ended December 31, 2017:

			Value in use	
(in € millions)	Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Discount rate (before tax)	Growth rate to perpetuity
	Value in use	1,408.0	9.5 to 10.3%	2.9 to 3.1%

No impairment was recognized in the period ended December 31, 2017.

Sensitivity tests were performed on the discount rates and long-term growth rates used for impairment testing purposes. Based on the results of these tests, a 50-basis point change in these rates would not lead to any impairment losses being recognized on trademarks with an indefinite useful life.

The following impairment testing parameters were used in the period ended December 31, 2016:

			Value in use	
(in € millions)	Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Discount rate (before tax)	Growth rate to perpetuity
	Value in use	1,408.0	9.2 to 10.0%	2.9 to 3.1%

No impairment was recognized in the period ended December 31, 2016.

3.1.2 Patents

Patents can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Gross value at the beginning of the period	619.5	591.2
■ Acquisitions	67.1	25.1
■ Disposals	0.0	0.0
■ Translation adjustments	(13.7)	3.2
Gross value at the end of the period	**672.9**	**619.5**
Accumulated amortization and impairment at the beginning of the period	(594.7)	(589.2)
■ Amortization expense	(5.6)	(2.7)
■ Reversals	0.0	0.0
■ Translation adjustments	9.1	(2.8)
Accumulated amortization and impairment at the end of the period	**(591.2)**	**(594.7)**
NET VALUE AT THE END OF THE PERIOD	**81.7**	**24.8**

To date, no impairment has been recognized for these patents.

3.1.3 Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment. They include in particular:

- costs incurred for development projects (relating to the design and testing of new or improved products). They are amortized from the date of sale of the product on a straight-line basis over the period in which the asset's future economic benefits are consumed, not exceeding 10 years. Costs incurred for projects that do not meet the IAS 38 definition of an intangible asset are recorded in research and development costs for the year in which they are incurred;
- software, which is generally purchased from an external supplier and amortized over 3 years;
- customer relationships acquired in business combinations. Corresponding to contractual relationships with key customers, they are measured using the discounted cash flow method and are amortized over a period ranging from 3 to 20 years.

Other intangible assets can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Capitalized development costs	353.0	349.7
Software	129.3	115.0
Other	353.0	84.0
Gross value at the end of the period	**835.3**	**548.7**
Accumulated amortization and impairment at the end of the period	(433.3)	(391.3)
NET VALUE AT THE END OF THE PERIOD	**402.0**	**157.4**

To date, no material impairment has been recognized for these items.

3.2 GOODWILL

To determine the goodwill for each business combination, the Group applies the partial goodwill method whereby goodwill is calculated as the difference between the consideration paid to acquire the business combination and the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

Under this method no goodwill is allocated to minority interests. Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Within the Legrand Group, the level at which goodwill is measured (cash-generating units) corresponds to individual countries or to groups of countries, when they either have similar market characteristics or are managed as a single unit.

Value in use is estimated based on discounted cash flows for the next five years and a terminal value calculated from the final year of the projection period. The cash flow data used for the calculation is taken from the most recent medium-term business plans approved by Group management. Business plan projections are based in consistency with the latest available external forecasts of trends in the Group's markets. Cash flows beyond the projection period of five years are estimated by applying a growth rate to perpetuity.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Goodwill can be analyzed as follows:

(in € millions)	**December 31, 2017**	December 31, 2016
France	688.0	685.8
Italy	381.5	381.5
Rest of Europe	327.2	341.4
North and Central America	1,911.6	1,038.9
Rest of the world	622.0	674.3
NET VALUE AT THE END OF THE PERIOD	**3,930.3**	**3,121.9**

France, Italy and North and Central America are each considered to be a single cash-generating unit (CGU), whereas both the the rest of Europe and rest of the world regions include several CGUs.

In the Rest of Europe and Rest of the world regions, no final amount of goodwill allocated to a CGU represents more than 10% of total goodwill. Within these two regions, China, India and South America are the largest CGUs.

Changes in goodwill can be analyzed as follows:

(in € millions)	**December 31, 2017**	December 31, 2016
Gross value at the beginning of the period	3,159.9	2,814.0
■ Acquisitions	1,510.6	385.1
■ Adjustments	(486.0)	(63.6)
■ Translation adjustments	(216.7)	24.4
Gross value at the end of the period	**3,967.8**	**3,159.9**
Impairment value at the beginning of the period	(38.0)	(37.7)
■ Impairment losses	0.0	0.0
■ Translation adjustments	0.5	(0.3)
Impairment value at the end of the period	**(37.5)**	**(38.0)**
NET VALUE AT THE END OF THE PERIOD	**3,930.3**	**3,121.9**

Adjustments correspond to the difference between provisional and final goodwill.

Changes in goodwill for the period ended December 31, 2017 include Milestone's provisional goodwill, which is as follows:

	(in $ millions)	*(in € millions)*
Trademarks	86	73
Patents	58	49
Other intangible assets	239	204
Tangible assets	26	22
Inventories	60	51
Trade receivables	71	61
Trade payables	32	27
Net financial debt	(9)	(8)
Other net liabilities	30	25
Total net assets excluding provisional goodwill	**487**	**416**
Purchase price paid*	1,210	1,032
Provisional goodwill	**723**	**616**

* *This amount, on a cash free basis, shall be read $1,201 million.*

Resulting impacts of Milestone purchase price allocation on Group income statement (non-cash expenses) are as follows:

- recurring from 2017 (5 months) until 2026: amortization of intangible assets of $25.8 million on a yearly basis (this impact decreasing from 2027 onwards);
- non recurring (in 2017 only): reversal of inventory step-up of $18.9 million.

As per adjusted operating profit definition, these non-cash expenses have no impact on Group adjusted operating profit.

In 2017, Milestone recorded an adjusted operating margin of 21.8%.

Acquisition price allocations, which are performed within one year of each business combination, are as follows (excluding inventory step-up):

	12 months ended	
(in € millions)	**December 31, 2017**	**December 31, 2016**
Trademarks	184.3	52.2
Deferred taxes on trademarks	(22.4)	(15.6)
Patents	67.1	25.1
Deferred taxes on patents	(6.2)	(7.0)
Other intangible assets	266.5	0.0
Deferred taxes on other intangible assets	(18.9)	0.0
Tangible assets	0.0	10.6
Deferred taxes on tangible assets	0.0	(1.8)

The following impairment testing parameters were used in the period ended December 31, 2017:

(in € millions)	Recoverable amount	Carrying amount of goodwill	Value in use: Discount rate (before tax)	Value in use: Growth rate to perpetuity
France	Value in use	688.0	8.4%	2.0%
Italy		381.5	9.1%	2.0%
Rest of Europe		327.2	7.8 to 19.7%	2.0 to 5.0%
North and Central America		1,911.6	10.3%	3.2%
Rest of the world		622.0	9.1 to 15.7%	2.0 to 5.0%
NET VALUE AT THE END OF THE PERIOD		**3,930.3**		

No goodwill impairment losses were identified in the period ended December 31, 2017 including for CGUs facing a difficult or uncertain macro-economic environment.

Sensitivity tests performed on the discount rates, long-term growth rates and operating margin rates showed that a 50 basis point unfavorable change in each of these three parameters would not lead to any material impairment of goodwill on an individual basis for each CGU.

The following impairment testing parameters were used in the period ended December 31, 2016:

(in € millions)	Recoverable amount	Carrying amount of goodwill	Value in use: Discount rate (before tax)	Value in use: Growth rate to perpetuity
France	Value in use	685.8	8.2%	2.0%
Italy		381.5	8.8%	2.0%
Rest of Europe		341.4	7.1 to 17.1%	2.0 to 5.0%
North and Central America		1,038.9	9.4%	3.2%
Rest of the world		674.3	8.5 to 19.1%	2.0 to 5.0%
NET VALUE AT THE END OF THE PERIOD		**3,121.9**		

No goodwill impairment losses were identified in the period ended December 31, 2016.

3.3 PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Lightweight buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Office furniture and equipment	5 to 10 years

Assets acquired under lease agreements that transfer substantially most of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease contract period and the asset's useful life determined in accordance with Group policies.

3.3.1 Changes in property, plant and equipment

	December 31, 2017				
(in € millions)	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	56.9	622.5	1,721.7	300.4	2,701.5
■ Acquisitions	0.0	7.1	33.9	90.5	131.5
■ Disposals	(1.2)	(18.3)	(46.0)	(11.2)	(76.7)
■ Transfers and changes in scope of consolidation	2.4	31.4	83.9	(51.9)	65.8
■ Translation adjustments	(2.5)	(15.0)	(47.0)	(21.0)	(85.5)
At the end of the period	**55.6**	**627.7**	**1,746.5**	**306.8**	**2,736.6**
Depreciation and impairment					
At the beginning of the period	0.0	(413.2)	(1,498.3)	(192.6)	(2,104.1)
■ Depreciation expense	0.0	(18.5)	(67.1)	(14.2)	(99.8)
■ Reversals	0.0	14.4	45.1	9.9	69.4
■ Transfers and changes in scope of consolidation	0.0	(5.8)	(20.9)	(12.4)	(39.1)
■ Translation adjustments	0.0	8.4	35.5	15.5	59.4
At the end of the period	**0.0**	**(414.7)**	**(1,505.7)**	**(193.8)**	**(2,114.2)**
Net value					
At the beginning of the period	56.9	209.3	223.4	107.8	597.4
■ Acquisitions/Depreciation	0.0	(11.4)	(33.2)	76.3	31.7
■ Disposals/Reversals	(1.2)	(3.9)	(0.9)	(1.3)	(7.3)
■ Transfers and changes in scope of consolidation	2.4	25.6	63.0	(64.3)	26.7
■ Translation adjustments	(2.5)	(6.6)	(11.5)	(5.5)	(26.1)
At the end of the period	**55.6**	**213.0**	**240.8**	**113.0**	**622.4**

As of December 31, 2017, total property, plant and equipment includes €4.0 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less disposal costs.

	December 31, 2016				
(in € millions)	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	60.3	595.1	1,699.9	272.4	2,627.7
■ Acquisitions	0.2	4.0	38.7	70.3	113.2
■ Disposals	(0.2)	(3.8)	(60.3)	(12.9)	(77.2)
■ Transfers and changes in scope of consolidation	(4.0)	22.7	37.6	(32.0)	24.3
■ Translation adjustments	0.6	4.5	5.8	2.6	13.5
At the end of the period	**56.9**	**622.5**	**1,721.7**	**300.4**	**2,701.5**
Depreciation and impairment					
At the beginning of the period	(9.1)	(389.3)	(1,479.6)	(187.5)	(2,065.5)
■ Depreciation expense	(0.2)	(16.4)	(66.9)	(13.6)	(97.1)
■ Reversals	0.0	3.0	59.4	12.0	74.4
■ Transfers and changes in scope of consolidation	9.3	(8.1)	(6.4)	(1.5)	(6.7)
■ Translation adjustments	0.0	(2.4)	(4.8)	(2.0)	(9.2)
At the end of the period	**0.0**	**(413.2)**	**(1,498.3)**	**(192.6)**	**(2,104.1)**
Net value					
At the beginning of the period	51.2	205.8	220.3	84.9	556.6
■ Acquisitions/Depreciation	0.0	(12.4)	(28.2)	56.7	16.1
■ Disposals/Reversals	(0.2)	(0.8)	(0.9)	(0.9)	(2.8)
■ Transfers and changes in scope of consolidation	5.3	14.6	31.2	(33.5)	48.0
■ Translation adjustments	0.6	2.1	1.0	0.6	4.3
At the end of the period	**56.9**	**209.3**	**223.4**	**107.8**	**597.4**

3.3.2 Property, plant and equipment held under finance leases

(in € millions)	December 31, 2017	December 31, 2016
Buildings	21.8	21.8
Other	0.3	0.9
Gross value at the end of the period	**22.1**	**22.7**
Less accumulated depreciation	(12.0)	(11.7)
NET VALUE AT THE END OF THE PERIOD	**10.1**	**11.0**

3.3.3 Liabilities recorded in the balance sheet arising from finance leases

(in € millions)	December 31, 2017	December 31, 2016
Long-term borrowings	8.0	9.6
Short-term borrowings	1.3	1.3
TOTAL	**9.3**	**10.9**

3.3.4 Future minimum lease payments under finance leases

(in € millions)	December 31, 2017	December 31, 2016
Due in less than one year	1.4	1.5
Due in one to two years	1.6	1.5
Due in two to three years	1.5	1.5
Due in three to four years	1.5	1.5
Due in four to five years	1.3	1.6
Due beyond five years	2.1	3.5
Gross value of future minimum lease payments	**9.4**	**11.1**
Of which accrued interest	(0.1)	(0.2)
NET PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**9.3**	**10.9**

3.4 INVENTORIES

Inventories are measured at the lower of cost (of acquisition or production) or net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment provisions are recognized when inventories are considered wholly or partially obsolete, and for finished goods inventories when their net realizable value is lower than their net book value.

Inventories are as follows:

(in € millions)	December 31, 2017	December 31, 2016
Purchased raw materials and components	289.7	254.2
Sub-assemblies, work in progress	87.4	85.7
Finished products	491.0	447.4
Gross value at the end of the period	**868.1**	**787.3**
Impairment	(120.7)	(116.7)
NET VALUE AT THE END OF THE PERIOD	**747.4**	**670.6**

3.5 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.

A provision can be recognized in the income statement when there is objective evidence of impairment such as:

- when a debtor is late on payment (allowances are estimated using an aged receivables schedule);
- when a debtor has defaulted; or
- when a debtor's credit rating has been downgraded or its business environment has deteriorated.

Trade receivables can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Trade receivables	703.9	640.7
Impairment	(79.0)	(76.5)
NET VALUE AT THE END OF THE PERIOD	**624.9**	**564.2**

The Group uses factoring contracts to reduce the risk of late payments.

During 2017, a total of €489.4 million in receivables were transferred under the terms of the factoring contracts. The resulting costs were recognized in financial profit (loss) for an amount of less than €1.0 million.

The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of December 31, 2017 was €95.2 million (€102.9 million as of December 31, 2016).

Past-due trade receivables can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Less than 3 months past due receivables	117.6	109.6
From 3 to 12 months past due receivables	30.5	30.5
More than 12 months past due receivables	30.0	31.8
TOTAL	**178.1**	**171.9**

Provisions for impairment of past-due trade receivables amounted to €71.0 million as of December 31, 2017 (€67.3 million as of December 31, 2016). These provisions break down as follows:

(in € millions)	December 31, 2017	December 31, 2016
Provisions for less than 3 months past due receivables	13.7	9.6
Provisions for 3 to 12 months past due receivables	27.2	25.9
Provisions for more than 12 months past due receivables	30.0	31.8
TOTAL	**71.0**	**67.3**

3.6 OTHER CURRENT ASSETS

Other current assets are as follows:

(in € millions)	December 31, 2017	December 31, 2016
Employee advances	3.4	4.2
Prepayments	39.1	31.4
Taxes other than income tax	109.8	99.6
Other receivables	31.8	29.6
NET VALUE AT THE END OF THE PERIOD	**184.1**	**164.8**

These assets are valued at amortized cost.

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity of less than three months. The other financial assets maturing in less than three months are readily convertible to known amounts of cash and are not subject to any material risk of change in value.

Cash and cash equivalents that are unavailable in the short term for the Group correspond to the bank accounts of certain subsidiaries facing complex, short-term fund repatriation conditions due mainly to regulatory reasons.

Cash and cash equivalents totaled €823.0 million as of December 31, 2017 (€940.1 million as of December 31, 2016) and corresponded primarily to deposits with an original maturity of less than three months. Of this amount, about €4.7 million were not available to the Group in the short term as of December 31, 2017 (€10.3 million as of December 31, 2016).

NOTE 4 – DETAILS ON NON-CURRENT AND CURRENT LIABILITIES

4.1 SHARE CAPITAL AND EARNINGS PER SHARE

Share capital as of December 31, 2017 amounted to €1,067,223,004 represented by 266,805,751 ordinary shares with a par value of €4 each, for 266,805,751 theoretical voting rights and 266,760,623 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of December 31, 2017, the Group held 45,128 shares in treasury, versus 1,365,561 shares as of December 31, 2016, i.e. 1,320,433 less shares corresponding to:

- the cancellation of 1,300,000 shares;
- the net sale of 20,433 shares under the liquidity contract (Note 4.1.2.2).

As of December 31, 2017, among the 45,128 shares held in treasury by the Group, 5,128 shares have been allocated according to the allocation objectives described in Note 4.1.2.1, and 40,000 shares are held under the liquidity contract.

4.1.1 Changes in share capital

Changes in share capital in 2017 were as follows:

	Number of shares	Par value	Share capital *(euros)*	Premiums *(euros)*
As of December 31, 2016	267,327,374	4	1,069,309,496	949,737,052
Exercise of options under the 2007 plan	261,201	4	1,044,804	5,461,713
Exercise of options under the 2008 plan	150,943	4	603,772	2,458,214
Exercise of options under the 2009 plan	61,899	4	247,596	552,966
Exercise of options under the 2010 plan	304,334	4	1,217,336	5,326,269
Cancellation of shares	(1,300,000)	4	(5,200,000)	(57,387,122)
Repayment of paid-in capital*				(106,459,672)
As of December 31, 2017	266,805,751	4	1,067,223,004	799,689,420

* *Portion of dividends distributed in June 2017 deducted from the premium account.*

On February 8, 2017, the Board of Directors decided the cancellation of 1,300,000 shares acquired under the share buyback program (shares bought back in 2016). The €57,387,122 difference between the buy-back price of the cancelled shares and their par value was deducted from the premium account.

In 2017, 778,377 shares were issued under the 2007 to 2010 stock option plans, resulting in a capital increase representing a total amount of €16.9 million (premiums included).

4.1.2 Share buybacks and transactions under the liquidity contract

As of December 31, 2017, the Group held 45,128 shares in treasury (1,365,561 as of December 31, 2016, out of which 1,305,128 under the share buyback program and 60,433 under the liquidity contract) which can be detailed as follows:

4.1.2.1 Share buybacks

As of December 31, 2017, the Group held 5,128 shares, acquired at a total cost of €238,046. These shares are being held for allocation upon exercise of performance share plans.

4.1.2.2 Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005. €15.0 million in cash was allocated by the Group to the liquidity contract.

As of December 31, 2017, the Group held 40,000 shares under this contract, purchased at a total cost of €2,476,104.

During 2017, transactions under the liquidity contract led to a cash inflow of €1,850,895 corresponding to net sales of 20,433 shares.

4.1.3 Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the weighted number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to equity holders of Legrand by the weighted average number of ordinary shares outstanding during the period, plus the number of dilutive potential ordinary shares. The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		12 months ended	
		December 31, 2017	**December 31, 2016**
Net profit attributable to the Group *(in € millions)*	A	711.2	628.5
Average number of shares (excluding shares held in treasury)	B	266,432,980	266,395,359
Average dilution from:			
■ *performance shares*		*1,109,736*	*816,291*
■ *stock options*		*1,251,154*	*1,499,504*
Average number of shares after dilution (excluding shares held in treasury)	C	268,793,870	268,711,154
Number of stock options and performance share grants outstanding at the period end		2,829,361	3,171,684
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(20,433)	(1,756,152)
Shares allocated during the period under performance share plans		0	547,186
Basic earnings per share *(euros)*	A/B	2.669	2.359
Diluted earnings per share *(euros)*	A/C	2.646	2.339
Dividend per share *(euros)*		1.190	1.150

Net profit attributable to the Group benefits from the following non recurring favorable impacts:

- the favorable accounting impact representing respectively a €26.4 million tax income in 2017 and a €61.2 million tax income in 2016, linked to mechanical revaluation of deferred tax liabilities on trademarks resulting from the announcement of reductions in corporate income tax rates, primarily in France;
- the favorable accounting impact representing a €18.3 million tax income in 2017 in France, resulting from refund of tax on dividends paid since 2013, net of the exceptional income tax on companies in 2017 in France; and
- the favorable accounting impact representing a €40.8 million net tax income in 2017 linked to changes in corporate taxation in the United States, mainly accounting impacts due to mechanical revaluation of deferred tax assets and liabilities.

The corresponding basic earnings per share and diluted earnings per share are as follows:

		12 months ended	
		December 31, 2017	**December 31, 2016**
Adjusted net profit attributable to the Group *(in € millions)*	D	625.7	567.3
Adjusted basic earnings per share *(euros)*	D/B	2.348	2.130
Adjusted diluted earnings per share *(euros)*	D/C	2.328	2.111

As mentioned above, during 2017, the Group:

- issued 778,377 shares under stock option plans; and
- sold a net 20,433 shares under the liquidity contract.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2017, earnings per share and diluted earnings per share would have amounted to €2.666 and €2.640 respectively for the 12 months ended December 31, 2017.

During 2016, the Group:

- acquired 1,300,000 shares for cancellation;
- issued 396,772 shares under stock option plans;
- transferred 547,186 shares under performance share plans, out of the 462,290 shares bought back in 2016 and 90,024 bought back from previous years for this purpose; and
- sold a net 1.217 shares under the liquidity contract.

These movements were taken into account on an accrual basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2016, basic earnings per share and diluted earnings per share would have amounted to €2.363 and €2.338 respectively for the 12 months ended December 31, 2016.

4.2 STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

The cost of stock options or performance shares is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under personel costs on a straight-line basis over the vesting period with a corresponding adjustment to equity.

Changes in the fair value of stock options after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised.

4.2.1 Performance share plans

4.2.1.1 2015, 2016 and 2017 performance share plans

The following performance share plans were approved by the Company's Board of Directors:

	Plan 2015	Plan 2016	Plan 2017
Date approved by shareholders	May 24, 2013	May 24, 2013	May 27, 2016
Grant date	May 29, 2015	May 27, 2016	May 31, 2017
Total number of performance share rights initially granted	388,769(1)	495,615(1)	484,583(1)
o/w to Executive Director	*14,583(1)*	*15,281(1)*	*12,324(1)*
Total IFRS 2 charge (in € millions)	16.3(2)	20.3(2)	24.8(2)
End of vesting period	June 17, 2019	June 17, 2020	June 17, 2021
End of lock-up period	June 17, 2019	June 17, 2020	June 17, 2021
Number of performance shares acquired as of December 31, 2017	0	0	0
Number of performance share rights cancelled or forfeited	(19,329)	(12,073)	(5,925)
Performance share rights outstanding as of December 31, 2017	**369,440**	**483,542**	**478,658**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016 and on May 31, 2017, the number of remaining performance shares was adjusted to take into account the impact of these transactions on the interests of performance share beneficiaries in accordance with article L. 228-99 of the French Commercial Code. Moreover, the number of performance shares has been reduced following the Executive Director's decision to waive part of his entitlement to performance shares granted under the 2015 and 2016 plans.

(2) Total charge estimated at the grant date assuming a 100% achievement for each performance criteria. This charge is spread over the 4 years of the vesting period.

The final number of shares ultimately granted to beneficiaries is determined based on a service condition and several performance criteria.

Type of performance criteria	Description of performance criteria	Weight of performance criteria by plan 2015	2016-2017
"External" financial performance criterion	Comparison between the arithmetic mean of Legrand's consolidated EBITDA margin over a three-year period as published in the consolidated financial statements and the arithmetic mean of EBITDA margins achieved by companies forming part of the MSCI World Capital Goods index over the same period.	50%	33⅓%
"Internal" financial performance criterion	Arithmetic mean of levels of normalized free cash flow as a percentage of sales over a three-year period, as published in the consolidated financial statements.	50%	33⅓%
Non-financial performance criterion	Arithmetic mean of average rate of attainment of Group CSR Roadmap priorities over a three-year period.	0%	33⅓%

The number of shares ultimately granted to beneficiaries is calculated as follows:

"External" financial performance criterion

Pay-out rate[(1)]	0%	100%	150%
Average gap in EBITDA margin in Legrand's favor between Legrand and the MSCI average over a three-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	4 points or less	8.3 points	10.5 points or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	3.5 points or less	7.8 points	10.0 points or more
	2017 Plan:	**2017 Plan:**	**2017 Plan:**
	3.1 points or less	7.4 points	9.6 points or more

"Internal" financial performance criterion

Pay-out rate[(1)]	0%	100%	150%
Average normalized free cash flow as a percentage of sales over a three-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	9.4% or less	12.8%	14.5% or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	8.8% or less	12.2%	13.9% or more
	2017 Plan:	**2017 Plan:**	**2017 Plan:**
	8.6% or less	12.0%	13.7% or more

(1) For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.

Non-financial performance criterion (applicable to the 2016 and 2017 performance share plans)

Applicable to beneficiaries with the exception of the Executive Director					
Pay-out rate[1]	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%
Applicable to the Executive Director					
Pay-out rate[1]	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Above 213%

(1) For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.

If all these shares from the 2015, 2016 and 2017 plans were to vest (i.e., 1,331,640 shares), the Company's capital would be diluted by 0.5% as of December 31, 2017.

4.2.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,642,578[1]	2,024,675[1]	1,192,066[1]	3,279,147[1]
o/w to Executive Directors	*79,871*[1]	*142,738*[1]	*94,967*[1]	*221,659*[1]
■ *Gilles Schnepp*	*40,880*[1]	*72,824*[1]	*48,460*[1]	*136,828*[1]
■ *Olivier Bazil*	*38,991*[1]	*69,914*[1]	*46,507*[1]	*84,831*[1]
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€24.91[1] Average closing price over the 20 trading days preceding the grant date	€20.21[1] Average closing price over the 20 trading days preceding the grant date	€12.89[1] Average closing price over the 20 trading days preceding the grant date	€21.43[1] Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	[2] [3]	[2] [3]	[2] [3]	[2] [3]
Number of options exercised as of December 31, 2017	(1,505,297)	(1,617,420)	(843,884)	(2,063,920)
Number of options cancelled or forfeited	(137,281)	(123,313)	(108,813)	(240,817)
Stock options outstanding as of December 31, 2017	**0**	**283,942**	**239,369**	**974,410**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016 and on May 31, 2017, the number and exercise price of stock options was adjusted to take into account the impact of these transactions on the interests of stock option beneficiaries, in accordance with article L. 228-99 of the French Commercial Code.

(2) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(3) All these plans were subject to performance conditions (see Note 12 to the consolidated financial statements for the 12 months ended December 31, 2014).

The weighted average market price of the Company stock upon exercise of stock options in 2017 was €58.01.

If all these options were to be exercised (i.e., 1,497,721 options), the Company's capital would be diluted at most by 0.6% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2017.

4.2.3 Share-based payments: IFRS 2 charges

In accordance with IFRS 2, a charge of €13.1 million was recorded in 2017 (€7.9 million in 2016) for all of these plans combined. See also Note 4.5.2 for cash-settled long-term employee benefit plans implemented from 2013.

4.3 RETAINED EARNINGS AND TRANSLATION RESERVES

4.3.1 Retained earnings

Consolidated retained earnings of the Group as of December 31, 2017 amounted to €3,644.6 million.

As of the same date, the Company had retained earnings including profit for the period of €1,005.4 million available for distribution.

4.3.2 Translation reserves

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under "Translation reserves", until such potential time as the Group no longer controls the entity.

Translation reserves record the impact of fluctuations in the following currencies:

(in € millions)	December 31, 2017	December 31, 2016
US dollar	(189.7)	38.0
Other currencies	(383.5)	(278.0)
TOTAL	**(573.2)**	**(240.0)**

The Group operates in more than 90 countries. It is mainly exposed to a dozen currencies other than the euro and US dollar, including the Indian rupee, Chinese yuan, Brazilian real, British pound, Russian ruble, Australian dollar, Mexican peso, Turkish lira and Chilean peso.

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

Consequently, unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in translation reserves. Gains on these bonds recognized in translation reserves in 2017 amounted to €44.9 million, resulting in a net negative balance of €45.8 million as of December 31, 2017.

In addition, to hedge a portion of the net investment in British pounds, the Group has entered into a derivative contract. Foreign exchange gains and losses on this derivative financial instrument are recognized in translation reserves. Gains on this derivative financial instrument recognized in translation reserves in 2017 amounted to €3.9 million, resulting in a net positive balance of €17.3 million as of December 31, 2017.

Finally, in accordance with IAS 21, translation gains and losses on receivables or payables considered as part of a net investment in a foreign Group entity are recognized in translation reserves. Losses recognized in translation reserves in 2017 amounted to €1.6 million, resulting in a net positive balance of €7.8 million as of December 31, 2017.

4.4 PROVISIONS

Changes in provisions in 2017 are as follows:

	December 31, 2017					
(in € millions)	Product warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At beginning of period	21.0	55.4	26.3	13.3	93.8	209.8
Changes in scope of consolidation	2.4	0.0	0.2	1.5	0.6	4.7
Increases	13.1	27.5	4.5	13.3	27.0	85.4
Utilizations	(5.7)	(5.2)	(0.8)	(9.2)	(30.5)	(51.4)
Reversals of surplus provisions	(1.1)	(9.8)	0.0	(0.5)	(4.0)	(15.4)
Reclassifications	0.4	2.2	0.0	(1.5)	0.3	1.4
Translation adjustments	(1.0)	(1.4)	(3.0)	(1.0)	(4.2)	(10.6)
AT END OF PERIOD	**29.1**	**68.7**	**27.2**	**15.9**	**83.0**	**223.9**
Of which non-current portion	*14.9*	*37.9*	*19.1*	*1.6*	*75.1*	*148.6*

"Other" includes long-term provisions for employee benefits, corresponding mainly to cash-settled long-term employee benefit plans described in Note 4.5.2 for an amount of €53.3 million as of December 31, 2017 (see also consolidated statement of changes in equity for performance share plans described in Note 4.2.1).

"Other" also includes a €8.6 million provision for environmental risks as of December 31, 2017, mainly to cover estimated depollution costs related to property assets held for sale.

Changes in provisions in 2016 were as follows:

	December 31, 2016					
(in € millions)	Product warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At beginning of period	18.8	56.4	14.9	12.8	110.7	213.6
Changes in scope of consolidation	0.7	0.0	1.5	0.0	0.0	2.2
Increases	7.3	20.0	10.5	11.4	27.6	76.8
Utilizations	(4.5)	(12.7)	(2.7)	(9.4)	(42.6)	(71.9)
Reversals of surplus provisions	(1.6)	(9.3)	0.0	(1.2)	(4.4)	(16.5)
Reclassifications	0.4	0.2	0.2	(0.7)	1.1	1.2
Translation adjustments	(0.1)	0.8	1.9	0.4	1.4	4.4
AT END OF PERIOD	**21.0**	**55.4**	**26.3**	**13.3**	**93.8**	**209.8**
Of which non-current portion	*10.4*	*36.8*	*23.0*	*2.1*	*55.1*	*127.4*

"Other" includes long-term provisions for employee benefits, corresponding mainly to cash-settled long-term employee benefits plans for an amount of €59.0 million as of December 31, 2016.

"Other" also includes a €9.3 million provision for environmental risks as of December 31, 2016 to cover mainly estimated depollution costs related to property assets held for sale.

4.5 PROVISION FOR POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE BENEFITS

4.5.1 Pension and other post-employment benefit obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary. The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed in full as incurred.

In accordance with IAS 19, the Group recognizes all actuarial gains and losses outside profit or loss, in the consolidated statement of comprehensive income.

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

Some Group companies provide post-employment healthcare benefits to their retirees. Entitlement to these benefits is usually conditional on the employee remaining with one of these Group companies up to retirement age and completion of a minimum service period. These benefits are treated as post-employment benefits under the defined benefit scheme.

Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in € millions)	**December 31, 2017**	December 31, 2016
France (Note 4.5.1.2)	90.4	87.9
Italy (Note 4.5.1.3)	38.1	39.2
United Kingdom (Note 4.5.1.4)	13.3	17.7
United States (Note 4.5.1.5)	0.0	5.1
Other countries	19.7	24.2
TOTAL PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS	**161.5**	**174.1**
Of which current portion	*7.9*	*8.1*

The total amount of those provisions is €161.5 million as of December 31, 2017 (€174.1 million as of December 31, 2016) and is analyzed in Note 4.5.1.1 which shows total liabilities of €343.7 million as of December 31, 2017 (€356.8 million as of December 31, 2016) less total assets of €182.2 million as of December 31, 2017 (€182.7 million as of December 31, 2016).

The provisions recorded in the balance sheet correspond to the portion of the total liability remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on actuarial assumptions, and the net residual value of the plan assets at that date.

4.5.1.1 Analysis of pension and other post-employment defined benefit obligations

The total (current and non-current) obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and United Kingdom, is as follows:

(in € millions)	December 31, 2017	December 31, 2016
Defined benefit obligation		
Projected benefit obligation at beginning of period	356.8	361.7
Service cost	9.3	9.1
Interest cost	9.3	10.4
Benefits paid or unused	(20.5)	(31.5)
Employee contributions	0.3	0.4
Actuarial losses/(gains)	5.4	17.9
Curtailments, settlements, special termination benefits	0.0	0.0
Translation adjustments	(17.4)	(12.7)
Other	0.5	1.5
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD (I)	**343.7**	**356.8**
Fair value of plan assets		
Fair value of plan assets at beginning of period	182.7	184.6
Expected return on plan assets	5.6	6.2
Employer contributions	8.2	10.2
Employee contributions	0.7	0.7
Benefits paid	(13.6)	(13.0)
Actuarial (losses)/gains	13.0	4.1
Translation adjustments	(14.5)	(10.1)
Other	0.1	0.0
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD (II)	**182.2**	**182.7**
LIABILITY RECOGNIZED IN THE BALANCE SHEET (I) - (II)	**161.5**	**174.1**
Current liability	7.9	8.1
Non-current liability	153.6	166.0

Actuarial gains recognized in equity in 2017 amounted to €7.6 million (€2.5 million after tax).

The €7.6 million actuarial gains resulted from:

- €7.6 million in gains from changes in financial assumptions;
- €1.8 million in gains from changes in demographic assumptions; and
- €1.8 million in experience losses.

The discount rates used are determined by reference to the yield on high-quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+;
- United Kingdom: iBoxx £ Corporates AA 15+;
- United States: Citibank Pension Liability Index.

Sensitivity tests were performed on:

- the discount rate. According to the results of these tests, a 50-basis point reduction in the rate would lead to the recognition of additional actuarial losses of around €15.6 million and would increase the provision as of December 31, 2017 by the same amount;
- the rate of future salary increases. According to the results of these tests, a 50-basis point increase in the rate would lead to the recognition of additional actuarial losses of around €6.4 million and would increase the provision as of December 31, 2017 by the same amount.

Discounted future payments for the Group's pension and other post-employment benefit plans are as follows:

(in € millions)	
2018	16.7
2019	12.1
2020	13.9
2021	14.2
2022 and beyond	286.8
TOTAL	**343.7**

The impact of service costs and interest costs on profit before tax for the period is as follows:

	12 months ended	
(in € millions)	December 31, 2017	December 31, 2016
Service cost	(9.3)	(9.1)
Net interest cost*	(3.7)	(4.2)
TOTAL	**(13.0)**	**(13.3)**

* *The expected return on assets and interest costs are presented as a net amount in financial expenses.*

The weighted average allocation of pension plan assets is as follows as of December 31, 2017:

(as a percentage)	France	United Kingdom	United States	Weighted total
Equity instruments		44.6	66.1	54.8
Debt instruments		49.9	32.9	41.8
Insurance funds	100.0	5.5	1.0	3.4
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

These assets are marked to market.

4.5.1.2 Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated according to their length of service.

This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amount to €90.4 million as of December 31, 2017 (€87.9 million as of December 31, 2016) corresponding to the difference between the projected benefit obligation of €90.5 million as of December 31, 2017 (€88.1 million as of December 31, 2016) and the fair value of the related plan assets of €0.1 million as of December 31, 2017 (€0.2 million as of December 31, 2016).

The projected benefit obligation is calculated based on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation in 2017 was based on a salary increase rate of 2.8%, a discount rate and an expected return on plan assets of 1.5% (respectively 2.8% and 1.6% in 2016).

4.5.1.3 Provisions for termination benefits in Italy

In Italy, a termination benefit is awarded to employees regardless of the reason for their departure.

Since January 1, 2007, such benefits have been paid either into an independently managed pension fund or to the Italian social security service (INPS). As from that date, the Italian termination benefit plans have been qualified as defined contribution plans under IFRS.

Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, based on revised actuarial estimates that exclude the effect of future salary increases.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2007 plus the ensuing actuarial revisions, amounted to €38.1 million as of December 31, 2017 (€39.2 million as of December 31, 2016).

The calculation in 2017 was based on a discount rate of 1.3% (1.3% in 2016).

4.5.1.4 Provisions for retirement benefits and other post employment benefits in the United Kingdom

The UK plan is a trustee-administered plan governed by article 153 of the 2004 Finance Act, and is managed in a legal entity outside of the Group.

Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 2.4% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 45.1% and retired participants for 52.5%.

The provisions recorded in the consolidated balance sheet amounted to €13.3 million as of December 31, 2017(€17.7 million as of December 31, 2016), corresponding to the difference between the projected benefit obligation of €100.4 million (€103.4 million as of December 31, 2016) and the fair value of the related plan assets of €87.1 million (€85.7 million as of December 31, 2016).

The projected benefit obligation is calculated based on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in 2017 was based on a salary increase rate of 4.2%, a discount rate and an expected return on plan assets of 2.7% (respectively 4.3% and 2.9% in 2016).

4.5.1.5 Provisions for retirement benefits and other post-employment benefits in the United States

In the United States, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The Legrand North America Retirement Plan is covered by a plan document in force since January 2002 that was last amended in January 2008. The minimum funding requirement is determined based on Section 430 of the Internal Revenue Code.

To meet its obligations under the plan, the Group has set up a trust with Prudential Financial, Inc. The trust assets include several different investment funds. The current trustee is Legrand North America. The Wiremold Company is the Plan Administrator and the Custodian is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees.

Active plan participants account for 31.3% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 14.5% and retired participants for 54.2%.

The funding policy consists of ensuring that the legal minimum funding requirement is met at all times.

The provisions recorded in the consolidated balance sheet amounted to €0.0 million as of December 31, 2017(€5.1 million as of December 31, 2016), corresponding to the difference between the projected benefit obligation of €76.1 million (€86.1 million as of December 31, 2016) and the fair value of the related plan assets of €78.7 million (€81.0 million as of December 31, 2016), reduced to the benefit obligation value as of December 31, 2017.

The projected benefit obligation is calculated based on staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation in 2017 was based on a salary increase rate of 3.5%, a discount rate and an expected return on plan assets of 3.6% (respectively 3.5% and 3.9% in 2016).

4.5.2 Other long-term employee benefits

The Group implemented cash-settled long-term employee benefit plans for employees deemed to be key for the Group, subject to the grantees' continued presence within the Group after a vesting period of three years.

In addition to the grantee being still present within the Group, the plans can, in certain cases, depend on the Group's achievement of future economic performance conditions which may or may not be indexed to the share price.

Plans indexed to the share price are cash-settled and thus, in accordance with IFRS 2, the corresponding liability has been recorded in the balance sheet and will be remeasured at each period-end until the transaction is settled.

The other plans qualify as long-term employee benefit plans, with a corresponding provision recognized in compliance with IAS 19.

During 2017, a net expense of €15.9 million was recognized in operating profit in respect to these plans. As mentioned in Note 4.4, the resulting provision amounted to €53.3 million as of December 31, 2017 (including payroll taxes). See also Notes 4.2.1 for performance share plans and Note 4.2.3 for IFRS 2 charges accounted for in the period.

4.6 LONG-TERM AND SHORT-TERM BORROWINGS

The Group actively manages its debt through diversified sources of financing available to support its medium-term business growth while guaranteeing a robust financial position over the long term.

Bonds

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds were redeemed at maturity on February 24, 2017.

In March 2011, the Group carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Group carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

In December 2015, the Group carried out a €300.0 million 1.875% twelve-year bond issue. The bonds will be redeemable at maturity on December 16, 2027.

In July 2017, the Group carried out a bond issue for a total of €1.0 billion, in two tranches of €500.0 million each, with maturities of 7 and 15 years. The respective maturity dates of these two tranches are July 6, 2024 and July 6, 2032 and their annual coupons are respectively 0.750% and 1.875%.

In October 2017, the Group carried out a €400.0 million 0.5% six-year bond issue. The bonds will be redeemable at maturity on October 9, 2023.

Yankee bonds

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on Yankee bonds is payable semi-annually on February 15 and August 15 of each year, beginning August 15, 1995.

In December 2013, a number of Yankee bondholders offered to sell their securities to the Group. Acting on this offer, the Group decided to acquire Yankee bonds with an aggregate face value of $6.5 million. The acquired debentures were subsequently cancelled.

2011 Credit Facility

In October 2011, the Group signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods.

In July 2014, the Group signed an agreement that amends and extends the Credit Facility finalized in October 2011 with all banks party to this contract.

This agreement extends the maximum maturity of the €900.0 million revolving credit line by three years, i.e., up to July 2021, including two successive one-year period extension options, and at improved financing terms compared with October 2011.

Drawdowns are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating.

In addition, the 2011 Credit Facility does not contain any covenants.

As of December 31, 2017, the Credit Facility had not been drawn down.

4.6.1 Long-term borrowings

Long-term borrowings are recognized at amortized cost using the effective interest rate method, which takes into account any transaction costs directly attributable to the issue of these borrowings.

Long-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Bonds	2,100.0	1,100.0
Yankee bonds	324.4	368.8
Other borrowings	47.2	88.5
Long-term borrowings excluding debt issuance costs	**2,471.6**	**1,557.3**
Debt issuance costs	(14.5)	(6.6)
TOTAL	**2,457.1**	**1,550.7**

No guarantees have been given with respect to these borrowings.

Long-term borrowings (excluding debt issuance costs) break down by currency as follows, after hedging (see Note 5.1.2.2):

(in € millions)	December 31, 2017	December 31, 2016
Euro	2,027.9	934.1
US dollar	327.8	485.0
Other currencies	115.9	138.2
LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS	**2,471.6**	**1,557.3**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2017 can be analyzed by maturity as follows:

(in € millions)	Bonds	Yankee bonds	Other borrowings
Due in one to two years	0.0	0.0	10.6
Due in two to three years	0.0	0.0	12.3
Due in three to four years	0.0	0.0	11.0
Due in four to five years	400.0	0.0	11.2
Due beyond five years	1,700.0	324.4	2.1
LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS	**2,100.0**	**324.4**	**47.2**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2016 can be analyzed by maturity as follows:

(in € millions)	Bonds	Yankee bonds	Other borrowings
Due in one to two years	400.0	0.0	48.8
Due in two to three years	0.0	0.0	16.4
Due in three to four years	0.0	0.0	9.3
Due in four to five years	0.0	0.0	10.5
Due beyond five years	700.0	368.8	3.5
LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS	**1,100.0**	**368.8**	**88.5**

Average interest rates on borrowings are as follows:

	12 months ended	
	December 31, 2017	December 31, 2016
Bonds	2.34%	3.33%
Yankee bonds	8.50%	8.50%
Other borrowings	2.68%	2.62%

4.6.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Bonds	400.0	300.0
Negotiable commercial paper	120.0	15.0
Other borrowings	65.4	31.4
TOTAL	**585.4**	**346.4**

4.6.3 Changes in long-term and short-term borrowings

Changes in long-term and short-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2017	Cash flows	Variations not impacting cash flows: Acquisitions	Reclassifications	Translation adjustments	Other	December 31, 2016
Long-term borrowings excluding debt issuance costs	2,471.6	1,412.3	0.0	(453.0)	(45.6)	0.6	1,557.3
Short-term borrowings	585.4	(214.7)	0.0	453.0	(1.7)	2.4	346.4
TOTAL	**3,057.0**	**1,197.6**	**0.0**	**(0.0)**	**(47.3)**	**3.0**	**1,903.7**

4.7 DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

Deferred taxes recorded in the balance sheet result from temporary differences between the carrying amount of assets and liabilities and their tax base and can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Deferred taxes recorded by French companies	(222.9)	(254.9)
Deferred taxes recorded by foreign companies	(294.2)	(278.8)
TOTAL	**(517.1)**	**(533.7)**
Origin of deferred taxes:		
■ impairment losses on inventories and receivables	49.5	53.0
■ margin on inventories	22.0	21.8
■ recognized operating losses carried forward	8.4	8.0
■ finance leases	(3.3)	(3.4)
■ fixed assets	(166.9)	(175.2)
■ trademarks	(441.1)	(480.6)
■ patents	(7.0)	(7.0)
■ other provisions	22.9	28.0
■ pensions and other post-employment benefits	31.7	39.7
■ fair value adjustments to derivative instruments	(1.0)	(1.8)
■ other	(32.3)	(16.2)
TOTAL	**(517.1)**	**(533.7)**
■ of which deferred tax assets	104.0	102.5
■ of which deferred tax liabilities	(621.1)	(636.2)

Short- and long-term deferred taxes can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Deferred taxes – short-term	83.3	83.1
Deferred taxes – long-term	(600.4)	(616.8)
TOTAL	**(517.1)**	**(533.7)**

Tax losses carried forward break down as follows:

(in € millions)	December 31, 2017	December 31, 2016
Recognized operating losses carried forward	**38.2**	**38.4**
Recognized deferred tax assets	8.4	8.0
Unrecognized operating losses carried forward	**105.1**	**121.0**
Unrecognized deferred tax assets	20.4	27.8
Total net operating losses carried forward	**143.3**	**159.4**

4.8 OTHER CURRENT LIABILITIES

Other current liabilities can be analyzed as follows:

(in € millions)	December 31, 2017	December 31, 2016
Taxes other than income tax	75.1	70.6
Accrued employee benefits expense	253.1	235.4
Statutory and discretionary profit-sharing reserve	28.1	30.9
Payables related to fixed asset purchases	22.0	19.6
Accrued expenses	104.3	88.2
Accrued interest	42.8	48.5
Deferred revenue	22.0	16.5
Pension and other post-employment benefit obligations	7.9	8.0
Other current liabilities	28.4	28.5
TOTAL	**583.7**	**546.2**

NOTE 5 – OTHER INFORMATION

5.1 FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

5.1.1 Financial instruments

5.1.1.1 Impact of financial instruments

	12 months ended					
	December 31, 2017				December 31, 2016	
		Impact on equity				
(in € millions)	Impact on financial profit (loss)	Fair value	Translation adjustment	Other	Impact on financial profit (loss)	Impact on equity
Trade receivables	(0.8)				(1.2)	
Cash and cash equivalents	11.1		(66.1)		7.6	(9.0)
Trade payables						
Borrowings	(80.0)		44.9		(83.4)	(11.8)
Derivatives	1.9		3.9		(19.3)	13.4
TOTAL	**(67.8)**		**(17.3)**		**(96.3)**	**(7.4)**

Yankee bonds denominated in US dollar and the derivative financial instrument denominated in British pound are treated as net investment hedges (see Note 4.3.2).

5.1.1.2 Breakdown of balance sheet items by type of financial instrument

	December 31, 2017						December 31, 2016
				Levels of valuation			
(in € millions)	Carrying amount	Amortized cost	Fair value	Level 1[(1)]	Level 2[(2)]	Level 3[(3)]	Carrying amount
ASSETS							
Current assets							
Trade receivables	624.9	624.9			624.9		564.2
Other current financial assets	1.1		1.1		1.1		1.6
Cash and cash equivalents	823.0		823.0		823.0		940.1
TOTAL CURRENT ASSETS	**1,449.0**	**624.9**	**824.1**	**0.0**	**1,449.0**	**0.0**	**1,505.9**
EQUITY AND LIABILITIES							
Current liabilities							
Short-term borrowings	585.4	147.5	441.8	403.9	147.5	37.9	346.4
Trade payables	612.9	612.9			612.9		558.3
Other current financial liabilities	0.8		0.8		0.8		0.6
TOTAL CURRENT LIABILITIES	**1,199.1**	**760.4**	**442.6**	**403.9**	**761.2**	**37.9**	**905.3**
Non-current liabilities							
Long-term borrowings	2,457.1	32.7	2,637.6	2,637.6	32.7	0.0	1,550.7
TOTAL NON-CURRENT LIABILITIES	**2,457.1**	**32.7**	**2,637.6**	**2,637.6**	**32.7**	**0.0**	**1,550.7**

(1) Level 1: quoted prices on an active market.

(2) Level 2: calculations made from directly observable market data.

(3) Level 3: calculations made from non-observable market data.

Cash and cash equivalents, other current financial assets and liabilities as well as puts on minority interests are accounted for at fair value. In accordance with IFRS 13, fair value measurement takes counterparty default risk into account.

In light of the Group's credit rating, the measurement of other current financial liabilities is subject to insignificant credit risk.

5.1.2 Management of financial risks

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department which recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group management. A detailed reporting system has been set up to enable permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

5.1.2.1 Interest rate risk

As part of an interest rate risk management policy aimed mainly at managing the risk of a rate increase, the Group has structured its debt into a combination of fixed and variable rate financing.

Net debt (excluding debt issuance costs) breaks down as follows between fixed and variable interest rates before the effect of hedging instruments:

	December 31, 2017							December 31, 2016
(in € millions)	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total	Total
Financial assets*								
Fixed rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Variable rate	823.0	0.0	0.0	0.0	0.0	0.0	823.0	940.1
Financial liabilities**								
Fixed rate	(407.1)	(9.0)	(8.3)	(9.5)	(409.8)	(2,024.5)	(2,868.2)	(1,819.2)
Variable rate	(178.3)	(1.6)	(4.0)	(1.5)	(1.3)	(2.1)	(188.8)	(84.5)
Net exposure								
Fixed rate	(407.1)	(9.0)	(8.3)	(9.5)	(409.8)	(2,024.5)	(2,868.2)	(1,819.2)
Variable rate	644.7	(1.6)	(4.0)	(1.5)	(1.3)	(2.1)	634.2	855.6

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

The following table shows the sensitivity of net debt costs to changes in interest rates, before hedging instruments:

	December 31, 2017		December 31, 2016	
(in € millions)	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
Impact of a 100-bps increase in interest rates	5.4	5.4	8.1	8.1
Impact of a 100-bps decrease in interest rates	(8.3)	(8.3)	(10.9)	(10.9)

The impact of a 100-basis point increase in interest rates would result in a gain of €5.4 million due to a net positive variable-rate exposure. Conversely, the impact of a 100-basis point decrease in interest rates would result in a loss of €8.3 million.

5.1.2.2 Foreign currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

When relevant, natural hedges are preferred. If required, when the acquisition of an asset is financed using a currency other than the functional currency of the country concerned, the Group may enter into forward contracts to hedge its foreign currency risk.

As of December 31, 2017, the Group has set up forward contracts in US dollars, British pounds, Canadian dollars, Australian dollars and Mexican pesos, which are accounted for in the balance sheet at their fair value.

The following table shows the breakdown of net debt (excluding debt issuance costs) by reporting currency:

	December 31, 2017					December 31, 2016
(in € millions)	Financial assets*	Financial liabilities**	Net exposure before hedging	Hedging	Net exposure after hedging	Net exposure after hedging
Euro	432.0	(2,700.2)	(2,268.2)	(63.7)	(2,331.9)	(662.2)
US dollar	118.4	(334.0)	(215.6)	71.2	(144.4)	(460.8)
Other currencies	272.6	(22.8)	249.8	(7.5)	242.3	159.4
TOTAL	**823.0**	**(3,057.0)**	**(2,234.0)**	**(0.0)**	**(2,234.0)**	**(963.6)**

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

The following table shows the sensitivity of gross debt to changes in the exchange rate of the euro against other currencies, before hedging instruments:

	December 31, 2017		December 31, 2016	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
(in € millions)	10% increase		10% increase	
US dollar	0.0	32.8	0.0	37.0
Other currencies	0.1	2.2	0.2	2.6

	December 31, 2017		December 31, 2016	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
(in € millions)	10% decrease		10% decrease	
US dollar	(0.0)	(29.8)	(0.0)	(33.6)
Other currencies	(0.1)	(2.0)	(0.2)	(2.3)

Operating assets and liabilities break down as follows by reporting currency:

	December 31, 2017			December 31, 2016
(in € millions)	Current operating assets excluding taxes	Current operating liabilities excluding taxes	Net exposure	Net exposure
Euro	444.1	583.8	(139.7)	(163.9)
US dollar	468.2	272.4	195.8	135.0
Other currencies	644.1	415.7	228.4	241.6
TOTAL	**1,556.4**	**1,271.9**	**284.5**	**212.7**

The table below presents the breakdown of net sales and operating expenses by reporting currency as of December 31, 2017:

(in € millions)	Net sales		Operating expenses	
Euro	1,975.7	35.8%	1,544.1	34.3%
US dollar	1,792.9	32.5%	1,517.8	33.8%
Other currencies	1,752.2	31.7%	1,433.3	31.9%
TOTAL	**5,520.8**	**100.0%**	**4,495.2**	**100.0%**

When relevant, natural hedges are also set up by matching costs and revenues in each of the Group's operating currencies. Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned. These hedges are for periods of less than 18 months.

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies would have resulted in 2017 in a decrease in net sales of approximately €322.3 million (€284.9 million in 2016) and a decrease in operating profit of approximately €54.0 million (€46.9 million in 2016), while a 10% decrease would have resulted in 2017 in an increase in net sales of approximately €354.5 million(€313.4 million in 2016) and an increase in operating profit of approximately €59.4 million (€51.5 million in 2016).

5.1.2.3 Commodity risk

The Group is exposed to commodity risk arising from changes in the price of raw materials, mainly plastics and metals (steel, copper, brass). Raw materials consumption (except components) amounted to around €526.0 million in 2017.

A 10% increase in the price of the above-mentioned consumption would theoretically feed through to around a €52.6 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting, raise the prices of its products to offset the adverse impact of any such increases.

Additionally, the Group can set up specific derivative financial instruments (options) for limited amounts and periods to hedge part of the risk of an unfavorable change in copper and certain other raw material prices. The Group did not set up any such hedging contracts in 2017.

5.1.2.4 Credit risk

As explained in Note 2.1, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department. When the Group is in a position to do so, it can resort to either credit insurance or factoring.

5.1.2.5 Counterparty risk

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-term investments and hedging instruments. These assets are placed with well-rated financial institutions or corporates with the aim of fragmenting the exposure to these counterparties. Those strategies are decided and monitored by the Corporate Finance Department, which ensures a weekly follow up of ratings and credit default swap rates of these main counterparties.

5.1.2.6 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group's financing policy.

The total amount of net debt (€2,219.5 million as of December 31, 2017) is fully financed by financing facilities expiring at the earliest in 2018 and at the latest in 2032. The average maturity of gross debt is 6.6 years.

Legrand is rated "A-" with a negative outlook by Standard & Poor's.

Rating agency	Long-term debt	Outlook
S&P	A-	Negative

5.2 RELATED-PARTY INFORMATION

The only individuals qualifying as related parties within the meaning of IAS 24 are the corporate officers who serve on the Executive Committee.

Compensation and benefits provided to the members of the Executive Committee for their services are detailed in the following table:

	12 months ended	
(in € millions)	**December 31, 2017**	**December 31, 2016**
Compensation (amounts paid during the period)		
Fixed compensation	3.9	3.7
Variable compensation	3.3	2.7
Other short-term benefits(1)	0.1	0.1
Pension and other post-employment benefits(2)	0.3	(11.8)
Other long-term benefits (charge for the period)(3)	2.1	2.0
Termination benefits (charge for the period)	0.0	0.0
Share-based payments (charge for the period)(4)	2.7	2.3

(1) Other short-term benefits include benefits in kind.

(2) Change in the obligation's present value (in accordance with IAS 19).

(3) As per the long-term employee benefit plans described in Note 4.5.2, with a 100% pay-out rate assumption.

(4) As per the performance share plans described in Note 4.2.1, with a 100% pay-out rate assumption.

5.3 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

5.3.1 Specific transactions

Specific commitments and their expiry dates are discussed in the following notes:

- Note 3.3: Property, plant and equipment; and
- Note 4.5.1: Pension and other post-employment benefit obligations.

5.3.2 Routine transactions

5.3.2.1 Financial guarantees

(in € millions)	**December 31, 2017**	**December 31, 2016**
Guarantees given to banks	128.2	163.3
Guarantees given to other organizations	52.7	56.0
TOTAL	**180.9**	**219.3**

Most of these guarantees are given by the Company to banks for Group subsidiaries located outside of France.

5.3.2.2 Operating leases

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum rental commitments under leases are detailed below:

(in € millions)	December 31, 2017	December 31, 2016
Due within one year	65.4	49.0
Due in one to two years	51.5	42.8
Due in two to three years	37.6	31.4
Due in three to four years	28.6	25.1
Due in four to five years	20.3	20.3
Due beyond five years	41.6	34.8
TOTAL	**245.0**	**203.4**

5.3.2.3 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €17.4 million as of December 31, 2017.

5.3.3 Contingent liabilities

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they should not have a material adverse effect on the Group's consolidated financial position or results of operations.

5.4 STATUTORY AUDITORS' FEES

The total amount of Statutory Auditors' fees invoiced to the Group in 2017 can be detailed as follows:

(in euros excluding taxes)	PricewaterhouseCoopers Audit SAS		Deloitte & Associés	
Statutory audit and certification	505,935	88%	513,446	78%
Other work than statutory audit and certification	66,000	12%	144,000	22%
TOTAL	**571,935**	**100%**	**657,446**	**100%**

5.5 SUBSEQUENT EVENTS

No significant events occurred between December 31, 2017 and the date when the consolidated financial statements were prepared.

8.2 – STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEAR ENDED DECEMBER 31, 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by European regulation or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

I. OPINION

In compliance with the assignment entrusted to us at your General Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Legrand SA for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS OF THE AUDIT OPINION

Audit reference framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are described in the section of this report entitled "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements".

Independence

We conducted our audit in compliance with the applicable independence rules for the period from January 1, 2017 to the date of issue of our report, and in particular we did not provide any services that are prohibited by article 5 (1) of Regulation (EU) No. 537/2014 or the Code of Ethics for Statutory Auditors in France.

In addition, the non-audit services that we provided to Legrand SA and the entities it controls during the reporting period are as follows:

- for both firms: comfort letters for bond issues by private placement;
- for Deloitte & Associés: verification of the consolidated employment, environmental and social disclosures required under article L. 225-102-1 of the French Commercial Code (*Code de commerce*); statements prepared at the request of various entities and relating to accounting information; an assessment of accounting standards unrelated to the preparation of accounting and finance disclosures;
- for PricewaterhouseCoopers Audit: an assessment of transfer pricing policy documentation.

III. JUSTIFICATION OF OUR ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the provisions of articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points arising from the audit relating to the risks of material misstatement that according to our professional judgment were the most significant for the audit of the consolidated financial statements, as well as the solutions we have put forward to address such risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed as expressed above. We do not express an opinion on specific items of the consolidated financial statements.

Measurement of goodwill and trademarks with indefinite useful lives

Description of risk

At December 31, 2017, the Group's intangible assets were chiefly composed of trademarks with indefinite useful lives (€1.408 million) and goodwill broken down by geographical area (€3.930 million).

There is a risk of impairment due to changes in the internal or external factors affecting these assets and that are likely to have an impact on the projected future cash flows of the cash-generating units (CGUs) to which the assets have been allocated and thus on the calculation of their value in use.

The impairment tests performed each year and whenever there is any indication that the carrying amount of the assets might not be recoverable, and the main assumptions used, are described in Notes 3.1.1 and 3.2. These tests are sensitive to the assumptions used, especially those relating to:

- the estimation of future revenue, both in terms of volume and of value, the royalty rate for the trademarks and, more generally, the operating cash flows relating to the assets;
- the calculation of the discount rate applied to future cash flows; and
- the method for grouping the CGUs in order to perform impairment tests.

In light of the Group's external growth strategy, we deemed the measurement of the value in use of these assets to be a key audit matter due to their materiality to the consolidated balance sheet and the high degree of estimation and judgment required from management to determine the assumptions used to perform the impairment tests.

How our audit addressed this risk

We examined the process implemented by the Group to carry out impairment tests. We also verified the consistency of the data used to perform the tests against that contained in the budgets prepared by Group management.

We assessed the consistency and pertinence of the approach taken by management in terms of grouping the relevant CGUs. We adjusted our audit strategy to take into account the level of the risk of impairment, which varies depending on the CGU.

Our evaluation experts carried out an independent analysis of certain key assumptions used by management to perform the tests, pertaining in particular to the discount rate, the royalty rate and the perpetual growth rate of future cash flows, referring both to external market data and analyses of comparable companies.

We analyzed the consistency of the projected future cash flows with historical data and our knowledge of the Group's business, supported by interviews with Group management control.

We also tested the mathematical accuracy of the Group's calculations, on a sample basis.

We assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements concerning the measurement of goodwill and trademarks with indefinite useful lives, the underlying assumptions and the sensitivity analyses.

Identification and measurement of the fair value of the assets acquired and liabilities assumed with respect to the acquisition of Milestone

Description of risk

As part of its external growth strategy, the Group regularly undertakes acquisitions. Accordingly, on August 2, 2017, the Group closed the acquisition of Milestone AV Technologies LLC ("Milestone") for an amount of €1.032 million.

The provisional purchase price allocation was performed during the period, as a result of which assets including €616 million in goodwill, €73 million in trademarks, €49 million in patents and €204 million in other intangible assets were recognized, as described in Note 3.2 to the consolidated financial statements, which also gives details of the accounting methods applied to business combinations.

We deemed the allocation of the Milestone purchase price to be a key audit matter due to the materiality of the transaction and in so far as it required estimations and judgments from Group management in terms of determining how the purchase price should be allocated into the various assets acquired and liabilities assumed. In particular, the measurement of intangible assets relies on valuation techniques based on business and profitability assumptions.

How our audit addressed this risk

We examined the most important legal documents pertaining to the acquisition of Milestone with a view to identifying the specific clauses impacting the determination and recognition of the purchase price.

We assessed Milestone's opening balance sheet and verified the harmonization of the company's accounting policies with those of the Group.

With the support of our tax experts, we also:

- analyzed the methodology used by the Group to identify the assets acquired and liabilities assumed;
- assessed the level of competence and independence of the specialist assisting the Group;
- assessed the judgments and key assumptions used, particularly concerning the valuation models applied to intangible assets, taking into account industry practices and the relevant geographical area;
- analyzed the expected profitability rates of the various asset classes of the acquired company, weighted by their fair value, to verify the consistency of the relative values of the intangible assets and goodwill.

We assessed the appropriateness of the disclosures pertaining to the acquisition provided in the notes to the consolidated financial statements.

IV. VERIFICATION OF THE GROUP'S MANAGEMENT REPORT

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

V. DISCLOSURES RESULTING FROM OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of Statutory Auditors

We were appointed Statutory Auditors of Legrand at the General Meetings of Shareholders held on December 21, 2005 (Deloitte & Associés) and June 6, 2003 (PricewaterhouseCoopers Audit).

As of December 31, 2017, Deloitte & Associés was in the thirteenth consecutive year of its engagement and PricewaterhouseCoopers Audit was in the fifteenth consecutive year of its engagement, in light of its merger with Coopers & Lybrand Audit in 2003; for both firms, this is the twelfth year since the securities of the Company were admitted to trading on a regulated market.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with IFRS as adopted in the European Union, as well as for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing any matters relating to its ability to continue as a going concern and for adopting the going concern basis of accounting, unless it intends to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as any internal audit procedures relating to the preparation and processing of financial and accounting information.

The consolidated financial statements were approved by the Board of Directors.

VII. RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit carried out in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In accordance with the provisions of article L. 823-10-1 of the French Commercial Code, our audit of the consolidated financial statements does not constitute a guarantee of the longer-term viability or quality of the Company's management.

VIII. DETAILED DESCRIPTION OF THE STATUTORY AUDITORS' RESPONSIBILITIES

As part of an audit performed in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. This conclusion is made on the basis of audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the entity to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in their audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for directing, supervising and performing the audit of the consolidated financial statements as well as for the opinion expressed thereon.

IX. ADDITIONAL REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee that includes a description of the scope of our audit work and the audit program implemented, as well as the resulting findings. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes an assessment of the risks of material misstatements that we deem to have been most significant for the audit of the consolidated financial statements and which constitute key audit matters. We describe these matters in this report. We also provide the Audit Committee with the declaration referred to in article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors in France. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine, February 7, 2018

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**
Jean-François Viat	Édouard Sattler

8.3 – STATUTORY AUDITORS' REPORT

	PricewaterhouseCoopers Audit				Deloitte & Associés			
	Amount in euros excluding taxes		*%*		*Amount in euros excluding taxes*		*%*	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Audit services								
Statutory audit, certification and review of the parent company and consolidated financial statements	1,981,323	1,793,610	75%	58%	2,406,438	2,321,139	90%	82%
Of which								
■ Issuer	290,523	273,948	11%	9%	290,523	273,948	11%	10%
■ Fully consolidated subsidiaries	1,690,800	1,519,662	64%	49%	2,115,915	2,047,191	79%	72%
Other work and services directly related to the audit assignment*	64,218	263,832	2%	8%	165,708	448,411	6%	16%
Of which								
■ Issuer	44,000	0	2%	0%	124,800	65,800	5%	2%
■ Fully consolidated subsidiaries	20,218	263,832	0%	8%	40,908	382,611	1%	14%
SUB-TOTAL, AUDIT	**2,045,541**	**2,057,442**	**77%**	**66%**	**2,572,146**	**2,769,550**	**96%**	**98%**
Other services provided by networks to fully consolidated subsidiaries								
Legal, tax, social security	622,224	975,372	23%	31%	99,529	53,448	4%	2%
Other	0	78,500	0%	3%	0	0	0%	0%
SUB-TOTAL, OTHER	**622,224**	**1,053,872**	**23%**	**34%**	**99,529**	**53,448**	**4%**	**2%**
TOTAL	**2,667,765**	**3,111,314**	**100%**	**100%**	**2,671,675**	**2,822,998**	**100%**	**100%**

* *These services mainly concern work conducted in connection with certain acquisitions.*

8.4 – DIVIDEND DISTRIBUTION POLICY

The Company may decide to distribute dividends at the recommendation of the Board of Directors and following a decision of its shareholders at the General Meeting of Shareholders. However, the Company is under no obligation to distribute dividends and the decision on whether or not to recommend the distribution of a dividend and the amount of that dividend will depend on:

- the Company's results and cash flows;
- the Company's financial position;
- the Company's forecasts;
- the interests of the Company's shareholders;
- the general conditions of the Company's operations; and
- any other factor that the Company's Board of Directors deems relevant.

Notwithstanding the factors listed above, there is no formula for determining the amount of dividend to be distributed. In addition, the French Commercial Code and the Company's Articles of Association limit the Company's right to distribute dividends in certain circumstances.

Dividends distributed in respect of 2014, 2015 and 2016 financial years were as follows:

			Earnings distributed per share	
Financial year	**Number of shares entitled to dividends**	**Dividend per share**	**Eligible for the 40% income tax exemption mentioned at sub paragraph 2 of paragraph 3 of article 158 of the French Tax Code**	**Not eligible for the 40% income tax exemption mentioned at sub paragraph 2 of paragraph 3 of article 158 of the Tax Code**
2014	266,480,956 €4 shares	€1.10*	€0.93	€0
2015	267,006,775 €4 shares	€1.15**	€0.72	€0
2016	266,508,331 €4 shares	€1.19***	€0.79	€0

* *Since €0.17 of the dividend distributed for the financial year 2014 has the fiscal form of a repayment of paid-in capital as defined by article 112(1) of the French Tax Code, this sum is not considered as distributed income for tax purposes.*

** *Since €0.43 of the dividend distributed for the financial year 2015 has the fiscal form of a repayment of paid-in capital as defined by article 112(1) of the French Tax Code, this sum is not considered as distributed income for tax purposes.*

*** *Since €0.40 of the dividend distributed for the financial year 2016 has the fiscal form of a repayment of paid-in capital as defined by article 112(1) of the French Tax Code, this sum is not considered as distributed income for tax purposes.*

Subject to the approval by the General Meeting of Shareholders to be held on May 30, 2018, the Company will distribute a dividend of €1.26 per share(1) for the 2017 financial year, on June 5, 2018.

8.5 – LEGAL PROCEEDINGS AND ARBITRATION

With regard to environmental matters and mainly as a result of previous operations of the Group or of companies acquired by the Group, Legrand is the subject of a number of disputes similar to those affecting other industrial groups and, in particular, complaints and legal action concerning pollution of groundwater and soil caused by emissions and the discharge of hazardous substances and waste. New information or future developments, such as amendments to the law (or to its interpretation), environmental conditions, or Legrand's operations could, however, result in increased environmental costs and liabilities which could have a material impact on Legrand's results or financial position.

(1) For more information on the composition of the dividend, please refer to resolution 3 of the draft resolutions and to the related explanatory statement in annex 4 of this document.

Legrand is also involved in various other legal proceedings related to the day-to-day running of its operations. The Group does not expect the outcome of these proceedings to have a material adverse impact on its business, financial position or cash flows, either individually or in aggregate.

The Company is not aware of any government, legal or arbitration proceedings (or any proceedings of which the Company is aware that are pending or threatened) during the last twelve months that have recently had or are likely to have a material impact on the financial position or profitability of the Company and/or Group.

8.6 – MATERIAL CHANGES IN THE COMPANY'S FINANCIAL OR TRADING POSITION

At the date of publication of this Registration Document, there have been no material changes in Legrand's financial or trading position since the publication of the 2017 annual financial statements.

8.7 – MATERIAL AGREEMENTS

To the Group's knowledge, other than the agreements entered into in the normal course of business, including those relative to acquisitions, disposals or financing operations mentioned in this Registration Document (for example, the amended 2011 credit facility described in Note 4.6 to the consolidated financial statements mentioned in chapter 8 of this Registration Document), there are no other material agreements signed by the companies in the Group in the two years preceding the date of this document, still in force on that date, and which include terms giving rise to an obligation or commitment that could have a material impact on the Group's business, financial position or cash flow.

However, under certain agreements, significant commitments and guarantees have been granted by Legrand or its subsidiaries. Thus, in its current operations, the Group is committed to the payment of rents spread over several years, under the terms of operating leases amounting to a total of €245.0 million at December 31, 2017. All these off-balance sheet commitments are set out in note 5.3 to the consolidated financial statements in this Registration Document.

8.8 – CAPITAL EXPENDITURE

8.8.1 – Capital expenditure and capitalized development costs

Capital expenditure and capitalized development costs totaled €178.2 million in 2017 (€160.9 million in 2016 and €133.4 million in 2015), representing 3.2% of the Group's consolidated sales (3.2% in 2016 and 2.8% in 2015). See sections 5.5.1.2 and 5.6 of this Registration Document for further details on these items.

8.8.2 – Investments in equity interests: the Group's primary acquisitions

8.8.2.1 THE GROUP'S PRIMARY ACQUISITIONS IN 2017

Legrand continued its acquisition strategy with six external growth transactions conducted with companies operating in complementary business segments benefiting from megatrends. In 2017, Legrand announced six new acquisitions:

- the Group acquired OCL, specializing in architectural lighting solutions for commercial and high-end residential buildings in the United States. OCL has annual sales of about $15 million;
- the Group acquired AFCO Systems in the US, which supplies Voice-Data-Image (VDI) cabinets for data centers, specializing in customized solutions. AFCO Systems has annual sales of approximately $23 million;
- the Group signed a joint-venture agreement to acquire 49% of Borri, an Italian specialist in UPS. Since this agreement gives the Group joint control with Borri's core shareholders, this entity is accounted for using the equity method;
- the Group acquired Finelite, a leading US player in the design of linear lighting systems for commercial buildings. Finelite has annual sales of around $200 million;
- the Group acquired Milestone AV Technologies LLC, a leading US player in audio-video (AV) power supply and infrastructure. Milestone reported sales of $464.1 million in 2016 (see note 2 to the unaudited consolidated financial information as at September 30, 2017 and note 3.2 in chapter 8.1.7 of this Registration Document); and
- the Group acquired Server Technology Inc., a leading US player in smart power distribution units (PDUs) for data centers. Server Technology Inc. has annual sales of around $100 million.

8.8.2.2 THE GROUP'S PRIMARY ACQUISITIONS IN 2016 AND 2015

During the 2016 financial year, Legrand announced the following eight acquisitions:

- the Group acquired Fluxpower in Germany and Primetech in Italy, both specializing in UPS. These two companies have combined annual sales of close to €9 million;
- the Group acquired Pinnacle Architectural Lighting, a leading supplier of architectural lighting solutions for commercial buildings in the United States. Pinnacle Architectural Lighting has annual sales of about $105 million;
- the Group acquired Luxul Wireless, America's leading supplier of audio/video infrastructure products for residential buildings and small and medium-sized commercial buildings. Luxul Wireless has annual sales of more than $20 million;
- the Group acquired Jontek, specializing in management solutions for assisted living platforms in the UK. Jontek has annual sales of about £3 million;
- the Group took an 80% stake in Trias, an Indonesian specialist in cable management and distribution cabinets. Trias has annual sales of approximately €6 million;
- the Group acquired CP Electronics, the market leader in energy-efficient lighting control in the UK. CP Electronics has annual sales in the region of £24 million;
- the Group acquired Solarfective, the Canadian specialist in natural lighting management for commercial buildings. Solarfective has annual sales of about €13 million.

During the 2015 financial year, Legrand made the following four acquisitions:

- Legrand strengthened its international presence in the area of digital infrastructure with the acquisitions of Raritan Inc., a leading North American player in the smart PDU[1] and KVM[2] switch segment, and of Valrack, an Indian player specialized in racks, VDI cabinets and related products for data centers;
- the Group also continued its development in the high-potential energy efficiency market with the acquisition of the IME group, a leading Italian player and European specialist in the measurement of electrical system parameters; and
- Legrand supplemented its lighting control offering in the United States with the acquisition of QMotion, a specialist in natural lighting management for residential buildings.

8.8.3 – The Group's primary acquisitions in 2018 and principal investments in process

In 2018, the Group plans to pursue its strategy of targeted, value-creating acquisitions.

(1) PDU: Power Distribution Unit.

(2) KVM: a KVM switch makes it possible to control several computers from a single screen, keyboard and mouse console.

ADDITIONAL INFORMATION

09

9.1 – INFORMATION ABOUT THE COMPANY

9.1.1 – Company's name

The Company's name is "Legrand".

9.1.2 – Place of registration and registration number

The Company is registered in the *Registre du commerce et des sociétés* (Trade and Companies Register) of Limoges under number 421 259 615.

9.1.3 – Date and duration of incorporation

The Company was initially incorporated on December 22, 1998 in the form of a *société anonyme*. It was transformed into a *société par actions simplifiée* by an Extraordinary General Meeting of Shareholders on December 5, 2001. The Company was transformed again into a *société anonyme* by unanimous decision of the shareholders on November 4, 2002.

The Company's life has been extended until February 24, 2105, unless the Company is dissolved early, or this term is once again extended.

9.1.4 – Registered office

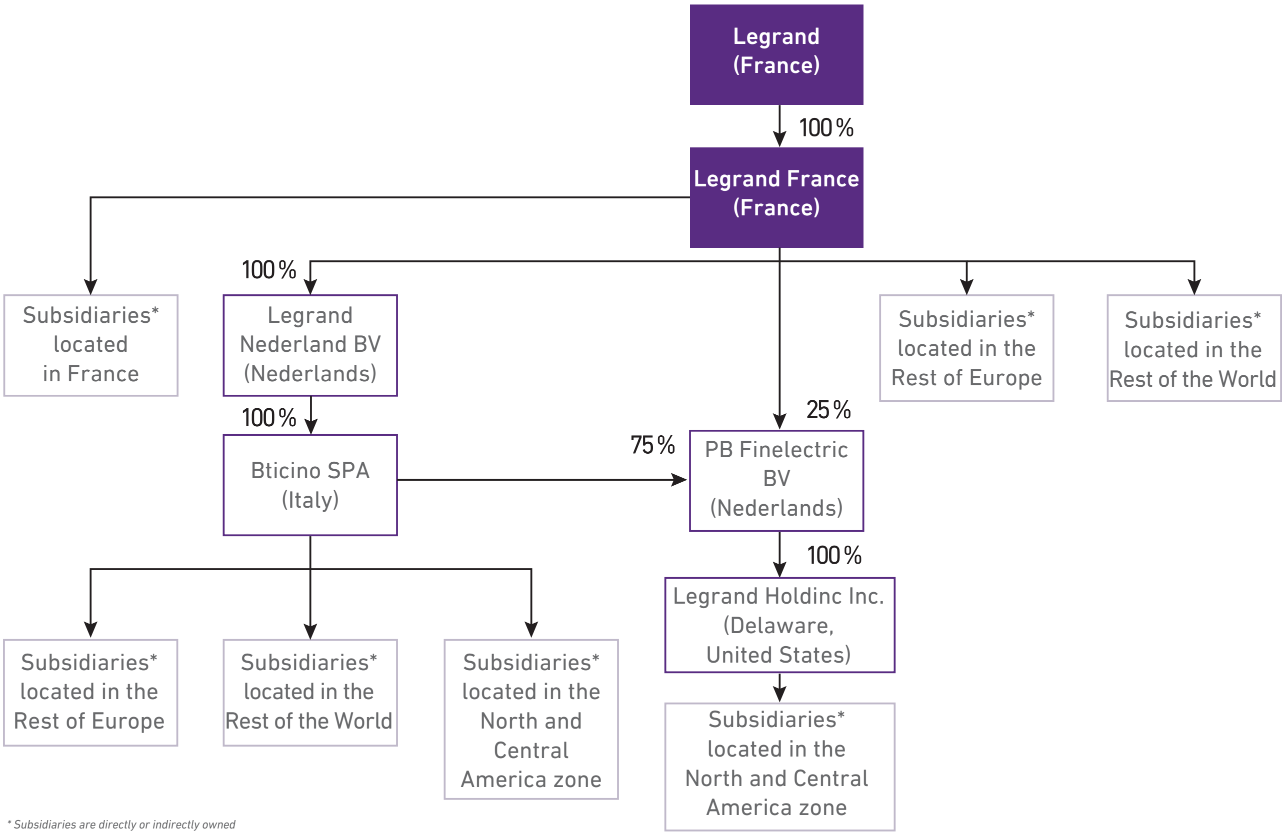
The Company's registered office is at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France.

The telephone number of the registered office is +33 (0)5 55 06 87 87.

9.1.5 – Legal form and applicable law

The Company is a *société anonyme* with a Board of Directors. The Company is mainly governed by the provisions of Book II of the French Commercial Code.

9.1.6 – Simplified organizational chart



* *Subsidiaries are directly or indirectly owned*

9.1.7 – Subsidiaries

The Group comprises the Company and the 202 subsidiaries that it controls; the main subsidiaries are mentioned in the consolidated financial statements presented in chapter 8 (Note 1.3.1) of this Registration Document. All Legrand Group subsidiaries are fully consolidated.

The Company is the parent company of the Legrand Group. Its main business consists in providing general management and financial services to manage the Group's operations. Please see (i) section 7.4 of this Registration Document for a description of related party transactions, and (ii) the Management Report, in Appendix 2 below, for the list of directorships held by the Chief Executive Officer in the Group's subsidiaries.

The payment of dividends by Legrand's main subsidiaries is decided by their respective general meeting of shareholders, and is subject to the local laws and regulations applicable to them. At the date of this Registration Document, Legrand had not identified any restrictions that would significantly limit its access to its subsidiaries' cash flows, or to the payment of the dividends distributed by the same.

The main subsidiaries holding interests in the Group are:

BTICINO SPA (ITALY)

Bticino SpA is a joint stock company formed under Italian law, with its registered office at Viale Borri 231, 21100 Varese. The primary purpose of Bticino SpA is the design, manufacture and marketing of electrical products and systems. Bticino SpA entered the Group's scope on July 1, 1989 and is wholly owned by Legrand Nederland BV.

LEGRAND FRANCE (FRANCE)

Formerly known as Legrand SA, Legrand France is the Group's main operating subsidiary in France. Legrand France is a joint stock company under French law, registered in the Trade and Companies Register of Limoges under number 758 501 001, and has its registered office at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges. The primary purpose of Legrand France is the design and manufacture of products and systems for electrical installations and their components. Legrand France was formed on July 21, 1953, and is wholly owned by the Company. Legrand France holds interests in some of the Group's other operating companies, located in France, the rest of Europe and the rest of the world.

LEGRAND HOLDING INC. (UNITED STATES)

Legrand Holding Inc. is incorporated under US law, registered in Delaware and has its registered offices at 60 Woodlawn Street, West Hartford, CT 06110. The primary purpose of Legrand Holding Inc. is to take equity stakes in other companies. Legrand Holding Inc. was formed on July 18, 1984 and entered the Group's scope of consolidation on October 31, 1984. Legrand Holding Inc. is wholly owned by PB Finelectric BV.

LEGRAND NEDERLAND BV (NETHERLANDS)

Legrand Nederland BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of Legrand Nederland BV is to manufacture and market metal cable trays. Legrand Nederland BV was formed and entered the Group's scope of consolidation on December 27, 1972. Legrand Nederland BV is wholly owned by Legrand France.

PB FINELECTRIC BV (NETHERLANDS)

PB Finelectric BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of PB Finelectric BV is to take equity stakes in other companies. PB Finelectric BV was formed and entered the Group's scope of consolidation on December 19, 1991. PB Finelectric BV is 75% owned by Bticino SpA with the remaining 25% held by Legrand France.

9.2 – SHARE CAPITAL

Unless otherwise indicated, the information presented in this section is dated December 31, 2017.

9.2.1 – Subscribed share capital and share capital authorized but not issued

Taking into account the number of shares as at December 31, 2017, the Company's share capital amounts to €1,067,223,004, divided into 266,805,751 shares with a par value of €4 each.

The Company's shares are fully paid up and all of the same class. The shares may be held in registered or bearer form, at the option of the shareholder. They may be registered on individual shareholder accounts in accordance with applicable laws and regulations.

9.2.1.1 DELEGATIONS AND FINANCIAL AUTHORIZATIONS CURRENTLY IN FORCE

At the date of this Registration Document, the Company's Board of Directors held the following financial authorizations from the shareholders at the Annual General Meetings:

Authorizations and delegations granted by the Annual General Meeting	Duration of the delegation Expiry date	Terms and conditions of the delegation	Use of the delegation during the 2017 financial year
		Annual General Meeting of May 27, 2016	
Authorization for the free allotment of existing or new shares to employees and/or corporate officers (resolution 13)	38 months July 27, 2019	Limit: 1.5% of the share capital at the date of the allotment decision	Nil
Issues of shares or complex securities, with preferred subscription rights (resolution 14)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €200 million (this amount is included in the overall nominal limit for capital increases through the issuance of shares, or securities convertible into shares, of €200 million (the "**Overall Capital Increase Limit**")) Overall nominal amount of bonds and other debt securities likely to be issued pursuant to this delegation: may not exceed €2 billion (this amount is included in the overall nominal limit for debt securities of €2 billion (the "**Overall Debt Securities Limit**"))	Nil
Issues, by public tender offer, of shares or complex securities, without preferred subscription rights (resolution 15)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million (this nominal amount is included in the nominal limit of €100 million set by Resolution 16 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this delegation: may not exceed €1 billion (this amount is included in the limit of €1 billion set by Resolution 16 and in the Overall Debt Securities Limit)	Nil
Issues, by means of an offer within the scope of article L. 411-2 II of the French Monetary and Financial Code (private placement), of shares or complex securities, without preferred subscription rights (resolution 16)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million or the legal limit, i.e. 20% of the Company's share capital (this nominal amount is included in the nominal limit of €100 million set by Resolution 15 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this delegation: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by Resolution 15 and in the Overall Debt Securities Limit)	Nil

Authorizations and delegations granted by the Annual General Meeting	Duration of the delegation Expiry date	Terms and conditions of the delegation	Use of the delegation during the 2017 financial year
Increase in the amount of issues, with or without preferred subscription rights in the event of excess demand (resolution 17)	26 months July 27, 2018	Deadline: within thirty days from the closing date for subscriptions Limit: 15% of the initial offering Price: same price as that determined for the initial offering Compliance with the upper limits applicable to each type of issue decided pursuant to Resolutions 14, 15 or 16	Nil
Capital increase through incorporation of reserves, profits, premiums or other items (resolution 18)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million. Note that this limit is independent of any of the other limits on issues of shares and other securities pursuant to delegations or authorizations conferred by the Annual General Meeting of May 27, 2016	Nil
Issues of shares or complex securities for members of a Company or Group employee share-ownership program, without preferred subscription rights (resolution 19)	26 months July 27, 2018	Total nominal amount of capital increases pursuant to this delegation: may not exceed €25 million (this amount is included in the nominal limit of €100 million set by Resolutions 15 and 16 and in the Overall Capital Increase Limit)	Nil
Issue of shares or complex securities as consideration for contributions in kind to the Company without preferred subscription rights (resolution 20)	26 months July 27, 2018	5% of the share capital at the issue date Total nominal amount of capital increases pursuant to this delegation: included in the nominal limit of €100 million set by Resolutions 15 and 16 and in the Overall Capital Increase Limit Total nominal amount of debt securities issued pursuant to this delegation: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by Resolutions 15 and 16 and in the Overall Debt Securities Limit)	Nil
		Annual General Meeting of May 31, 2017	
Authorization for the purpose of allowing the Company to trade its own shares (resolution 9)	18 months November 30, 2018	Limit: 10% of the share capital at May 31, 2017 Maximum amount allocated: €1,000 million Maximum purchase price per share: €75	€33,124,922
Authorization to reduce the share capital by cancellation of shares (resolution 10)	18 months November 30, 2018	Limit: 10% of the share capital at May 31, 2017, per period of 24 months	Nil

9.2.1.2 DELEGATIONS AND FINANCIAL AUTHORIZATIONS SUBMITTED TO THE COMBINED ANNUAL AND EXTRAORDINARY GENERAL MEETING OF MAY 30, 2018

At the Annual General Meeting to be held on May 30, 2018, shareholders will be asked to renew the following authorizations and financial delegations (see the draft resolutions in Appendix 4 of this Registration Document):

Authorization/delegation	Duration and expiry date	Terms and conditions of the delegation Maximum nominal amount
Authorization for the purpose of allowing the Company to trade its own shares (resolution 14)	18 months November 30, 2019	Limit: 10% of the share capital at May 30, 2018 Maximum amount allocated: €1,000 million Maximum purchase price per share: €90
Authorization to reduce the share capital by cancellation of shares (resolution 16)	18 months November 30, 2019	Limit: 10% of the share capital at May 30, 2018
Authorization for the free allotment of existing or new shares to employees and/or corporate officers (resolution 17)	38 months July 30, 2021	Limit: 1.5% of the share capital at the date of the allotment decision
Issues of shares or complex securities, with preferred subscription rights (resolution 18)	26 months July 30, 2020	Total nominal amount of capital increases pursuant to this delegation: may not exceed €200 million (this amount is included in the overall nominal limit for capital increases through the issuance of shares or securities convertible to equity of €200 million (the "**Overall Capital Increase Limit**")) Overall nominal amount of bonds and other debt securities likely to be issued pursuant to this delegation: may not exceed €2 billion (this amount is included in the overall nominal limit for debt securities of €2 billion (the "**Overall Debt Securities Limit**"))
Issues, by public offering, of shares or complex securities, without preferred subscription rights (resolution 19)	26 months July 30, 2020	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million (this nominal amount is included in the nominal limit of €100 million set by Resolution 20 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this delegation: may not exceed €1 billion (this amount is included in the limit of €1 billion set by Resolution 20 and in the Overall Debt Securities Limit)
Issues, by means of an offer within the scope of article L. 411–2 II of the French Monetary and Financial Code (private placement), of shares or complex securities, without preferred subscription rights (resolution 20)	26 months July 30, 2020	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million or the legal limit, i.e. 20% of the Company's share capital (this nominal amount is included in the nominal limit of €100 million set by Resolution 19 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this delegation: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by Resolution 19 and in the Overall Debt Securities Limit)
Increase in the amount of issues made with or without preferred subscription rights in the event of excess demand (resolution 21)	26 months July 30, 2020	Deadline: within thirty days from the closing date for subscriptions Limit: 15% of the initial offering Price: same price as that determined for the initial offering Compliance with the upper limits applicable to each type of issue decided pursuant to Resolutions 18, 19 or 20
Capital increase through incorporation of reserves, profits, premiums or other items (resolution 22)	26 months July 30, 2020	Total nominal amount of capital increases pursuant to this delegation: may not exceed €100 million, it being noted that this limit is independent of any of the other limits on issuance of shares and other securities pursuant to delegations or authorizations conferred by the Annual General Meeting of May 30, 2018

Authorization/delegation	Duration and expiry date	Terms and conditions of the delegation Maximum nominal amount
Issues of shares or complex securities for members of the Company or Group employee share-ownership program, without preferred subscription rights (resolution 23)	26 months July 30, 2020	Total nominal amount of capital increases pursuant to this delegation: may not exceed €25 million (this amount is included in the nominal limit of €100 million set by Resolutions 19 and 20 and in the Overall Capital Increase Limit)
Issues of shares or complex securities as consideration for contributions in-kind to the Company without preferred subscription rights (resolution 24)	26 months July 30, 2020	5% of the share capital at the issue date Total nominal amount of capital increases pursuant to this delegation: included in the nominal limit of €100 million set by Resolutions 19 and 20 and in the Overall Capital Increase Limit Total nominal amount of debt securities issued pursuant to this delegation: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by Resolutions 19 and 20 and in the Overall Debt Securities Limit)

9.2.2 – Acquisition by the Company of its own shares

9.2.2.1 CURRENT SHARE BUYBACK PROGRAM

Use of the authorization granted at the Combined Ordinary and Extraordinary General Meeting of May 31, 2017

The Company implemented a share buyback program pursuant to the authorization described below and granted to the Board of Directors at the Annual General Meeting on May 31, 2017:

Transaction	Term of authorization and expiry date	Maximum amount *(in millions of euros)*	Maximum number of shares
Share buyback program (Resolution 9)	18 months November 30, 2018	1,000	10% of the Company's share capital at May 31, 2017

The Company purchased a certain number of its shares pursuant to this share buyback program and previous programs.

During 2017, the Company purchased a total of 849,133 shares at a total cost of €49,919,215 (€16,794,293 under the share buyback program implemented pursuant to the authorization granted by the Board of Directors at the Annual General Meeting on May 27, 2016, and €33,124,922 under the share buyback program implemented pursuant to the authorization granted to the Board of Directors at the Annual General Meeting on May 31, 2017), and sold 869,566 shares for a total of €51,770,110, under the liquidity agreement entered into with Kepler Cheuvreux on May 29, 2007. The terms of this agreement comply with the Charter of Ethics adopted by the *Association française des marchés financiers* (AMAFI) as approved by the French Financial Markets Authority (AMF) in its decision of March 22, 2005.

At December 31, 2017, the balance on the liquidity contract stood at 40,000 shares.

The residual fees from the share buyback conducted in 2016 total €4,877.

At December 31, 2017, the Company held 45,128 shares with a nominal value of €4 each, for a total of €180,512 or 0.02% of its share capital. Valued at cost at the time of purchase, these shares totaled €2,714,150.

Description of the current share buyback program

The full description of the current share buyback program is available on the Company's website *(www.legrand.com)*.

9.2.2.2 NEW SHARE BUYBACK PROGRAM TO BE SUBMITTED FOR APPROVAL AT THE GENERAL MEETING OF SHAREHOLDERS

The draft resolutions adopted by the Company's Board of Directors on March 20, 2018 for submission to shareholders at the General Meeting of Shareholders on May 30, 2018 provide for the renewal of the authorization for the share buyback program, subject to a limit of 10% of the share capital and a total amount of €1,000 million, with a maximum purchase price of €90 per share.

Draft resolutions are listed in Appendix 4 to this Registration Document.

9.2.3 – Other securities convertible into equity

At the date of registration of this Registration Document there are no securities, other than shares, providing access to the Company's share capital.

9.2.4 – Changes in share capital

In 2017, the Company's share capital was increased by a total nominal amount of €3,113,508 by the issue of 778,377 shares following the exercise of stock warrants.

Changes in the share capital since the Company's incorporation are summarized in the table below:

Transaction	Date of Board/ General Meeting	Number of shares issued/ cancelled	Nominal value *(in euros)*	Issue premium *(in euros)*	Share capital *(in euros)*	Number of shares	Nominal value *(in euros)*
Incorporation	12/22/1998	40,000	40,000	0	40,000	40,000	1
Capital increase	12/08/2002	759,310,900	759,310,900	0	759,350,900	759,350,900	1
Reverse split, increase in nominal value, and reduction in the number of shares	02/24/2006	569,513,175	0	0	759,350,900	189,837,725	4
Capital increase by way of a public offering	04/11/2006	43,689,298	174,757,192	688,106,444	934,108,092	233,527,023	4
Capital increase reserved for GP Financière New Sub 1	04/11/2006	33,862,914	135,451,656	533,340,895	1,069,559,748	267,389,937	4
Capital increase reserved for employees	05/02/2006	2,303,439	9,213,756	36,279,164[1]	1,078,773,504	269,693,376	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	11/07/2007	1,282,363	5,129,452	0	1,083,902,956	270,975,739	4
Cancellation of shares	03/05/2008	9,138,395	36,553,580	(188,280,771)	1,047,349,376	261,837,344	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	11/05/2008	977,784	3,911,136	0	1,051,260,512	262,815,128	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	05/05/2009	281,551	1,126,204	185,334	1,052,386,716	263,096,679	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	05/05/2010	57,916	231,664	92,665	1,052,618,380	263,154,595	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/09/2011	6,751	27,004	107,568	1,052,645,384	263,161,346	4
Recognition of capital increase on acquisition of performance shares	03/30/2011	120,635	482,540	0	1,053,127,924	263,281,981	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/08/2012	107,014[2]	428,056	2,239,881	1,053,555,980	263,388,995	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/13/2013	985,880[3]	3,943,520	17,963,560	1,057,499,500	264,374,875	4

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Transaction	Date of Board/ General Meeting	Number of shares issued/ cancelled	Nominal value *(in euros)*	Issue premium *(in euros)*	Share capital *(in euros)*	Number of shares	Nominal value *(in euros)*
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/12/2014	1,215,642[(4)]	4,862,568	18,523,223	1,062,362,068	265,590,517	4
Cancellation of shares	05/27/2014	800,000	3,200,000	(34,262,266)	1,059,162,068	264,790,517	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/11/2015	1,567,098[(5)]	6,268,392	27,316,941	1,065,430,460	266,357,615	4
Cancellation of shares	05/06/2015	400,000	1,600,000	(16,810,653)	1,063,830,460	265,957,615	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/10/2016	972,987[(6)]	3,891,948	16,181,903	1,067,722,408	266,930,602	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/08/2017	396,772[(7)]	1,587,088	6,742,723	1,069,309,496	267,327,374	4
Cancellation of shares	02/08/2017	1,300,000	5,200,000	(57,387,122)	1,064,109,496	266,027,374	4
Recognition of capital increase by issuance of shares resulting from the exercise of options for the subscription of shares	02/07/2018	778,377[(8)]	3,113,508	13,799,162	1,067,223,004	266,805,751	4

(1) The amount of the discount, i.e. €9.1 million, was recognized as other operating expenses in the financial statements presented in accordance with IFRS.

(2) These 107,014 new shares were actually issued in 2011 following the exercise of options for the subscription of shares, which explains why they are not included in the 985,880 shares issued in 2012, mentioned above.

(3) These 985,880 new shares were actually issued in 2012 following the exercise of options for the subscription of shares.

(4) These 1,215,642 new shares were actually issued in 2013 following the exercise of options for the subscription of shares.

(5) These 1,567,098 new shares were actually issued in 2014 following the exercise of options for the subscription of shares.

(6) These 972,987 new shares were actually issued in 2015 following the exercise of options for the subscription of shares. New issue premium of €45,030,719.46 was also distributed in 2015.

(7) These 396,772 new shares were actually issued in 2016 following the exercise of options for the subscription of shares. New issue premium of €112,476,299.54 was also distributed in 2016.

(8) These 778,377 new shares were actually issued in 2017 following the exercise of options for the subscription of shares. New issue premium of €106,459,672.80 was also distributed in 2017.

9.2.5 – Pledges, guarantees and security interests

At the date this Registration Document was filed, and to the Company's knowledge, no pledges, guarantees, or security interests had been granted on the Company's shares.

9.2.6 – Number of voting rights

At December 31, 2017, the Company's share capital consisted of 266,805,751 shares corresponding to 266,805,751 theoretical voting rights and 266,760,623 exercisable voting rights, excluding treasury stock, which are stripped of voting rights.

9.3 – MEMORANDUM AND ARTICLES OF ASSOCIATION

9.3.1 – Corporate purpose

The Company's direct or indirect corporate purpose in all countries, as defined in article 2 of the Articles of Association, is as follows:

- the purchase, subscription, disposal, holding, or contribution of shares or other securities in any company;
- providing any services, particularly in connection with human resources, IT, management, communications, finance, legal affairs, marketing and purchasing to its subsidiaries and to companies in which it has a direct or indirect interest; and
- in general, all financial, commercial, industrial, civil, real estate assets or securities transactions that may be directly or indirectly connected with the above corporate purpose, or with any similar or related purposes, or that are likely to support the goal pursued by the Company, its growth, its development, and its corporate assets, either directly or indirectly.

9.3.2 – Administration and management

For a description of the rules governing the composition, organization, and operation of the Company's administrative and management bodies, please refer to chapter 6.1 of this Registration Document (Corporate governance).

9.3.3 – Rights, privileges and restrictions attached to shares

Company shares are freely negotiable and are transferred from account to account in the manner provided for in the applicable legislation and regulations.

Subject to the applicable legal and regulatory provisions, each member of the General Meeting of Shareholders is entitled to the same number of votes as the number of shares that they own or represent. In line with the option provided for under paragraph 3 of article L. 225-123 of the French Commercial Code, fully paid-up shares that have been registered for at least two years in the name of the same shareholder are not eligible for double voting rights.

Where any new shares are not fully paid up on issuance, the payment calls, at the dates determined by the Board of Directors, will be made by way of notices inserted, two weeks prior to the payment call, in one of the official gazettes published in the place where the registered office is located, or will be sent by registered mail with acknowledgment of receipt. Every payment on a subscribed share will be recorded by an entry in the account opened in the name of the subscriber. All late payments shall automatically bear interest in favor of the Company, starting from the date payment was due, without formal notice or application to a court, at the statutory rate of interest, notwithstanding any individual proceedings the Company may initiate against the defaulting shareholder, and the compulsory enforcement measures provided for in law.

Each share grants the right to ownership of the corporate assets, to the distribution of profits, and to the liquidation premium, subject to the creation of preferred shares.

The shares are indivisible with regard to the Company, which only recognizes one owner for each share. Joint and several owners are required to be represented to the Company by a single representative. In the event of the division of share ownership, the voting rights attached to shares belong to the beneficiary at the Ordinary General Meetings, and to the bare owner at Extraordinary General Meetings.

The heirs, creditors, trustees, and assignees of a shareholder may not place liens on the property or securities of the Company, nor request their division, nor interfere in the administration of the Company in any way on any grounds whatsoever.

In exercising their rights, they are required to refer to the corporate records and to the decisions of the Annual General Meeting.

Whenever more than one share is required in order to exercise a particular right, specifically in the event of the exchange or allocation of securities as part of a transaction such as a consolidation or an increase or decrease in the share capital, either on a cash basis or via the incorporation of reserves, or of a merger or any other transaction, single shares or a number of shares that is lower than the one required do not entitle their owner to any rights over the Company. In this case, shareholders take personal responsibility for purchasing, selling or assembling the number of shares or voting rights required.

The Company monitors the breakdown of its shareholders in the manner provided for by law. In this respect, the Company may avail itself of all legal provisions providing for the identification of the holders of shares conferring immediate or future voting rights at General Meeting of Shareholders.

9.3.4 – Amendment of the rights attached to shares

Where the Company's Article of Association do not specifically provide otherwise, any amendment of the rights attached to shares is subject to the provisions of applicable law.

9.3.5 – Shareholders' General Meetings

PARTICIPATION AT GENERAL MEETINGS OF SHAREHOLDERS

Subject to legal and regulatory restrictions, any shareholder has the right to attend General Meetings of Shareholders and to participate in the deliberations, either personally or through a proxy, regardless of the number of shares held.

The right to attend General Meetings of Shareholders, in any form whatsoever, is conditional upon the accounting registration or book-entry transfer in the name of the shareholder or the authorized intermediary registered on his or her behalf, in the manner and within the time limits provided for in current legislation.

Any shareholder wishing to vote by post or by proxy must have filed a proxy voting form, postal voting form or equivalent single document at the registered office or at any other place indicated in the notice of meeting within the time limits and according to the conditions provided for in current legislation. The Board of Directors may, for any General Meeting, shorten this period by way of a general decision for the benefit of all shareholders.

In the event of a decision to this effect by the Board of Directors, mentioned in the notice of meeting, shareholders may, subject to the conditions and time limits provided by law and regulations, send their proxy form and postal voting form by any means of telecommunication, including electronic means, that allow their identification and whose nature and conditions are determined by current legislation.

CONVENING GENERAL MEETINGS OF SHAREHOLDERS

General Meetings are convened in accordance with the conditions laid down by law. Meetings are held at the registered office or at any other location in France or abroad, specified in the notice of meeting.

CONDUCT OF GENERAL MEETINGS OF SHAREHOLDERS

General Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman or by a Director specifically appointed for this purpose by the Board of Directors. Otherwise, the Meeting itself elects its Chairman.

Any shareholder may, if the Board of Directors allows them to do so in the notice of meeting, participate in a General Meeting via video conference or other electronic means of telecommunications or transmission, under the conditions determined by law or the regulations in force. Such shareholders are then deemed present for the calculation of the quorum and majority.

An attendance sheet is kept for each meeting as required by law.

DELIBERATIONS AND POWERS OF GENERAL MEETINGS OF SHAREHOLDERS

The Ordinary and Extraordinary General Meetings of Shareholders, voting with the quorum and majority conditions specified by the respective provisions that govern them, exercise the powers assigned to them in law.

9.3.6 – Provisions to delay, defer or prevent a change of control

The Company's Articles of Association contain no provisions to delay, defer, or prevent a change of control.

9.3.7 – Crossing of statutory thresholds

In addition to the legal provisions applicable in the matter, any natural or legal person who comes to hold, directly or indirectly (including through a company controlled within the meaning of article L. 233-3 of the French Commercial Code), 2% of the Company's share capital or voting rights (the total number of voting rights to be used as the denominator is calculated on the basis of all shares to which voting rights are attached, including shares where the voting rights have been suspended), acting alone or in concert, and in any way whatsoever, must inform the Company of this fact by registered letter with a request for acknowledgment of receipt addressed to the registered office, within a period of four trading days from the date the threshold is crossed, independently of the date the shares might have been registered in any account, and must specify the total number of shares and securities convertible to equity, and the number of voting rights that they hold, directly or indirectly, acting alone or in concert. Notice must be given in the same manner and within the same timeframe when a holding falls below this 2% threshold.

Above this 2% threshold, disclosure must be made in the same manner when a threshold of 1% in the share capital or voting rights is crossed in either direction, under the conditions and in accordance with the procedures specified above.

In the event of non-compliance with the disclosure obligations set out above, and at the request of one or more shareholders owning at least 1% of the share capital or voting rights, which request shall be recorded in the minutes of a General Meeting of Shareholders, the shares in excess of the amount that should have been declared shall be stripped of their voting rights, and the shareholder at fault shall be able neither to exercise nor delegate these rights for any General Meeting of Shareholders held until the expiry of a two-year period following the date when notice was properly served.

9.3.8 – Changes to the share capital

The Company's share capital may be increased or reduced in the manner laid down by law and by the regulations. The Extraordinary General Meeting of Shareholders may also decide to carry out stock splits or reverse splits.

9.4 – RESPONSIBILITY FOR THE REGISTRATION DOCUMENT AND FOR CONTROL OF THE ACCOUNTS

9.4.1 – Person responsible for the Registration Document

NAME AND POSITION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Benoît Coquart, Chief Executive Officer of Legrand, a French *société anonyme* whose registered office is located at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France, registered in the Trade and Companies Register of Limoges under number 421 259 615.

DECLARATION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL STATEMENT

"I hereby certify, having taken all reasonable care in this regard, that the information contained in this Registration Document is, to the best of my knowledge, accurate and that there are no omissions that could materially affect its reliability.

I further certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and provide a true and fair image of the assets, financial position and results of the Company and of all its consolidated businesses, and that the Management Reports that appear in Chapter 5 and Appendix 2 provide a true and fair account of developments in the business, the results and the financial position of the Company and of its consolidated businesses, together with a description of the risks and uncertainties to which they are exposed.

I have obtained from the Statutory Auditors, upon completion of their work, a letter in which they declare that they have verified the information concerning the financial situation, and the financial statements presented in this Registration Document, and that they have read the entire Registration Document."

Benoît Coquart

Chief Executive Officer

INCORPORATION BY REFERENCE

This Registration Document incorporates by reference the Company's consolidated financial statements for the year ended December 31, 2015 and the related Statutory Auditors' report, as presented on pages 202 to 249 and page 250 of the 2015 Registration Document filed with the AMF on March 30, 2016 under number D.16-0232, as well as the Company's consolidated financial statements for the year ended December 31, 2016 and the related Statutory Auditors' report, as presented on pages 210 to 258 and page 259 of the 2016 Registration Document filed with the AMF on March 31, 2017, under number D.17-0285.

9.4.2 – Statutory Auditors

PRINCIPAL STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Body of Statutory Auditors)

Represented by Édouard Sattler
Crystal Park, 63 rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditors by the Annual General Meeting of June 6, 2003, they became Principal Statutory Auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and were re-appointed as Principal Statutory Auditors by the Annual General Meeting of May 27, 2010 (for a term of six years) and by the Annual General Meeting of May 27, 2016. This appointment expires at the end of the Annual General Meeting convened to vote on the financial statements for the year ended December 31, 2021.

Deloitte & Associés

Member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Body of Statutory Auditors)

Represented by Jean-François Viat
185 avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex, France

Appointed Principal Statutory Auditor at the Annual General Meeting of December 21, 2005, and re-appointed Principal Statutory Auditor by the Annual General Meeting of May 26, 2011, for a term of six financial years and by the Annual General Meeting of May 31, 2017. This appointment expires at the end of the Annual General Meeting convened to vote on the financial statements for the year ended December 31, 2022.

DEPUTY STATUTORY AUDITORS

Mr Jean Christophe Georghiou

Member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Body of Statutory Auditors)

Crystal Park, 63 rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the Annual General Meeting of May 27, 2016, for a term of six years. This appointment expires at the end of the Annual General Meeting convened to vote on the financial statements for the year ended December 31, 2021.

9.4.3 – Financial information

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Mr Antoine Burel

Chief Financial Officer

Address: 82 rue Robespierre, 93170 Bagnolet

Telephone: +33 (0)1 49 72 52 00

Fax: +33 (0)1 43 60 54 92

DOCUMENTS AVAILABLE TO THE PUBLIC

The legal documents relating to the Company that must be made available to shareholders in accordance with the applicable regulations, as well as the Group's past financial records, may be consulted at the Company's registered office.

INDICATIVE TIMETABLE OF FINANCIAL REPORTING

The 2018 financial information to be disclosed to the public by the Company will be available from the Company's website *(www.legrand.com)*.

As an indication only, the Company's timetable for the publication of financial information up to December 31, 2018, is expected to be as follows:

- 2018 first-quarter results: **May 3, 2018**

  "Quiet period[(1)]" starts April 3, 2018
- General Meeting of Shareholders: **May 30, 2018**
- Ex-dividend date: **June 1, 2018**
- Dividend payment: **June 5, 2018**
- 2018 first-half results: **July 31, 2018**

  "Quiet period[(1)]"starts July 1, 2018
- Results of the first nine months of 2018: **November 08, 2018**

  "Quiet period[(1)]" starts October 8, 2018

(1) Period of time when all communication is suspended in the run-up to publication of results.

CROSS-REFERENCE TABLES

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CROSS-REFERENCE TABLE – ANNUAL FINANCIAL REPORT – (ARTICLE 222-3 OF THE GENERAL REGULATION OF THE AMF)

General Regulation of the French Financial Markets Authority (Autorité des marchés financiers) – article 222-3		Annual Financial Report	
No.	**Item**	**Reference**	**Page(s)**
I.1°	Annual financial statements	Appendix 1	312-327
I.2°	Consolidated financial statements prepared in accordance with Regulation (EC) No. 1606/2002 of July 19, 2002, on the application of international accounting standards	8.1	226-271
I.3°	Management Report containing at least the information referred to in articles L. 225-100, L. 255-100-3 and the second sub-paragraph of article L. 225-211 of the French Commercial Code	Appendix 2	328-342
	Management Report containing information referred to in article L. 225-100-2 of the French Commercial Code	Chapter 5	137-160
I.4°	Statement made by the natural persons taking responsibility for the Annual Financial Report	9.4.1	294
I.5°	Statutory Auditors' reports on the annual financial statements	Appendix 3	343-346
	Statutory Auditors' report on the consolidated financial statements	8.2	272-275

CROSS-REFERENCE TABLE – EUROPEAN COMMISSION REGULATION (EC) 809/2004 OF APRIL 29, 2004

European Commission Regulation (EC) 809/2004 of April 29, 2004 – Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
1	**Persons responsible**		
1.1	Persons responsible for the information given in the Registration Document	9.4.1	294
1.2	Statement of the persons responsible for the Registration Document	9.4.1	294
2	**Statutory Auditors**		
2.1	Names and addresses of the issuer's Statutory Auditors	9.4.2	295
2.2	Statutory Auditors having resigned, been removed or not been re-appointed during the period covered	Not applicable	-
3	**Selected financial information**		
3.1	Selected historical financial information	Chapter 1	12-14
3.2	Selected financial information for interim periods	Not applicable	-
4	**Risk factors**	Chapter 3	39-60
5	**Information about the issuer**		
5.1	History and development of the Company		
5.1.1	Legal and commercial name of the issuer	9.1.1	282
5.1.2	Place of registration of the issuer and its registration number	9.1.2	282
5.1.3	Date of incorporation and lifetime of the issuer	9.1.3	282
5.1.4	Registered offices and legal form of the issuer, legislation under which the issuer operates, country of incorporation, and address and telephone number of its registered office	9.1.4 and 9.1.5	282
5.1.5	Important events in the development of the issuer's business	2.1.2	21

European Commission Regulation (EC) 809/2004 of April 29, 2004 – Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
5.2	Capital expenditure		
5.2.1	Description of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the Registration Document	5.6, 8.8.1, and 8.8.2	153, 279-280
5.2.2	Description of the issuer's principal current investments	8.8.3	280
5.2.3	Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments	2.2.2.2	26
6	**Business overview**		
6.1	Principal activities		
6.1.1	Nature of the issuer's operations and its principal activities	2.1	16-22
6.1.2	Significant new product or service launched	2.1.1.3	20-21
6.2	Principal markets	2.1 and 2.2.2	16-22 and 24-26
6.3	Exceptional events that have influenced information given in accordance with items 6.1 and 6.2	Not applicable	-
6.4	The issuer's level of dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	2.2.1.3, 2.2.2.1.1, and 2.4.1	23, 24-25 and 34
6.5	Basis for any statements made by the issuer regarding its competitive position	2.2.2	24-26
7	**Organizational structure**		
7.1	Description of the Group and the issuer's position	9.1.6 and 9.1.7	283-284
7.2	List of the issuer's significant subsidiaries	9.1.6, 9.1.7, and 8.1.7 (Note 1.3)	283-284 and 235-237
8	**Property, plant and equipment**		
8.1	Information regarding existing or planned property, plant and equipment	2.4.2	35-36
8.2	Environmental questions that may affect the issuer's utilization of property, plant and equipment	3.6.1 and 4.5	48-50 and 108-118
9	**Review of the financial position and results**		
9.1	Financial position of the issuer, changes in the financial position and profit or loss from transactions in each financial year and interim period for which historical financial information is required	5.3 and 5.4	142-145 and 145-151
9.2	Operating profit		
9.2.1	Significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's operating income	5.3 and 5.4	142-145 and 145-151
9.2.2	Reasons for material changes in net sales or revenues	5.3 and 5.4	142-145 and 145-151
x.x.x	Governmental, economic, fiscal, monetary or political strategies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	2.2, Chapter 3, 5.9, and 5.10	22-29, 39-59 and 154-155
10	**Cash and capital resources**		
10.1	Information concerning the issuer's capital resources	5.5	152-153
10.2	Sources, amounts and description of the issuer's cash flows	5.5.1 and 8.1.5	152 and 230
10.3	Information on the issuer's borrowing conditions and financing structure	5.5.2	153
10.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	5.5	152-153
10.5	Information regarding the anticipated sources of funds needed to fulfill the commitments referred to in items 5.2.3 and 8.1	Not applicable	-

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European Commission Regulation (EC) 809/2004 of April 29, 2004 – Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
11	**Research and development, patents and licenses**	2.2.3.1, 5.3.2.5 and 5.4.4	27, 144-145 and 149
12	**Trend information**		
12.1	The most significant recent in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Registration Document	5.13	156
12.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	Not applicable	-
13	**Profit forecasts or estimates**		
13.1	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	Not applicable	-
13.2	Report prepared by independent accountants or Statutory Auditors	Not applicable	-
13.3	Profit forecast or estimate prepared on a basis comparable with the historical financial information	Not applicable	-
13.4	Statement setting out whether or not profit forecast is still correct as at the date of the Registration Document, and, if it is not, an explanation of why such forecast is no longer valid	Not applicable	-
14	**Administrative, Management, and Supervisory Bodies and Senior Management**		
14.1	Name, business address, function and main activities outside the issuing company of (a) members of the administrative, management or supervisory bodies, (b) partners with unlimited liability, in the case of a company limited by shares	6.1.1 and Appendix 3 to the Management Report	162-176 and 337-342
	(c) founders, for a company formed fewer than five years previously and (d) corporate officers whose name can be given to prove that the issuing company has sufficient expertise and the experience to manage its own affairs. The nature of any family relationship between any of those persons. For each member of the administrative, management or supervisory bodies and for each person mentioned in points (b) and (d), details of that person's relevant management expertise and experience and		
	(a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, (b) any convictions in relation to fraudulent offenses for at least the previous five years, (c) details of any bankruptcies, receiverships or liquidations for at least the previous five years and, (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. Statement that no information should be disclosed		
14.2	Administrative, management and supervisory bodies and senior management conflicts of interest	6.1.1.2	169-174
15	**Compensation and benefits**		
15.1	Compensation paid and benefits in kind granted by the issuer and its subsidiaries	6.2	188-216
15.2	Total provisioned aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	8.1.7 (Note 5.2)	270
16	**Functioning of the administrative bodies and senior management**		
16.1	Expiration date of the current term of office, and the period during which the person served in that office	6.1.1	162-176
16.2	Information about service contracts binding members of the administrative, management or supervisory bodies to the issuer or any of its subsidiaries, which provide for benefits, or an appropriate negative statement	6.1.5	187
16.3	Information about the issuer's Audit Committee and Compensation Committee	6.1.3	178-185
16.4	Statement as to whether or not the issuer complies with its country of incorporation's corporate governance regime	6.1	162-187

European Commission Regulation (EC) 809/2004 of April 29, 2004 – Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
17	**Employees**		
17.1	Number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information and breakdown of persons employed by main category of activity and by site	4.6.2.2	121-124
17.2	Shareholdings and stock options	6.1.1, 6.2.2.1, and 7.2	162-176, 196-205 and 220-221
17.3	Agreements stipulating an employee stake in the issuer's equity	7.2, 7.3, and 4.1.1	220-222 and 62-65
18	**Principal shareholders**		
18.1	The name of any person who is not a member of the administrative, management or supervisory bodies who, directly or indirectly, holds a percentage of the issuer's share capital or voting rights which is notifiable under the issuer's national law, together with the amount of each person's stake or, if there are no such persons, an appropriate negative statement	7.1.1	218
18.2	Different voting rights, or an appropriate negative statement	9.3.3	291-292
18.3	Direct or indirect ownership or control of the issuer	7.1	218-219
18.4	Description of any arrangements, known to the issuer, which may at a subsequent date result in a change in control of the issuer	7.1.4	219
19	**Related party transactions**	7.4 and 8.1.7 (Note 5.2)	223 and 270
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APPENDIX A

APPENDIX 1

Financial statements December 31, 2017

Statement of income

(in € thousands)	2017	2016
Operating income		
Revenue	17,592	15,470
Other operating income	4,910	3,400
TOTAL OPERATING INCOME	**22,502**	**18,870**
Operating expenses		
Change in goods inventory	0	0
Change in supplies inventory	0	0
Purchases and external charges	(8,970)	(4,298)
Taxes other than on income	(972)	(1,129)
Employee benefits expense	(8,925)	(8,222)
Amortization and provision expense	(2,635)	(2,332)
Other operating expenses	(598)	(559)
TOTAL OPERATING EXPENSES	**(22,100)**	**(16,540)**
Operating profit	**402**	**2,330**
Financial income		
Dividend income	249,851	249,851
Interest income from marketable securities and receivables, net	1,290	4
Provision reversals and expense transfers	0	0
Exchange gains	3	3
Other financial income	0	3
TOTAL FINANCIAL INCOME	**251,144**	**249,861**
Financial expense		
Amortization and provision expense	(1,356)	(840)
Exchange losses	(2)	(1)
Finance costs and other	(45,686)	(49,375)
TOTAL FINANCIAL EXPENSE	**(47,044)**	**(50,216)**
Financial income and expense, net	**204,100**	**199,645**
Recurring profit before tax	**204,502**	**201,975**
Non-recurring income and expense, net	**1,202**	**(4,194)**
Profit before tax and employee profit-sharing	**205,704**	**197,781**
Employee profit-sharing	(115)	(125)
Income tax benefit	41,459	10,228
PROFIT FOR THE PERIOD	**247,048**	**207,884**

The accompanying Notes are an integral part of these financial statements.

Balance sheet

Assets

(in € thousands)	December 31, 2017	December 31, 2016
Non-current assets		
Intangible assets		0
Property and equipment		0
Investments	4,675,511	3,857,936
TOTAL NON-CURRENT ASSETS	**4,675,511**	**3,857,936**
Current assets		
Inventories	0	0
Receivables	50,016	16,024
Marketable securities	238	238
Cash	0	288
TOTAL CURRENT ASSETS	**50,254**	**16,550**
Accruals	**11,544**	**5,368**
TOTAL ASSETS	**4,737,309**	**3,879,854**

The accompanying Notes are an integral part of these financial statements.

Equity and liabilities

(in € thousands)	December 31, 2017	December 31, 2016
Equity		
Share capital	1,067,223	1,069,309
Additional paid-in capital, reserves and retained earnings	867,799	1,020,648
Profit for the period	247,048	207,884
Untaxed provisions and government grants	0	0
TOTAL EQUITY	**2,182,070**	**2,297,841**
Provisions	**7,786**	**6,861**
Debt		
Other debt	2,530,366	1,558,508
TOTAL DEBT	**2,530,366**	**1,558,508**
Other liabilities	**17,087**	**16,644**
Accruals	**0**	**0**
TOTAL EQUITY AND LIABILITIES	**4,737,309**	**3,879,854**

The accompanying Notes are an integral part of these financial statements.

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Statement of cash flows

(in € thousands)	2017	2016
Profit for the period	**247,048**	**207,884**
Adjustments for non-cash movements in assets and liabilities:		
Changes in depreciation, amortization and impairment of fixed assets		-
Amortization of deferred charges	2,307	1,524
Changes in provisions for contingencies and charges	926	(1,040)
Changes in untaxed provisions		-
Net (gain)/loss on sales of assets		-
Other non-cash items	(8,561)	-
CASH FLOW	**241,720**	**208,368**
Changes in working capital requirement:		
Inventories		-
Trade and other receivables	(33,992)	(2,937)
Trade and other payables	441	4,124
Other operating assets and liabilities	78	52
NET CASH FROM OPERATING ACTIVITIES	**208,247**	**209,607**
Net proceeds from sales of fixed and financial assets		-
Decreases in financial assets		-
Acquisitions of fixed assets		-
Acquisitions of financial assets	(23)	-
NET CASH FROM INVESTING ACTIVITIES	**(23)**	**0**
Proceeds from issues of share capital and premium	16,913	8,330
Net sales (buybacks, cancellation) of treasury shares and transactions under the liquidity contract	(1,176)	(60,986)
Dividends paid to equity holders of Legrand	(317,145)	(307,058)
Increase (decrease) in borrowings, including intragroup loans and borrowings	92,916	150,255
NET CASH FROM FINANCING ACTIVITIES	**(208,492)**	**(209,459)**
Increase (decrease) in cash and cash equivalents	**(268)**	**148**
Cash and cash equivalents at the beginning of the period	263	115
Cash and cash equivalents at the end of the period	**(5)**	**263**

The accompanying Notes are an integral part of these financial statements.

Notes to the financial statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING PRINCIPLES AND POLICIES

The financial statements have been prepared in accordance with French generally accepted accounting principles, applied consistently from one year to the next, under the historical cost convention.

1.2 INTANGIBLE ASSETS

Intangible assets correspond to software, which is amortized over 3 years.

The difference between book amortization and amortization calculated over 12 months for tax purposes is recorded in equity under “Untaxed provisions”.

1.3 INVESTMENTS

Investments correspond primarily to investments in subsidiaries and affiliates, which are stated at the lower of cost and fair value. Fair value is determined by reference to Legrand’s equity in the investee’s revalued net assets, as adjusted to reflect its earnings performance and growth outlook.

1.4 SHARE BUYBACKS AND LIQUIDITY CONTRACT

1.4.1 Accounting registration

Legrand shares acquired under share buyback programs are classified in accordance with recommendation 98-D released by the Urgent Issues Task Force of the French National Accounting Board (*Comité d’Urgence du Conseil National de la Comptabilité*), based on the purpose for which they were purchased:

- shares acquired specifically for allocation to employees are classified under “Marketable securities” as “Treasury shares”;
- shares acquired for cancellation or for any other purpose are classified under “Other investments” as “Treasury shares held for cancellation” or “Treasury shares”;
- shares purchased in connection with a liquidity contract are also recorded under “Other investments” as “Treasury shares”;
- cash and short-term investments held in the liquidity account are classified under “Other investments” as “Other long-term receivables”.

1.4.2 Impairment of treasury shares

Treasury shares held for cancellation are stated at cost.

Treasury shares held for other purposes are stated at the lower of cost and fair value, with fair value corresponding to the average share price for the last month of the fiscal year. A provision is recorded for any unrealized losses.

The loss incurred when treasury shares are sold to employees is recorded under non-recurring expense.

A provision is recorded for shares purchased and allocated on exercise of stock options or for performance shares on the share purchase date, to cover the difference between the price of performance shares and stock options granted to employees and the shares’ carrying amount. This provision is recorded for stock options only if it is probable that the options will be exercised and for performance shares when the Board of Directors decides to purchase the shares underlying the plan concerned.

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In both cases, the provision is recognized on a straight-line basis over the vesting periods of the performance shares or stock options concerned.

1.5 MARKETABLE SECURITIES

This item includes Legrand shares purchased for allocation to employees as described in note 1.4 above.

1.6 RECEIVABLES AND PAYABLES

Receivables and payables are stated at nominal value.

A provision for doubtful accounts is recorded when necessary, to write down receivables to their estimated recoverable amount.

1.7 FOREIGN CURRENCY RECEIVABLES AND PAYABLES

Foreign currency receivables and payables are converted into euros at the exchange rate on the reporting date.

1.8 DEFERRED CHARGES

Deferred charges correspond to debt issuance costs, which are written off to the statement of income over the life of the debt.

1.9 BOND REDEMPTION PREMIUMS

The redemption premium reported in the balance sheet corresponds to the 2010, 2011, 2012, 2015 and 2017 bond issues, described in note 8.2 below. It is amortized over the life of the issues.

1.10 PROVISIONS FOR RETIREMENT BENEFITS AND SUPPLEMENTARY PENSION BENEFITS

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed (or recognized in income) in full as incurred. Actuarial gains and losses are always recognized directly in the statement of income.

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions.

The present value of the defined benefit obligation is calculated by discounting estimated future cash flows, using the interest rates determined by reference to the yield on high-quality bonds. The discount rate is determined on the basis of the external iBoxx € Corporates AA 10+ index, which is commonly used as a benchmark.

The provisions recorded in the balance sheet concern the unvested entitlements of active employees. The Company has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated according to their length of service. This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

1.11 PROVISIONS FOR STATUTORY AND DISCRETIONARY PROFIT-SHARING

Legrand's statutory profit-sharing agreement is an "*accord dérogatoire*". Under this type of agreement, the Company applies a more generous profit-sharing formula in exchange for the right to record a tax-deductible "investment provision" covering future investment costs. The latest agreement was signed on June 17, 2015 and applies for the calculation of the special statutory profit-sharing reserve for the three years from 2015 to 2017. The plan covers employees of Legrand and also those of Legrand France, Legrand SNC, Alpes Technologies, Cofrel, Ura, Planet-Wattohm, Intervox Systèmes, Legrand Cable Management, Legrand Energies Solutions and Legrand Data Center Solutions.

A three-year discretionary profit-sharing agreement was signed on June 17, 2015 covering the years 2015 to 2017. It applies to employees of the same companies as the statutory profit-sharing agreement.

1.12 FORWARD PURCHASES AND SALES OF FOREIGN CURRENCIES

A provision is booked at each year-end for the difference between the forward purchase or sale price of the foreign currencies and their exchange rate at the reporting date, when this is an unrealized loss. Unrealized gains are not recognized in the accounts, but are added back to profit for tax purposes.

1.13 STATEMENT OF CASH FLOWS

In the statement of cash flows, cash and cash equivalents include all cash equivalents and bank overdrafts (classified under debt) with an original maturity of less than three months.

NOTE 2 – ASSETS

2.1 INTANGIBLE ASSETS

December 31, 2017 *(in € thousands)*	Gross value at beginning of period	Additions for the year	Disposals for the year	Gross value at end of period
Software at cost	479	-	-	479
Amortization of software	(479)	-	-	(479)
INTANGIBLE ASSETS, NET	**0**	**-**	**-**	**0**

2.2 INVESTMENTS

December 31, 2017 *(in € thousands)*	Gross value at beginning of period	Changes during the year	Gross value at end of period
Shares in subsidiaries and affiliates			
Legrand France SA	3,773,659	-	3,773,659
	3,773,659	**-**	**3,773,659**
Receivables from subsidiaries and affiliates			
Loan to Legrand France SA	0	878,962	878,962
	0	**878,962**	**878,962**
Other investments			
Treasury shares held for cancellation	62,587	(62,587)	0
Other treasury shares	3,151	(675)	2,476
Other long-term receivables	18,539	1,851	20,390
Deposits and guarantees	0	24	24
	84,277	**(61,387)**	**22,890**
Provisions for impairment			
Impairment of other treasury shares	0		0
	0		**0**
TOTAL INVESTMENTS, NET	**3,857,936**	**817,575**	**4,675,511**

For other treasury shares, changes during the year correspond to net sales (sales net of purchases) for the period.

2.2.1 Shares in subsidiaries and affiliates

No impairment provision has been recorded on these shares.

2.2.2 Receivables from subsidiaries and affiliates

On July 6, 2017, the Company set up a loan agreement with Legrand France SA for an amount of €480,632 thousand for a period of 4 years, expiring on July 6, 2021. This loan is subject to annual interest of 0.54% per annum.

On October 9, 2017, the Company set up a loan agreement with Legrand France SA for an amount of €397,040 thousand for a period of 6 years, expiring on October 9, 2023. This loan is subject to an interest corresponding to the 1 month Euribor variable rate +0.63%, with capitalization of interest.

2.2.3 Other investments

This item includes shares acquired under share buyback programs, shares purchased under the liquidity contract and the cash and short-term investments held in the liquidity account (see note 1.4).

Moreover, on May 29, 2007, Legrand appointed a financial institution to maintain a liquid market for its ordinary shares on the Euronext Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005. €15.0 million in cash was allocated by the Company to the liquidity contract.

As of December 31, 2017, Legrand held 40,000 shares (60,433 as of December 31, 2016) acquired under this contract at a total cost of €2,476,104, which are recorded under “Other treasury shares”. No impairment was recognized on these shares at that date.

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During 2017, transactions under the liquidity contract led to a cash inflow of €1,850,895 corresponding to net sales of 20,433 shares.

Cash and short-term investments held in the liquidity account amounted to €20,390,348 as of December 31, 2017, recorded under "Other long-term receivables".

Details of shares purchased for allocation to employees are provided in note 4 on marketable securities.

NOTE 3 – RECEIVABLES

Current receivables are as follows:

December 31, 2017 *(in € thousands)*	Cost	Maturity	
	Net value	Within one year	Beyond one year
Trade account receivables	5,890	5,890	
Prepaid and recoverable taxes	11,344	11,344	
Recoverable value-added tax	595	595	
Group relief receivables	7,242	7,242	
Other receivables	24,945	24,945	
TOTAL AT THE END OF THE PERIOD	**50,016**	**50,016**	**0**
TOTAL AT THE BEGINNING OF THE PERIOD	**16,024**	**16,024**	**0**

The current account balance of the Company with Legrand France SA stood at €24,942 thousand as of December 31, 2017.

This current account is governed by a cash pooling agreement signed with Legrand France SA on January 25, 2006.

NOTE 4 – MARKETABLE SECURITIES

In 2017 and 2016, this item exclusively comprised Legrand shares purchased for allocation to employees.

	December 31, 2017			December 31, 2016
(in € thousands)	Cost	Impairment	Net	Net
Performance share plans	238	0	238	238
TOTAL	**238**	**0**	**238**	**238**

Details of the objectives and terms of the current share buyback program, which represents a maximum of €1 billion, are provided in the program description published on May 31, 2017.

A breakdown of shares held in treasury for allocation to employees is provided in note 6.1.

NOTE 5 – ACCRUALS

(in € thousands)	December 31, 2017	December 31, 2016
Prepaid expenses	21	99
Deferred charges	4,225	1,866
Bond redemption premium	7,298	3,403
TOTAL	**11,544**	**5,368**

NOTE 6 – EQUITY

6.1 SHARE CAPITAL

Share capital as of December 31, 2017 amounted to €1,067,223,004 represented by 266,805,751 ordinary shares with a par value of €4 each, for 266,805,751 theoretical voting rights and 266,760,623 exercisable voting rights (after subtracting shares held in treasury by the Company as of this date).

As of December 31, 2017, the Company held 45,128 shares in treasury, versus 1,365,561 shares as of December 31, 2016, i.e. 1,320,433 less hares corresponding to:

- the cancellation of 1,300,000 shares; and
- the net sale of 20,433 shares under the liquidity contract (see note 2.2.3).

At December 31, 2017, the Company held 45,128 shares, acquired at a cost of €2,714,151 and allocated as follows:

- 5,128 shares purchased at a cost of €238,047 and available for allocation upon exercise of performance share plans;
- 40,000 shares purchased at a cost of €2,476,104 and held under the liquidity contract (see note 2.2.3).

Changes in share capital in 2017 were as follows:

	Number of shares	Par value	Share capital *(in euros)*	Premiums *(in euros)*
As of December 31, 2016	267,327,374	4	1,069,309,496	940,733,289
Exercise of options under 2007 plan	261,201	4	1,044,804	5,461,713
Exercise of options under 2008 plan	150,943	4	603,772	2,458,214
Exercise of options under 2009 plan	61,899	4	247,596	552,966
Exercise of options under 2010 plan	304,334	4	1,217,336	5,326,269
Cancellation of shares	(1,300,000)	4	(5,200,000)	(57,387,122)
Repayment of paid-in-capital*				(106,459,673)
As of December 31, 2017	266,805,751	4	1,067,223,004	790,685,656

* *Portion of dividends distributed in June 2017 deducted from the premium account.*

On February 8, 2017, the Board of Directors decided the cancellation of 1,300,000 shares acquired under share buyback program (shares bought back in 2016). The €57,387,122 difference between the buy-back price of the cancelled shares and their par value was deducted from the premium account.

In 2017, 778,377 shares were issued under the 2007 to 2010 stock option plans, resulting in a capital increase representing a total amount of €16,912,670 (premium included).

6.2 ADDITIONAL PAID-IN CAPITAL, RESERVES AND RETAINED EARNINGS

(in € thousands)	December 31, 2017	December 31, 2016
Before appropriation of profit		
Additional paid-in capital	790,685	940,733
IPO costs charged to additional paid-in capital	(33,206)	(33,206)
Legal reserve	106,931	106,772
Non-distributable reserves	3,389	6,349
Other reserves and retained earnings	0	0
TOTAL	**867,799**	**1,020,648**

Non-distributable reserves correspond to share buybacks, excluding shares held for cancellation.

6.3 CHANGES IN EQUITY

(in € thousands)	December 31, 2017
Equity at the beginning of the period before appropriation of profit	2,297,841
Movements for the year after appropriation:	
■ share capital	(2,086)
■ additional paid-in capital	(43,588)
■ reserves and retained earnings	0
■ non-distributable reserves	0
■ dividends paid*	(317,145)
■ untaxed provisions and government grants	0
■ profit for the period	247,048
■ other	0
EQUITY AT THE END OF THE PERIOD BEFORE APPROPRIATION OF PROFIT	**2,182,070**

* *The dividend was distributed by reducing:*

- *distributable earnings in an amount of €210,685 thousand representing €0.791 per share; and*
- *premium account in an amount of €106,460 thousand representing €0.399 per share.*

The General Meeting of Shareholders held on May 31, 2017 approved the payment of a total dividend of €317,145 thousand representing €1.19 per share.

6.4 PERFORMANCE SHARE PLANS AND STOCK OPTION PLANS

6.4.1 2015, 2016 and 2017 Performance share plans

The following performance share plans were also approved by the Company's Board of Directors:

	2015 Plan	2016 Plan	2017 Plan
Date approved by shareholders	May 24, 2013	May 24, 2013	May 27, 2016
Grant date	May 29, 2015	May 27, 2016	May 31, 2017
Total number of performance share rights initially granted	388,769(1)	495,615(1)	484,583(1)
o/w to Executive Director	*14,583(1)*	*15,281(1)*	*12,324(1)*
End of vesting period	June 17, 2019	June 17, 2020	June 17, 2021
End of lock-up period	June 17, 2019	June 17, 2020	June 17, 2021
Number of performance shares acquired as of December 31, 2017	0	0	0
Number of performance share rights cancelled or forfeited	(19,329)	(12,073)	(5,925)
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2017	**369,440**	**483,542**	**478,658**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016 and on May 31, 2017 the number of remaining performance shares was adjusted to take into account the impact of these transactions on the interests of performance share beneficiaries in accordance with article L. 228-99 of the French Commercial Code.

Moreover, the number of performance shares has been reduced following the Executive Director's decision to waive part of his entitlement to performance shares granted under the 2015 and 2016 plans.

The final number of shares ultimately granted to beneficiaries is determined based on a service condition and several performance criteria.

Type of performance criteria	Description of performance criteria	Weight of performance criteria by plan 2015	2016 and 2017
"External" financial performance criterion	Comparison between the arithmetic mean of Legrand's consolidated EBITDA margin over a three-year period as published in the consolidated financial statements and the arithmetic mean of EBITDA margins achieved by companies forming part of the MSCI World Capital Goods index over the same period.	50%	33⅓%
"Internal" financial performance criterion	Arithmetic mean over a three years period of levels of normalized *free cash* flow as a percentage of sales over a three-year period, as published in the consolidated financial statements	50%	33⅓%
Non-financial performance criterion	Arithmetic mean of average levels of attainment of Group CSR Roadmap priorities over a three-year period.	0%	33⅓%

The number of shares ultimately granted to beneficiaries is calculated as follows:

"External" financial performance criterion

Pay-out rate[(1)]	0%	100%	150%
Average gap in EBITDA margin in Legrand's favor between Legrand and the MSCI average over a three-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	4 points or less	8.3 points	10.5 points or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	3.5 points or less	7.8 points	10.0 points or more
	2017 Plan:	**2017 Plan:**	**2017 Plan:**
	3.1 points or less	7.4 points	9.6 points or more

"Internal" financial performance criterion

Pay-out rate[(1)]	0%	100%	150%
Average normalized free cash flow *as a* percentage of sales over a three-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	9.4% or less	12.8%	14.5% or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	8.8% or less	12.2%	13.9% or more
	2017 Plan:	**2017 Plan:**	**2017 Plan:**
	8.6% or less	12.0%	13.7% or more

Non-financial performance criterion (applicable to the 2016 and 2017 performance share plans)

Applicable to beneficiaries with the exception of the Executive Director

Pay-out rate[(1)]	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%

Applicable to the Executive Director

Pay-out rate[(1)]	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
Average rate of attainment of Group CSR Roadmap priorities over a three-year period	Below 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Above 213%

(1) For any point between the limits given in the table above, the pay-out rate would be calculated in a linear way.

If all the shares from the 2015, 2016 and 2017 plans were to vest (i.e., 1,331,640 shares), the Company's capital would be diluted by 0.5% as of December 31, 2017.

6.4.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,642,578(1)	2,024,675(1)	1,192,066(1)	3,279,147(1)
o/w to Executive Directors	*79,871(1)*	*142,738(1)*	*94,967(1)*	*221,659(1)*
■ *Gilles Schnepp*	*40,880(1)*	*72,824(1)*	*48,460(1)*	*136,828(1)*
■ *Olivier Bazil*	*38,991(1)*	*69,914(1)*	*46,507(1)*	*84,831(1)*
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€24.91(1) Average closing price over the 20 trading days preceding the grant date	€20.205(1) Average closing price over the 20 trading days preceding the grant date	€12.885(1) Average closing price over the 20 trading days preceding the grant date	€21.427(1) Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(2) (3)	(2) (3)	(2) (3)	(2) (3)
Number of options exercised as of December 31, 2017	(1,505,297)	(1,617,420)	(843,884)	(2,063,920)
Number of options cancelled or forfeited	(137,281)	(123,313)	(108,813)	(240,817)
Stock options outstanding as of December 31, 2017	**0**	**283,942**	**239,369**	**974,410**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016 and on May 31, 2017, the number and exercise price of stock options was adjusted to take into account the impact of these transactions on the interests of stock option beneficiaries, in accordance with article L. 228-99 of the French Commercial Code.

(2) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(3) All these plans were subject to performance conditions (see note 6 to the financial statements for the 12 months ended December 31, 2014).

The weighted average market price of the Company stock upon exercises of stock options in 2017 was €58.01.

If all these options were to be exercised (i.e., 1,497,721 options), the Company's capital would be diluted at most by 0.6% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2017.

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NOTE 7 – PROVISIONS

December 31, 2017 *(in € thousands)*	At the beginning of the period	Charges for the year	Reversals for the year	At the end of the period
Pensions and other post-retirement benefit obligations	607	122	(12)	717
Other	6,254	1,562	(747)	7,069
Provisions	**6,861**	**1,684**	**(759)**	**7,786**
Impairment on investments	0			
Impairment on marketable securities	0			
Provisions for impairment	**0**	**0**	**0**	**0**
TOTAL	**6,861**	**1,684**	**(759)**	**7,786**
Charges to and reversals from provisions recorded under the following income statement captions:				
■ operating income and expense		1,684	(759)	
■ financial income and expense				
■ non-recurring income and expense				
TOTAL		**1,684**	**(759)**	

The Company implemented cash-settled long-term employee benefits plans for employees deemed to be key for the Company, subject to the grantee's continued presence within the Company after a vesting period of three years.

In addition to the grantee still being present within the Company, the plans can, in certain cases, depend on the Group's achievement of future economic performance conditions which may or may not be indexed to the share price.

Plans indexed to the share price are cash-settled. The corresponding liability has been recorded in the balance sheet and will be remeasured at each period-end until the transaction is settled.

For the 12 months ended December 31, 2017, a net expense of €1,265 thousand was recognized in operating profit in respect of these plans. The corresponding liability amounted to €6,678 thousand as of December 31, 2017 (including payroll taxes).

See also note 6.4.1 for performance share plans

NOTE 8 – DEBT AND OTHER LIABILITIES

December 31, 2017 *(in € thousands)*	Net value	Maturity: Due within one year	Maturity: Due in one to five years	Maturity: Due beyond five years
Bonds	2,530,361	430,361	400,000	1,700,000
Bank borrowings with original maturities:				
■ of less than one year	5	5		
■ of more than one year				
Other borrowings				
TOTAL DEBT	**2,530,366**	**430,366**	**400,000**	**1,700,000**
Trade payables	2,240	2,240		
Accrued taxes and employee benefit expense	5,984	5,984		
Other	8,863	8,863		
TOTAL OTHER LIABILITIES	**17,087**	**17,087**		
TOTAL AT THE END OF THE PERIOD	**2,547,453**	**447,453**	**400,000**	**1,700,000**
TOTAL AT THE BEGINNING OF THE PERIOD	**1,575,152**	**475,152**	**400,000**	**700,000**

8.1 CREDIT FACILITY

In October 2011, the Company signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility could be extended for two successive one-year periods.

In July 2014, the Company signed an agreement that amended and extended the Credit Facility finalized in October 2011 with all banks party to this contract. The agreement extended the maximum maturity of the €900.0 million revolving credit line by three years, i.e., up to July 2021, including two successive one-year period extension options, and at improved financing terms compared with October 2011.

Drawdowns are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating.

In addition, the 2011 Credit Facility does not contain any covenants.

As of December 31, 2017, the Credit Facility had not been drawn down.

8.2 BONDS

In February 2010, the Company carried out a €300.0 million 4.25% seven-year bond issue. The bonds were redeemable at maturity on February 24, 2017.

In March 2011, the Company carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Company carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

In December 2015, the Company carried out a €300.0 million 1.875% twelve-year bond issue. The bonds will be redeemable at maturity on December 16, 2027.

In July 2017, the Company carried out a bond issue for a total of €1.0 billion, in two tranches of €500.0 million each, with maturities of 7 and 15 years. The respective maturity dates of these two tranches are July 6, 2024 and July 6, 2032 and their annual coupons are respectively 0.750% and 1.875%.

In October 2017, the Company carried out a €400.0 million 0.50% six-year bond issue. The bonds will be redeemable at maturity on October 09, 2023.

8.3 OTHER DEBT

Other debt consists of the €8,852 thousand due to subsidiaries under the group relief agreement (corresponding to the tax benefits derived from the Company's use of their tax losses that they will recover when they return to profit).

NOTE 9 – NOTES TO THE STATEMENT OF INCOME

Non-recurring income and expense is as follows:

(in € thousands)	December 31, 2017	December 31, 2016
Revenue transactions	0	171
Capital transactions	1,256	1,478
Provision reversals and expense transfers	0	17,651
TOTAL NON-RECURRING INCOME	**1,256**	**19,300**
Revenue transactions	(54)	(183)
Capital transactions	0	(23,311)
Amortization and provision expense	0	0
TOTAL NON-RECURRING EXPENSE	**(54)**	**(23,494)**
NON-RECURRING INCOME AND EXPENSE, NET	**1,202**	**(4,194)**

Non-recurring income and expenses on capital transactions correspond to income and expense generated on sales and purchases of treasury shares in connection with the liquidity contract (income of €1,176 thousand).

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NOTE 10 – OTHER INFORMATION

10.1 INCOME TAXES

10.1.1 Unrecognized deferred tax assets and liabilities

	Base: income (or expense)				Unrecognized deferred tax benefit (charge)*		
		Movements for the period					
(in € thousands)	Jan. 1, 2017	Increase	Decrease	Dec. 31, 2017	Jan. 1, 2017	Change	Dec. 31, 2017
Timing difference between the recognition of income and expenses for financial reporting and tax purposes							
Taxed income not yet recognized in the income statement							
Unrealized exchange gains							
Expenses recognized in the income statement that are deductible in future years							
Employee profit-sharing	(142)	(15)		(157)	49	5	54
Provisions for pensions and other post-retirement benefit costs	(596)	(122)	11	(707)	173	10	183
Other provisions	(5,463)	(1,474)		(6,937)	1,876	383	2,259
Taxes and other	0				0		
TOTAL	**(6,201)**	**(1,611)**	**11**	**(7,801)**	**2,098**	**398**	**2,496**

* *Determined by the liability method, taking into account the contribution sociale de solidarité surtax introduced with effect from January 1, 2000 at the enacted rate of 3.3% for 2017.*

10.1.2 Group relief

The Company is the parent of the tax group comprising all qualifying French subsidiaries of the Legrand Group. The tax group was set up on January 1, 2003.

Under the terms of the group relief agreement, each subsidiary calculates its income tax expense on a stand-alone basis and pays the tax due to the parent company of the group, which is responsible for paying tax for the entire tax group.

Income tax in Legrand's statement of income corresponds to the difference between the tax due by the profitable companies in the tax group and the benefit arising from the use of the tax losses of loss-making companies, plus the tax on distributed earnings.

In 2017, Legrand recognized a net income tax benefit of €41,459 thousand (including €26,758 thousand resulting from the refund of the dividend tax paid on the year prior to 2017). For the 2016 financial year, the dividend tax was €5,253 thousand.

10.2 EXPOSURE TO MARKET RISKS (INTEREST RATE, CURRENCY AND CREDIT RISKS)

10.2.1 Management of financial risks

The Group's cash management strategy is based on overall risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

Market risk is the risk of losses resulting from unfavorable changes in interest rates and exchange rates.

As of December 31, 2017, no hedges were in place at Company level.

10.2.2 Concentration of credit risks

Credit risks correspond to counterparty risks with financial institutions.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, bank deposits, short-term investments and hedging instruments. These assets are placed with various leading financial institutions and corporates with the aim of limiting exposure to any single counterparty. The related strategies are defined and monitored by the Corporate Finance Department, which tracks the credit default swap ratings and rates of the Group's counterparties on a regular basis.

10.2.3 Liquidity risk

Legrand considers that managing liquidity risk depends primarily on having access to diversified sources of financing across a wide range of maturities. This principle forms the basis of the Group's financing strategy.

10.3 CONTINGENCIES AND COMMITMENTS

Financial commitments given by the Company as of December 31, 2017 and 2016 were as follows:

(in € thousands)	December 31, 2017	December 31, 2016
Guarantees given to banks	0	0
Guarantees given to other organizations	63	63
TOTAL COMMITMENTS GIVEN	**63**	**63**

10.4 EMPLOYEES

	December 31, 2017	December 31, 2016
Average number of employees		
Management	27	27
Administrative staff	5	5
Apprentices	1	1
TOTAL	**33**	**33**

10.5 EXECUTIVE DIRECTOR COMPENSATION

Compensation paid to the Executive Director for 2017 amounted to €1,160 thousand (€1,160 thousand for 2016).

10.6 SUBSIDIARIES AND AFFILIATES

	Share capital				Carring amount of the Shares						
(In € thousands)	Currency	Euros	Reserves and retained earnings	Percent interest	Cost	Net	Out-standing loans	Guarantees given	2017 revenue	2017 proit	Dividends paid by Legrand France in 2017
French companies											
Legrand France	EUR	54,913	959,698	100	3,773,659	3,773,659	903,904	63	846,053	218,709	249,851

NOTE 11 – SIGNIFICANT EVENTS OF THE YEAR

None.

NOTE 12 – SUBSEQUENT EVENTS

None.

APPENDIX 2

Management report of the Board of Directors on March 20, 2018 to the Annual General Meeting scheduled on May 30, 2018

1 – BUSINESS IN THE YEAR ENDED DECEMBER 31, 2017

1.1 Highlights of the year

On July 6, 2017, Legrand launched two bond issues in an amount totalling €1 billion.

On October 10, 2017, Legrand launched a third bond issue in an amount of €400 million.

1.2 Revenues and earnings in 2017

Revenues amounted to €17.6 million, for providing services within the Group.

Other operating income amounted to €4.9 million in the year to December 31, 2017.

Operating expense amounted to €22.1 million in the year to December 31, 2017, compared with €16.5 million in the year to December 31, 2016.

At December 31, 2017, operating profit was €0.4 million, compared with €2.3 million in the year to December 31, 2016.

Net interest and other financial items for 2017 represented income amounting to €204.1 million, compared with €199.6 million in the year to December 31, 2016. This variation resulted primarily from the interest related to bond issues.

Net exceptional items represented a profit of €1.2 million at December 31, 2017, compared with a loss of €4.2 million in the year to December 31, 2016. This variation in net exceptional items resulted mainly from the absence of buyback of shares in the context of performance share allocation plans benefiting employees based outside France.

Tax income booked in an amount of €41.5 million represents the surplus of tax paid by subsidiaries within the tax consolidation group, plus the reimbursement of dividend tax paid for years preceding 2017 in an amount of €26.8 million.

Net income for the year to December 31, 2017 amounted to €247 million.

1.3 Debt

The Company's debt position is summarized in Appendix 1.

The Company's debt in 2017 was up compared to 2016.

1.4 Management of financial risk

Management of these risks is described in chapter 3 of the Company's Registration Document and in note 5.1 to the consolidated financial statements, which appear in chapter 8 of this Registration Document.

1.5 Business of the Group

Information on the business of the Group is presented in chapter 5 of the Company's Registration Document.

1.6 Employment competitiveness tax credit

Amounts received in 2017 in respect of the 2016 employment competitiveness tax credit scheme (CICE) were allocated to funding costs related to prospecting for new markets.

2 – PRINCIPAL RISKS AND UNCERTAINTIES FACED BY THE COMPANY

Risks and related Group policies are presented in chapter 3 of the Company's Registration Document.

3 – RESEARCH AND DEVELOPMENT

Nil.

4 – SUSTAINABLE DEVELOPMENT

Information on the Group's labour policy, environmental policy and social responsibility commitments is presented in chapter 4 of the Company's Registration Document.

5 – SIGNIFICANT EVENTS SUBSEQUENT TO THE CLOSE OF THE FINANCIAL YEAR

In anticipation of redemption on March 21, 2018 of the €400 million bond issue launched on March 10, 2011, Legrand launched a new bond issue in an amount totalling €400 million with a maturity date set at March 6, 2026.

6 – FORESEEABLE DEVELOPMENTS AND OUTLOOK

Operating conditions and finances should be much the same in 2018 as in 2017.

7 – EXISTING BRANCHES

Nil.

8 – APPROPRIATION OF EARNINGS

We propose that the Company's earnings of €247,048,335.96 in respect of the financial year to December 31, 2017 be appropriated as follows:

- with the legal reserve exceeding company share capital by 10%, it is proposed to allocate the excess portion of €208,649.20 to "other reserves";
- reserves unavailable for treasury shares to be lowered by an amount of €674,840.26 in order to adjust it downwards to €2,714,151.67;
- the amount thus deducted from reserves unavailable for treasury shares to be appropriated to "other reserves".

In view of the above, we propose to distribute a dividend to shareholders amounting to €1.26 per share, making a total amount of €336,118,384.98 on the basis of the number of shares making up capital stock at December 31, 2017 and after deduction of treasury shares held at this date, it being specified that the share of the amount thus distributed exceeding the amount of distributable income shall be deducted in an amount of €883,489.46 from "other reserves" and for the remaining amount, *i.e.* €88,186,559.56, from the "issue premium" account.

In the event of a change before the dividend payment date in the number of shares entitling holders to a dividend, the overall amount of dividend and the amount deducted from issue premiums would both be adjusted accordingly.

No dividends will be due on any shares that may be held by the Company itself or that have been cancelled before the dividend payment date.

The dividend of €1.26 per share would be subject to two separate taxation schemes for individual shareholders residing in France:

- in the amount of €0.93[1] the dividend paid would be considered as taxable income subject to a 12.8% flat-rate income tax or, by global and irrevocable option to be exercised in the income tax declaration and no later than the time limit for said declaration, to sliding-scale income tax, and eligible, in this case, for individual shareholders residing in France, for the 40% exemption provided for under Article 158-3-2 of the French Tax Code (*Code général des impôts*). This portion of dividend is, in principle, subject to a non-definitive fla-ratet tax of 12.8% on its gross amount, excluding social security contributions, said levy being attributable to income tax on revenue received during the 2018 fiscal year. However, under article 117 *quater* of the French tax code, "natural persons belonging to a tax household whose reference fiscal income for the penultimate year, as defined in article 1417, section 4, sub-section 1, is less than €50,000 for taxpayers who are single, divorced or widowed or less than €75,000 for taxpayers subject to joint taxation, may request exemption from this levy". Such persons should, on their own initiative, submit a request for exemption according to the conditions set out in article 242 *quater* of the French tax code. This portion of dividend is also subject to a withholding tax of 17.2% for social security contributions as well as, for taxpayers whose reference fiscal income exceeds certain thresholds, to an exceptional levy on high incomes at a rate of either 3% or 4%, pursuant to article 223 *sexies* of the French tax code;
- in the amount of €0.33[1], the dividend payment deducted from the "issue premium" account would be considered as a repayment of paid-in capital within the meaning of article 112–1 of the French Tax Code, therefore non-taxable for individual shareholders residing in France; it would however reduce the fiscal share price by the amount of €0.33 per share.

The tax-related items of information presented here are those applicable at the time of drafting this report. In the event of a significant change in the relative portions per share of the amount considered as income taxable according to the terms outlined above and the amount considered as repayment of paid-in capital, for instance due to a change in the number of treasury shares held at the ex-dividend date, additional information will be issued by the Company. As a general rule, shareholders are invited to consult their usual advisers as to applicable taxation schemes.

9 – EARNINGS OVER THE PAST FIVE YEARS

In accordance with Article R. 225-102 of the French Commercial Code (*Code de commerce*), we inform you of the Company's earnings over the past five years.

For the sake of clarity, this information is presented in a table (Appendix 2).

10 – DIVIDENDS

In accordance with the provisions of Article 243 *bis* of the French Tax Code, we inform you of the dividends made payable over the past three years.

(1) This breakdown is given for information purposes only and may be modified according to the number of shares entitling to dividend between now and the dividend payment date.

Dividends distributed in respect of 2014, 2015 and 2016 financial years were as follows:

			Earnings distributed per share	
Financial year	Shares with dividend entitlement	Net dividend per share	Eligible for the 40% income-tax exemption provided for under Article 158-3-2 of the French Tax Code	Not eligible for the 40% income-tax exemption provided for under Article 158-3-2 of the French Tax Code
2014	266,480,956 shares with a par value of €4	€1.10*	€0.93	€0
2015	267,006,775 shares with a par value of €4	€1.15**	€0.72	€0
2016	266,508,331 shares with a par value of €4	€1.19***	€0.79	€0

* *A share of €0.17 of the dividend distributed in respect of the 2014 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112–1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

** *A share of €0.43 of the dividend distributed in respect of the 2015 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112–1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

*** *A share of €0.40 of the dividend distributed in respect of the 2016 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112–1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

11 – NON-TAX-DEDUCTIBLE EXPENSES

Non-deductible expenses for financial year 2017, excluding items carried over from prior years, came to €32,447, including €7,560 related to the tax on corporate vehicles (*Taxe sur les Véhicules de Tourisme et Société*) and €24,887 related to rental income and vehicle depreciation, with the corresponding tax in an amount of €11,172.

12 – SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS OR CONTROL

For subsidiaries and equity interests, an organizational chart and a description of their business are given in sections 9.1.6 and 9.1.7 of the Company's Registration Document, which also describes their business.

In the framework of the acquisition of Milestone, Legrand SA indirectly took control of French company Procolor.

13 – SHAREHOLDERS AND ATTAINMENT OF LEGAL THRESHOLDS

a) Overview

The shareholding structure of the Company and information about the attainment of legal thresholds is presented in section 7.1 of the Company's Registration Document.

For more information on shareholders and share ownership thresholds, please consult sections 7.1.1.2 to 7.1.4 of the Company's Registration Document.

b) Employee share ownership

At December 31, 2017, Group employees held a total of 688,689 shares in the "*Actions Legrand*" investment fund, one compartment of the Group's employee share ownership program. These shares represented 0.26% of the Company's capital and of its voting rights.

At December 31, 2017, Group employees held a total of 10,228,162 shares in application of article L. 225-197-1 of the French Commercial Code. These shares represented 3.83% of the Company's capital and of its voting rights.

14 – STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

Information on the Company's stock option plans and performance share plans is presented in sections 7.2 and 7.3 of the Company's Registration Document.

In compliance with Articles L. 225-184 and L. 225-197-4 of the French Commercial Code, special reports on this subject will be presented to the General Meeting of Shareholders on May 30, 2018.

Pursuant to article L. 225-181 of the French Commercial Code, the terms of dividend payment decided upon by the Combined Shareholders Meeting on May 31, 2017 required adjusting the number and price of share options in the process of vesting as well as the number of performance shares not yet definitively allocated, according to applicable legal conditions, so as to acknowledge the impact of this operation on the interests of recipients.

In view of dividend amounting to €1.19 per share in respect of the 2016 financial year, with (i) €0.79 per share coming from distributable income and (ii) €0.40 from the issue premiums account, the latter payment being considered as a repayment of paid-in capital and representing around 0.66% of the share price on the ex-coupon date, the following adjustments were made:

- for share options, the number of shares was increased by 0.66% and the exercise price lowered by 0.66%;
- for performance shares and performance units, the number of securities was increased by 0.66%.

For the purposes of this adjustment, the rule of rounding up to the next highest whole number was used, to the benefit of recipients.

After adjustment, the share option exercise prices are the following:

- 2008 Plan: €20.205;
- 2009 Plan: €12.885;
- 2010 Plan: €21.427.

On the date of the securities transaction, the number of share options in circulation was increased by 11,587 and the number of performance shares in the process of allocation was increased by 9,689.

15 – AUTHORIZATION OF GUARANTEES, ENDORSEMENTS AND BONDS

At its meeting on February 7, 2018, the Board of Directors, acting in accordance with Article R. 225-28 of the French Commercial Code, authorized the Chief Executive Officer to grant guarantees, endorsements and bonds in the name of and on behalf of the Company, up to a limit of €100,000,000. However, this limit does not apply to guarantees, endorsements and bonds granted to tax or customs authorities, which are not subject to any limit. This authorization was granted for a term of one year.

16 – SHARE BUYBACKS

In the course of 2017, the Company purchased a total of 849,133 shares at a a total cost of €49,919,215 and sold 869,566 shares for a total of €51,770,110, under the liquidity contract entered into with Kepler Cheuvreux on May 29, 2007. The terms of this contract comply with the Charter of Ethics adopted by the *Association Française des Marchés Financiers* (AMAFI) which was approved by the French Financial Markets Authority (*Autorité des Marchés Financiers*) in its decision of March 22, 2005.

The average purchase price was €58.79 per share and the average sale price was €59.54 per share. There were no trading costs associated with these transactions.

At December 31, 2017, the balance on the liquidity contract stood at 40,000 shares.

Residual redemption charges for the buyback of shares in 2016 amounted to €4,877.

At December 31, 2017, the Company held 45,128 shares with a nominal value of €4 each, for a total of €180,512 or 0.02% of capital stock. Valued at cost at the time of purchase, these shares totalled €2,714,150.

Outside the scope of the liquidity contract, at December 31, 2017 the Company held 5,128 shares, representing a total value at cost of €238,047, these shares being appropriated for implementation of such performance share plans as necessary and representing %0.002 of the Company's capital and a nominal value of €20,512.

17 – TRANSACTIONS BY COMPANY EXECUTIVE DIRECTORS AND SIMILAR PERSONS IN COMPANY SHARES (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

Transactions reported by the Company's Executive Directors and similar persons to the French Financial Markets Authority during financial year 2017 were as follows:

Declarer	Nature of transaction	Description of securities	Number of transactions	Total amount *(in euros)*
Olivier Bazil	Exercise of options	Options	1	(971,265.81)
Olivier Bazil	Pledge	Shares	1	(4,162,241)
Olivier Bazil	Sale	Shares	3	(8,076,928.68)
Olivier Bazil	Donation in bare ownership	Shares	1	(25,213,032)
Patrice Soudan	Exercise of options	Options	3	(729,411.04)

18 – DUE DATES OF ACCOUNTS PAYABLE AND CUSTOMER RECEIVABLES

In accordance with L. 441-6-1 of the French Commercial Code, the table below presents the balance of trade payables and related accounts by due date:

Due dates (D = invoice date) (in thousands of euros)	D +1 to 30 days	D +31 to 60 days	Total
Total invoices incl. VAT at December 31, 2017	351	0	351
% of total amount of purchases excl. VAT in 2017	14%	0	14%
Total invoices incl. VAT at December 31, 2016	262	0	262
% of total amount of purchases excl. VAT in 2016	10%	0	10%

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In accordance with L. 441-6-1 of the French Commercial Code, the table below presents the balance of invoices issued which were in arrears at the end of the financial year:

Due dates (D = invoice date) (in thousands of euros)	D +1 to 30 days	D +31 to 60 days	Total
Total invoices incl. VAT at December 31, 2017	274	5,616	5,890
% of total amount of sales excl. VAT in 2017	1.6%	31.9%	33.5%
Total invoices incl. VAT at December 31, 2016	0	169	169
% of total amount of sales excl. VAT in 2016	0	1%	1%

19 – APPOINTMENT OF STATUTORY AUDITORS

Information on renewal of appointment of principal and replacement Statutory Auditors is given in section 9.4.2 of the Company's Registration Document.

20 – REPORT ON CORPORATE GOVERNANCE

20.1 Information on corporate governance required by articles L. 225-37-4 and L. 225-37-5 of the French Commercial Code

20.1.1 Appointments and positions held by each company officer

This information is given in Appendix 3.

20.1.2 Agreements entered into between company officers or significant shareholders and Company subsidiaries

As stated in section 6.1.1.1 of the Company's Registration Document, none of the members of the Company's Board of Directors are engaged in any business relationships with the Company or its subsidiaries, with the sole exception of Mr. Dongsheng Li. As far as the latter is concerned, two of the Company's Chinese subsidiaries are parties to a trademark licensing agreement with TCL, and a technology agreement exists between the Legrand Chinese subsidiary Legrand (Shanghai) Management Co. Ltd. and the TCL subsidiary TCL Smart Home Technologies Co. Ltd. aimed at enhancing compatibility and communication between their respective products and applications. The financial stakes involved are significant neither for Legrand nor for TCL, as they represented less than 1/2 per mil of either group's sales in 2017.

20.1.3 Delegations in connection with capital increases

This information is given in section 9.2.1.1 of the Company's Registration Document.

20.1.4 Organisation of Company general management

As of December 31, 2017, the position of Chairman and Chief Executive Officer was held by Mr. Gilles Schnepp.

At its meeting on February 7, 2018, the Board of Directors, on a proposition from Gilles Schnepp and in line with a recommendation by the Nominating and Governance Committee, decided to separate the offices of Chairman of the Board of Directors and of Chief Executive Officer with effect from February 8, 2018. The Board decided, from February 8, 2018, to renew Mr. Gilles Schnepp Chairman of the Board of Directors and to appoint Mr. Benoît Coquart as its Chief Executive Officer.

20.1.5 Membership of the Board of Directors and description of the diversity policy applied to Board members

This information is provided in sections 6.1.1.1 "Composition of the Board of Directors" and 6.1.3.1 "Composition of the Board of Directors' specialized committees" of the Company's Registration Document.

20.1.6 Preparation and organization of the work of the Board of Directors

This information is provided in sections 6.1.1.2 "Functioning of the Board of Directors", 6.1.3.2 "Functioning of the Board of Directors' specialized committees", 6.1.1.3 "Work done by the Board of Directors in 2017", and 6.1.3.3 "Work done by the Board of Directors' specialized committees in 2017" of the Company's Registration Document.

20.1.7 Potential limits imposed by the Board on the powers of the Chief Executive Officer

This information is provided in section 6.1.4 "General Management of the Company" of the Company's Registration Document.

20.1.8 Formal reference to the code of corporate governance applied by the Company and indication as to where this code of corporate governance may be accessed

The Company refers to the principles of corporate governace for listed companies set out in the Afep-Medef Code of corporate governance, which can be consulted on Medef's website at: *www.medef.com*.

20.1.9 Formalities for shareholders' participation in General Meetings

Conditions for participation in the Company's General Meetings are outlined in article 12 ("General Meetings") of the Company's Articles of Association (available on the www.legrand.com website) and in section 9.3.5 "Shareholders' General Meetings" of the Company's Registration Document.

20.1.10 Factors that may be relevant in the event of a tender offer

Ownership of capital	The ownership of Legrand shares is presented in section 7.1.1 of the Company's Registration Document.
Statutory restrictions on the exercise of voting rights and on the transfer of shares or clauses of agreements disclosed to the Company pursuant to article L. 233-11 of the French Commercial Code	Nil.
Direct and indirect equity interests of which the Company has been apprised by virtue of articles L. 233-7 and L. 233-12 of the French Commercial Code	Changes in the ownership of Legrand shares during financial year 2017 are presented in section 7.1.1.2 of the Company's Registration Document.
Owners of any securities conferring special rights of control and description of these securities	Nil.
Control procedures provided for employee share-ownership plans when the employees do not exercise this control themselves	As provided in the regulations for the "*Actions Legrand*" investment fund, the voting rights attached to Company shares are exercised by the Supervisory Board of the fund.
Shareholders' agreements of which the Company is aware and that are of a nature to restrict transfers of shares and exercise of voting rights	Nil.
Appointment and replacement of members of the Board of Directors and amendment of the Company's articles of association	In accordance with its articles of association, the Company is managed by a Board of Directors made up of a minimum of three members and a maximum of eighteen members, except as provided by law in the event of a merger. Except as provided by law, each Director must hold (in registered form) at least 500 shares of the Company throughout his or her term as Director. Beyond this statutory requirement, the Board of Directors regulations recommend that each Director gradually acquire, in the course of their term of office, a number of shares equivalent to the amount of one year's director's fees, the latter being calculated on the basis of an assumption of participation, throughout the year, in every meeting of the Board and of any committees the Director is a part of, with the Legrand share unit value being set at the average share price over the previous terminated financial year. Directors are appointed to serve four-year terms, which expire at the end of the ordinary General Meeting of shareholders called to consider financial statements for the previous financial year and held in the year in which their term of office expires. Directors may be reappointed for consecutive terms. When the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. As provided by law, provisional appointments are subject to ratification at the first shareholders' meeting after the appointment is made. No individual over the age of 70 may be appointed to the Board of Directors if his/her appointment results in more than one-third of the number of members of the Board of Directors having exceeded such age. If, during their term of office, the number of members of the Board of Directors over the age of 70 exceeds one-third of their total number, the oldest member will be deemed to have resigned at the end of the ordinary General Meeting of shareholders called to consider the accounts for the previous financial year and held during the year in which the age limit is reached. Where the Company's articles of association do not specifically provide otherwise, amendments to the articles are subject to the provisions of applicable law.
Powers of the Board of Directors, in particular concerning share issuance and repurchase	This information is presented in sections 9.2.1.1 and 9.2.2.1 of the Company's Registration Document. The Company can only repurchase its own shares outside of periods during which shares are made available through public offerings.

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Ownership of capital	The ownership of Legrand shares is presented in section 7.1.1 of the Company's Registration Document.
Agreements entered into by the Company which would be amended or would lapse in the event of a change of control of the Company, except (unless disclosure is required by law) where disclosure would seriously harm its interests	The following contracts may be amended or may lapse if control of the Company changes: ■ contract for the issuance of bonds on the US market by the Company's subsidiary Legrand France in an amount of $393.5 million, in the event of a change in control due to a hostile takeover; ■ the bond issue made on March 10, 2011 in a nominal amount of €400 million; ■ the loan contract in an amount of €900 million entered into with French financial institutions on October 20, 2011 and amended on July 25, 2014; ■ the bond issue made on April 11, 2012 in a nominal amount of €400 million; ■ the bond issue made on December 9, 2015 in a nominal amount of €300 million; ■ the bond issue made on June 29, 2017 in a nominal amount of €1 billion; ■ the bond issue made on October 4, 2017 in a nominal amount of €400 million; ■ the bond issue made on February 26, 2018 in a nominal amount of €400 million.
Agreements providing for payment of compensation to employees or members of the Board of Directors in the event of resignation, dismissal without real and serious cause, or termination of employment due to a tender offer	Nil with respect to the Executive Directors and members of the Board of Directors.

20.2 Information on the compensation of Company officers required by articles L. 225-37-2 and L. 225-102-1 of the French Commercial Code

20.2.1 Principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits due to company officers in respect of their office, and presentation of draft resolutions on the compensation policy for company officers

This information is provided in section 6.2.1 "Principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits due to company officers in respect of their office" and in Appendix 4 to the Company's Registration Document.

20.2.2 Compensation and benefits of company officers

Information on compensation and benefits of company officers is provided in section 6.2.2 "Compensation and benefits of company officers for 2017" of the Company's Registration Document.

20.2.3 Undertakings made in favour of company officers

Information on undertakings made in favour of company officers is provided in sections 6.2.1 "Principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits due to company officers in respect of their office", sub-section "C - Other elements of compensation"; 6.2.4 "Other benefits granted to company officers"; and 6.2.5 "Compensation policy attributable for the 2018 financial year to company officers and compensation components paid or attributed for the 2017 financial year to Mr. Gilles Schnepp submitted for the approval of shareholders."

March 20, 2018

The Board of Directors

Appendix 1 to the Management Report

Debt position

(in € millions)	12/31/2017	12/31/2016
EXTERNAL DEBT		
Debt		
Bonds	2,500.0	1,400.0
Bank borrowings	-	-
Credit Facility	-	-
TOTAL EXTERNAL DEBT	**2,500.0**	**1,400.0**
Accrued interest	**30.3**	**34.3**
Finance costs		
Bonds	45.4	49.4
Bank borrowings	-	-
Credit Facility	-	-
TOTAL FINANCE COSTS ON EXTERNAL DEBT	**45.4**	**49.4**
%	1.8%	3.5%
INTRA-GROUP DEBT		
Debt		
Advance from Legrand France	-	124.2
Finance costs		
Advance from Legrand France	0.3	-
%		
TOTAL DEBT	**2,530.3**	**1,558.5**
Equity	2,182.1	2,297.8
DEBT-TO-EQUITY RATIO	**116%**	**68%**

Appendix 2 to the Management Report

(in € thousands)	2013	2014	2015	2016	2017
Capital at December 31					
Share capital	1,062,362	1,065,430	1,067,722	1,069,309	1,067,223
Number of common shares	265,590,517	266,357,615	266,930,602	267,327,374	266,805,751
Total shares outstanding	265,590,517	266,357,615	266,930,602	267,327,374	266,805,751
*Of which, treasury stock**	*170,527*	*493,806*	*156,595*	*1,365,561*	*45,128*
Results of operations					
Net revenue	22,821	18,453	19,728	15,470	17,592
Profit before tax, employee profit-sharing, amortization and provisions	207,488	216,126	193,401	198,266	208,937
Income tax benefit (expense)	7,381	2,606	10,121	10,228	41,459
Employee profit-sharing	(79)	(97)	(84)	(125)	(115)
Net profit	211,074	215,924	198,282	207,884	247,048
Total dividend	265,131	279,254	293,129	307,058	317,413
Per share data *(in euros)*					
Earnings per share after tax, employee profit-sharing but before amortization and provisions	0.81	0.82	0.76	0.78	0.94
Earnings per share	0.79	0.81	0.74	0.78	0.93
Dividend per share	1.00	1.05	1.10	1.15	1.19
Employee data					
Average number of employees at December 31	34	33	33	33	33
Total payroll	5,511	5,792	6,786	5,735	6,235
Total benefits	9,952	5,624	4,157	2,487	2,690

* *No dividend entitlement or voting rights can be attached to own shares held by the Company.*

Appendix 3 to the Management Report

Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
BENOIT COQUART – Chief Executive Officer of Legrand* (since February 8, 2018) Age 44[(1)] A French National 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Benoît Coquart graduated from the *Institut d'Etudes Politiques de Paris* (Sciences Po Paris) and the *École Supérieure des Sciences Économiques et Commerciales* (ESSEC). **Professional Background** Benoît Coquart joined Legrand immediately after completing his studies in 1997 to manage the Group's activities in South Korea. Gilles Schnepp then asked him to head up Investor Relations. Pursuing his career within the Group, Benoît Coquart has successfully held several positions, including Vice-President of Corporate Development (M&A), Executive Vice-President Strategy and Development and since 2015, Executive Vice President France. Since February 8, 2018, Benoît Coquart is Chief Executive Officer. Benoît Coquart is a member of Legrand's Executive Committee since 2010.	**Legrand Group** ■ Mandates in various subsidiaries[(2)] - Alternate Director of Legrand Colombia - Director of Legrand Seico - Manager of Legrand Data Center Solutions - Representative of Legrand France, President of Cofrel - Representative of Legrand France, President of Imesys - Representative of Legrand France, President of Intervox Systèmes - Representative of Legrand France, President of Legrand Cable Management - Representative of Legrand France, President of Legrand Energies Solutions - Representative of Legrand France, President of Ura	**Legrand Group** ■ Executive VP France (until February 7, 2018) ■ Mandates in various subsidiaries **Outside the Legrand Group** ■ Nil
GILLES SCHNEPP – Chairman of Legrand* (since February 8, 2018) Age 58[(1)] A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Gilles Schnepp graduated from the *École des Hautes Études Commerciales* (HEC). **Professional Background** Gilles Schnepp's career began at Merrill Lynch France where he became Vice-President. He then joined Legrand in 1989 as Deputy Chief Financial Officer. He became Company Secretary of Legrand France in 1993, Chief Financial Officer in 1996 and Chief Operating Officer in 2000. Gilles Schnepp has been a Director of the Company since 2002 and Chairman of the Board of Directors since 2006. He was Chief Executive Officer from 2006 to February 7, 2018. Gilles Schnepp is also President of the French Federation of Electric, Electronic and Communication Industries (FIEEC) since July 2013 and Director of Saint-Gobain* (since 2009). Gilles Schnepp holds 2,262,835 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2002): - Member of the Strategy and Social Responsibility Committee ■ Executive appointments held in various subsidiaries[(2)] - Representative of Legrand SNC, Chairman of Legrand Pacific - Chairman of Legrand Holding Inc. **Outside the Legrand Group** ■ Saint-Gobain*: - Member of the Board of Directors (since 2009) - Member of the Audit Committee (since 2017)	**Legrand Group** ■ Chairman and Chief Executive Officer (until February 7, 2018) ■ Mandates in various subsidiaries **Outside the Legrand Group** ■ Nil

** Listed company.*

(1) The age has been fixed as on the 20th of March 2018, date on which the Board of Directors approves the annex 3 of the Management Report which contains the directors' biography.

(2) No compensation in the form of attendance fees or similar is paid or due in respect of executive appointments held in Legrand or in Group subsidiaries.

Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
OLIVIER BAZIL – Companies Director Age 71[(1)] A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Olivier Bazil graduated from the *École des Hautes Études Commerciales* (HEC) and holds an MBA (Master of Business Administration) from Harvard Business School. **Professional Background** Olivier Bazil joined Legrand in 1973 as Deputy Company Secretary, in charge of financial communication and development of the Group's growth strategy. He became Chief Financial Officer of Legrand Group in 1979, Deputy Chief Operating Officer in 1993, then held the position of Vice-Chairman and Chief Operating Officer from 2000 until the General Meeting on May 26, 2011. Olivier Bazil also holds the following positions: Member of the Supervisory Board of Michelin* and Société Civile du Château Palmer, and Chairman of Fritz SAS. Olivier Bazil holds 2,009,085 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2002): - Member of the Nominating and Governance Committee - Member of the Strategy and Social Responsibility Committee **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (since 2013) ■ Chairman of Fritz SAS (since 2009) ■ Member of the Supervisory Board of Société Civile du Château Palmer (since 2009)	**Legrand Group** ■ Vice-Chairman and Chief Operating Officer of Legrand* (until May 2011) ■ Mandates in various Group subsidiaries **Outside the Legrand Group** ■ Director of Firmenich International SA (until October 2016) ■ Member of the Supervisory Board of Vallourec* (until May 2017)
ISABELLE BOCCON-GIBOD – Companies Director Age 49[(1)] A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Isabelle Boccon-Gibod holds a degree from the *Ecole Centrale de Paris* and from Columbia University in the United States. **Professional Background** Isabelle Boccon-Gibod started her career in 1991 in the International Paper Group as industrial activities Manager of the cardboard division in the United States, then in the United Kingdom from 1997 to 2001, before becoming Head of the strategic development for Europe until 2004. She joined the Sequana* Group in 2006 as Special Advisor to General Management. She was nominated as Vice-Executive President of the Sequana* Group in 2008 and Executive Officer of the Arjowiggings Group in 2009. Isabelle Boccon-Gibod is also a photographer and an author. Isabelle Boccon-Gibod is a Director of Arkema*, of Sequana* and of the Paprec Group. Isabelle Boccon-Gibod holds 1,000 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2016): - Member of the Audit Committee - Member of the Strategy and Social Responsibility Committee **Outside the Legrand Group** ■ Director of Arkema* (since 2014) ■ Director of Paprec (since 2014) ■ Director of Sequana* (since 2016)	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Vice- Executive President of Sequana* group (until 2013) ■ Executive Officer of Arjowiggings (until 2013) ■ Member of the executive Committee of Altavia (until 2016) ■ Zodiac Aerospace*: - Director (until March 2018) - Member of the Audit Committee (until March 2018)

* *Listed company.*

(1) *The age has been fixed as on the 20th of March 2018, date on which the Board of Directors approves the annex 3 of the Management Report which contains the directors' biography.*

Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
CHRISTEL BORIES – Chairman and Chief Executive Officer of Eramet* Age 53(1) A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Christel Bories graduated from the *École des Hautes Études Commerciales* (HEC). **Professional Background** Christel Bories began her career in 1986 as a strategy consultant with Booz-Allen & Hamilton before moving to Corporate Value Associates. She subsequently held several executive positions with Umicore, then Pechiney Group. Following Pechiney's integration into the Alcan Group, Christel Bories was appointed Chairman and Chief Executive Officer of Alcan Packaging, then Chairman and Chief Executive Officer of Alcan Engineered Products and finally Chief Executive Officer of Constellium (ex Alcan), which she left in December 2011. Christel Bories was appointed Deputy Chief Executive Officer of Ipsen* on February 27, 2013, a position she held until March 2016. Christel Bories also serves on the Board of Directors of Smurfit Kappa* and is Chairman and Chief Executive Officer of Eramet. Christel Bories holds 2,190 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2012): - Chairman of the Strategy and Social Responsibility Committee - Member of the Audit Committee **Outside the Legrand Group** ■ Director of Smurfit Kappa* (since 2012): - Member of the Audit Committee and the Compensation Committee ■ Chairman and Chief Executive Officer of Eramet* (since 2017)	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Deputy Chief Executive Officer of Ipsen* (until March 2016) ■ Director of Natixis* (until May 2014) ■ Director of Cercle de l'Industrie (until May 2013) ■ Chief Executive Officer of Constellium (until December 2011)
ANGELES GARCIA-POVEDA – EMEA Managing Director of Spencer Stuart Age 47(1) A Spanish national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Angeles Garcia-Poveda graduated from ICADE in Madrid. She also attended the Business Case Study Program at Harvard University. **Professional Background** Before joining Spencer Stuart in 2008, Angeles Garcia-Poveda spent 14 years with the Boston Consulting Group (BCG) working as a strategy consultant in Madrid and Paris before taking different recruiting roles at local and international levels. As BCG's global recruiting manager, she has worked on cross-border recruiting projects. Having managed the Spencer Stuart France office for five years, Angeles Garcia-Poveda currently leads the EMEA region, and as such is a member of the global Executive Committee. She has a direct responsibility over the nineteen European settlements. She assists international clients in recruitment and assessment projects of senior executives and board members and in governance advisory work. Angeles Garcia-Poveda holds 3,200 Legrand shares	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2012): - Lead Director - Chairman of the Compensation Committee - Chairman of the Nominating and Governance Committee - Member of the Strategy and Social Responsibility Committee **Outside the Legrand Group** ■ EMEA Managing Director of Spencer Stuart	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Managing Director of Spencer Stuart France

* *Listed company.*

(1) *The age has been fixed as on the 20th of March 2018, date on which the Board of Directors approves the annex 3 of the Management Report which contains the directors' biography.*

Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
FRANÇOIS GRAPPOTTE – Companies Director Age 81[(1)] A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** François Grappotte is a graduate of the *Institut d'Études Politiques de Paris* and former student of the *École Nationale d'Administration* (ENA); he also holds a law degree and graduate degrees in political economy and economic and financial sciences from the Faculty of Law of Paris. **Professional Background** François Grappotte began his career at the Ministry of Industry and Treasury Department of the Ministry of the Economy and Finance. In 1970, he joined Banque Rothschild, serving successively as Assistant Director, Deputy Director and Director. In 1973, he moved to Compagnie Électro Mécanique as Company Secretary, before being appointed Chief Executive Officer and later Vice-Chairman and Chief Executive Officer. François Grappotte joined Legrand in 1983 as Chief Executive Officer, and was appointed Chairman and Chief Executive Officer in 1988, a position he held until the end of 2003. He was then Chairman of Legrand France until 2006. Since 2006, François Grappotte is Honorary Chairman of the Board of Directors of Legrand*. François Grappotte has also held positions as member of the Supervisory Board of Michelin*, Director of BNP Paribas*, and member of the Consultative Board of the Banque de France. François Grappotte holds 1,616,000 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2002) and Honorary Chairman of the Board of Directors of Legrand* (since 2006) **Outside the Legrand Group** ■ Nil	**Legrand Group** ■ Director of Legrand France (until 2012) **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin* (until May 2013) ■ Director of BNP Paribas* (until May 2011)

* *Listed company.*

(1) *The age has been fixed as on the 20th of March 2018, date on which the Board of Directors approves the annex 3 of the Management Report which contains the directors' biography.*

Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
THIERRY DE LA TOUR D'ARTAISE – Chairman of the Board of Directors and Chief Executive Officer of SEB SA* (since 2000) Age 63(1) A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Thierry de La Tour d'Artaise is a graduate of the *École Supérieure de Commerce de Paris* (ESCP) business school and a chartered accountant. **Professional Background** Thierry de La Tour d'Artaise began his career in the United States in 1976 as a Financial Controller at Allendale Insurance. After two years in Boston, he joined the audit firm Coopers & Lybrand in Paris. He then joined the Chargeurs Group in 1983, firstly as Head of Internal Audit, then as Chief Administrative and Financial Officer (1984-85), and finally as Chief Executive Officer of Croisières Paquet (1986-93). Thierry de La Tour d'Artaise became Chief Executive Officer of the SEB Group in 1994, before being appointed as Chairman and Chief Executive Officer of Calor SA. In 1998, he was named Chairman of the Group's "Home Appliances" division. In 1999, he was appointed Vice-Chairman and Chief Executive Officer of the Group, becoming Chairman and Chief Executive Officer as of 2000. Thierry De La Tour d'Artaise holds 1,250 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2006): - Member of the Nominating and Governance Committee **Outside the Legrand Group** ■ SEB: - Chairman and Chief Executive Officer of SEB S.A* (since 2000) - Director of Zhejiang SUPOR* (China) (since 2008) - Chairman of SEB Internationale (SAS) (since 2000) ■ Other: - Permanent representative of Sofinaction - Director of CIC - La Lyonnaise de Banque (since 2001)	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Director of Plastic Omnium* (until October 2012) ■ Director of Club Mediterranée* (until April 2015)
DONGSHENG LI – Chairman and Chief Executive Officer and founder of TCL Corporation* Age 60(1) A Chinese national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** In 1982, Dongsheng Li graduated from the Department of Radio Technology at South China University. **Professional Background** As a "Model Worker of the Nation" and holder of the "1st of May National Work Medal", Dongsheng Li was an elected delegate of the 16th Party Congress in China, as well as a delegate at the 10th, 11th and 12th editions of the National People's Congress. Dongsheng Li holds several prestigious positions, including: Chairman of China Video Industry Association, Vice Chairman of China Chamber of International Commerce, Executive Committee member of All-China Federation of Industry & Commerce, and Vice Chairman of Guangdong Federation of Industry & Commerce. In China, Dongsheng Li was named "Man of the year in the Chinese Economy" in 2002 and 2004. In 2009, Dongsheng Li was awarded "Economic Leader of the Decade" by the Chinese business channel CCTV. In the international arena, in 2004, Dongsheng Li was selected as "Asia Businessman of the Year" by Fortune Magazine and one of the "Top 25 Global Business Leaders" by Time Magazine and CNN. Moreover, Dongsheng Li received the Officier de la Légion d'Honneur (French national honor) from President Jacques Chirac in the same year. In 2013, Dongsheng Li was deservedly selected as one of the "2013 Best Chief Executive Officers of Listed Companies in China" by Forbes magazine. Dongsheng Li held the position of Chairman of Hong Kong listed company TCL Multimedia Technology Holdings Limited* from 2007 until September 2017. Since March 2018, Dongsheng Li holds again the position of Chairman of Hong Kong listed company TCL Multimedia Technology Holdings Limited*. He is also an Independent Director of Tencent* and of Fantasia Holdings Group Co, Ltd*. Dongsheng Li holds 1,000 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2012) **Outside the Legrand Group** ■ TCL: - Chairman and Chief Executive Officer of TCL Corporation* - Chairman and executive Director of TCL Multimedia Technology Holdings Ltd* (since March 2018) ■ Other: - Director of Tencent* (since 2004) - Director of Fantasia Holdings Group Co, Ltd* (since 2014)	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Chairman of TCL Multimedia Technology Holding Ltd* (until September 2017)

* *Listed company.*

(1) *The age has been fixed as on the 20th of March 2018, date on which the Board of Directors approves the annex 3 of the Management Report which contains the directors' biography.*

Director	Appointments and positions currently held in French or foreign companies	Previous appointments and positions held in the past five years
ANNALISA LOUSTAU ELIA – Chief Marketing Officer and member of the Executive Committee of Printemps (since 2008) Age 52[(1)] A Italian national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Annalisa Loustau Elia graduated in law from La Sapienza University in Rome. **Professional Background** Annalisa Loustau Elia worked for four years at Cartier in Geneva and Paris, for two years at L'Oréal's Luxury Product Division in Paris and for thirteen years at Procter & Gamble in Geneva as well as in the Group's subsidiaries in Paris and Rome. Her rich and varied professional career has provided her with solid experience of marketing and product development in the luxury, retail and consumer goods sectors. Annalisa Loustau Elia is Chief Marketing Officer and has been a member of the Executive Committee of Printemps since 2008. Annalisa also serves on the Board of Directors of Campari* since 2016. Annalisa Loustau Elia holds 1,340 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2013): - Member of the Compensation Committee **Outside the Legrand Group** ■ Director of Campari* (since 2016)	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Nil
ÉLIANE ROUYER-CHEVALIER – Companies Director Age 65[(1)] A French national 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges **Education** Éliane Rouyer-Chevalier holds a Masters in Economics from Université Paris II Assas. **Professional Background** Éliane Rouyer-Chevalier joined Accor in 1983, taking responsibility for international financing and cash currency management before becoming Director of Investor Relations and Financial Communication in 1992. From 2010 to 2012, she was a member of the Executive Committee of Edenred*, a company created when the Accor Group was split up, as Vice President of Corporate and Financial Communications & Social Responsibility. She is Chairman of ERC Consulting since 2013 and Consultant for the World Bank (IFC) since 2016. Éliane Rouyer-Chevalier is the Honorary Chairman of the French Association for Investor Relations (CLIFF) after having chaired it from 2004 to 2014 and is Vice-President of the Observatoire de la Communication Financière since 2005. She has been a Director of the Federation of Individual Investors and Investment Clubs (F2IC) since 2014 and of the Cercle de la Compliance since 2015. She is Director of Time2Start, an organization that helps young individuals from the suburbs in starting their own business, since 2016. She has been Director of the Institut Français du Tourisme from 2013 to 2016. Éliane Rouyer-Chevalier holds 1,350 Legrand shares.	**Legrand Group** ■ Member of the Board of Directors of Legrand* (since 2011): - Chairman of the Audit Committee - Member of the Compensation Committee **Outside the Legrand Group** ■ Chairman of ERC Consulting (since 2013) ■ Consultant for the World Bank (IFC) (since 2016) **Outside the Legrand Group-outside companies** ■ Vice-President of the Observatoire de la Communication Financière (since 2005) ■ Director of the F2IC (since 2014) ■ Director of Time2Start (since 2016)	**Legrand Group** ■ Nil **Outside the Legrand Group** ■ Member of the Executive Committee of Edenred* (until 2012) ■ Chairman of CLIFF (until 2014) ■ Director of the Institut Français du Tourisme (until 2016) ■ Director of the Cercle de la Compliance (until 2017)

* *Listed company.*

(1) *The age has been fixed as on the 20th of March 2018, date on which the Board of Directors approves the annex 3 of the Management Report which contains the directors' biography.*

APPENDIX 3

Statutory Auditors' report on the financial statements Year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information specifically required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying financial statements of Legrand for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

I. BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5(1) of Regulation (EU) N° 537/2014 or in the French Code of ethics (*code de déontologie*) for Statutory Auditors.

Furthermore, we provided the following non-audit services to your Company and its controlled undertakings during the financial year:

- both audit firms: comfort letters provided in the context of private placement bond issues;
- Deloitte & Associés: verification of the consolidated social, environmental and societal information referred to in article L. 225-102-1 of the French Commercial Code (code de commerce), attestations on accounting information prepared at the request of entities and a reference framework appraisal assignment unrelated to the production of accounting and financial information;
- PricewaterhouseCoopers Audit: transfer pricing policy documentation review assignment.

II. JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

III. VALUATION OF SHARES IN SUBSIDIARIES AND AFFILIATES

Risk identified

Shares in subsidiaries and affiliates are stated at acquisition cost and impaired where necessary based on their fair value determined by reference to Legrand's equity in the investee's revalued net assets, as adjusted to reflect its earnings performance and growth outlook (Note 1.3).

As of December 31, 2017 they comprise Legrand France SA shares recorded in the balance sheet in the amount of €3,774 million (Note 2.2), that is 80% of total assets. The residual balance primarily consists of amounts receivable from this subsidiary. The correct valuation of this heading is key to the assessment of Legrand's asset and financial position.

We therefore considered the valuation of shares in subsidiaries and affiliates to be a key audit matter.

Our response

We verified, based on information communicated to us, that the valuation method and figures underlying the estimated value determined by management are appropriately substantiated.

Our work mainly consisted in verifying that the fair value estimated by management was based on enterprise values founded on identical assumptions to those used by the group for impairment testing on the activity scope of the Legrand France SA subsidiary and its directly and indirectly-held subsidiaries.

Finally, we verified the consistency of the fair value adopted with the group's stock market capitalization.

IV. VERIFICATION OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS PROVIDED TO SHAREHOLDERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and other documents provided to Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

Corporate governance information

Concerning the information given in accordance with the requirements of article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to items your Company considers likely to have an impact in the event of a public tender offer or public exchange offer, provided pursuant to article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have verified its compliance with the source documents communicated to us. Based on this work, we have no comments to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

V. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Legrand by the Annual General Meeting held on December 21, 2005 for Deloitte & Associés and on June 6, 2003 for PricewaterhouseCoopers Audit.

As of December 31, 2017, Deloitte & Associés was in the 13th year of total uninterrupted engagement and PricewaterhouseCoopers Audit was in the 15th year of total uninterrupted engagement due to its merger with Coopers & Lybrand Audit in 2003, which is the 12th year since securities of the Company were admitted to trading on a regulated market for both firms.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

VII. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

Detailed description of the Statutory Auditors' responsibilities

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly sur Seine, April 5, 2018

The Statutory Auditors

French Original signed by

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Edouard Sattler	Jean-François Viat

APPENDIX 4

Presentation of the Agenda for the Combined Ordinary and Extraordinary General Meeting of May 30, 2018

Board of Directors Report

This document outlines the key issues in the draft resolutions submitted by your Board of Directors to the General Meeting of Shareholders called for May 30, 2018. As a result, it is not exhaustive and cannot replace a careful review of the draft resolutions before you exercise your voting rights at the Meeting.

By way of information, no new agreement within the scope of article L. 225-38 of the French Commercial Code was entered into during the financial year ended December 31, 2017. However, two regulated agreements governed by article L. 225-42-1 of the French Commercial Code were approved by your Board of Directors during the 2018 financial year. They are submitted for your approval under the seventh and eighth resolutions. The Statutory Auditors' special report on regulated agreements and commitments is available to you in section 7.4.2 of the Company's Registration Document.

The Board of Directors has resolved to call a Combined Ordinary and Extraordinary General Meeting of Shareholders on May 30, 2018 to consider the following agenda:

I – RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

Approval of the financial statements for financial year 2017 (1st and 2nd resolutions)

The first two resolutions give you the opportunity, after having reviewed the reports of the Board of Directors and the Statutory Auditors, to vote on approval of the Company and consolidated financial statements for the financial year ended December 31, 2017 and on the transactions reflected in the financial statements or summarized in these reports.

At December 31, 2017:

- the Company's financial statements show a net profit of €247,048,335.96 and;
- the Company's consolidated financial statements show a net profit excluding minorities of €711.2 million.

More particularly, the first resolution allows you to decide on the overall amount of costs and expenses referred to in article 39 paragraph 4 of the French tax code (*Code général des impôts*), *i.e.* costs and expenses excluded from costs deductible for tax purposes.

Appropriation of earnings and determination of dividend (3rd resolution)

In the third resolution, you will vote on appropriating the Company's earnings and determining a dividend. The proposal before you is as follows:

- after you have observed that the Company's net book profit for the financial year ended December 31, 2017 amounts to €247,048,335.96;
- and, in the absence of any retained earnings, that distributable income in respect of the 2017 financial year is equal to the amount of profit for the same financial year, *i.e.* €247,048,335.96;
- the share of the legal reserve exceeding company share capital by 10%, *i.e.* €208,649.20, would be allocated to "other reserves";
- the amount of reserves unavailable for treasury shares would be reduced by €674,840.26 to €2,714,151.67;
- the sum thus deducted from unavailable reserves for treasury shares would be appropriated to "other reserves".

Your Board has therefore proposed that you distribute a dividend amounting to €1.26 per share, for a total of €336,118,384.98, based on the number of shares making up the capital stock at December 31, 2017, minus the treasury shares held by the Company at that date. It may be noted that the share of the amount thus distributed exceeding the amount of distributable income shall be deducted from "other reserves" in the amount of €883,489.46 and for the remaining amount, from "issue premiums".

In the event of a change before the dividend payment date in the number of shares entitling holders to a dividend, the total dividend amount would be adjusted accordingly.

No dividends would be due on any shares held by the Company itself or cancelled before the payment date.

A

The distribution of an amount of €1.26 per share, would be subject to the following taxation schemes for individual taxpayers resident in France:

- in the amount of €0.93[1] the dividend paid would be considered as taxable income from movable property subject to (i) a flat-rate income tax of 12.8% or (ii), by global and irrevocable option to be exercised by the shareholder in the income tax declaration and no later than the time limit for said declaration, to sliding-scale income tax, eligible in this case to the 40% exemption provided for under article 158-3-2° of the French Tax Code for individual shareholders residing in France. This portion of dividend is, in principle, subject to a non-definitive flat-rate tax of 12.8% on its gross amount, excluding social security contributions, said levy being attributable to income tax on revenue received during the 2018 fiscal year. However, under article 117 *quater* of the French tax code, "natural persons belonging to a tax household whose income tax reference for the penultimate year, as defined in article 1417, section IV, sub-section 1°, is less than €50,000 for taxpayers who are single, divorced or widowed or less than €75,000 for taxpayers subject to joint taxation, may request exemption from this levy". Such persons should, on their own initiative, submit a request for exemption according to the conditions set out in article 242 *quater* of the French tax code. This portion of dividend is also subject to a withholding tax of 17.2% for social security contributions as well as, for taxpayers whose income tax reference exceeds certain thresholds, to an exceptional levy on high incomes at a rate of either 3% or 4%, pursuant to article 223 *sexies* of the French tax code;
- in the amount of €0.33[1] the dividend payment deducted from the issue premium would be considered as a repayment of paid-in capital within the meaning of article 112-1° of the French Tax Code, therefore non-taxable for individual shareholders residing in France; it would however reduce the fiscal share price by the amount of €0.33 per share.

The tax-related items of information presented here are those applicable at the time of drafting this report. In the event of a significant change in the relative portions per share of the amount considered as taxable income from movable property subject to the tax and the amount considered as repayment of paid-in capital, for instance due to a change in the number of treasury shares held at the payment date, additional information will be issued by the Company. As a general rule, shareholders are invited to consult their usual advisers as to applicable taxation schemes.

If this resolution is adopted, the ex-dividend date would be June 1, 2018, and the dividend would be paid to shareholders on June 5, 2018.

Approval of compensation components paid or attributed to Mr. Gilles Schnepp for the financial year ended December 31, 2017 (4th resolution)

Pursuant to articles L. 225-37-2 and L. 225-100 of the French Commercial Code, you are asked to vote on the compensation components paid or attributed to Mr. Gilles Schnepp in respect of the 2017 financial year. Such items were paid or in accordance with the compensation policy approved by the General Meeting of Shareholders on May 31, 2017.

(1) *This breakdown is given for information purposes only and may be modified according to the number of shares entitling to dividend between now and the dividend payment date.*

Consequently, in the fourth resolution you are asked to approve the compensation components listed below, paid or attributed in respect of the financial year ended December 31, 2017 to Mr. Gilles Schnepp.

Compensation components paid or attributed for the 2017 financial year to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, submitted to shareholders' approval

Compensation components paid or attributed for the financial year ended December 31, 2017	Amounts or accounting valuation submitted for vote	Details
Fixed compensation	€625,000	Gross fixed annual compensation set by the Board of Directors on March 3, 2011, and unchanged since that date.
Annual variable compensation*	€535,000	The Board of Directors decided that the variable compensation of Mr. Gilles Schnepp in respect of the 2017 financial year could vary between 0% and 120% of fixed annual compensation (with a target value set at 80% of the fixed annual compensation) and would be determined as follows: ■ from 0% to 90% of the annual fixed compensation (with a target value set at 60%) depending on a quantifiable portion (representing 3/4 of annual variable compensation) calculated on the basis of criteria relating to (i) the achievement of a certain level of "adjusted operating margin", (ii) the 2017 organic growth in revenues, (iii) the 2017 revenues growth (including the effect of the acquisitions), and (iv) Legrand's inclusion in benchmark CSR indices; and ■ from 0% to 30% of annual fixed compensation (with a target value set at 20%) depending on a qualitative portion (representing 1/4 of annual variable compensation) calculated on the basis of criteria relating to (i) revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies), (ii) external growth policy (compliance with set priorities, emphasis on multiples paid, quality of integration for acquisitions already made), and (iii) other general criteria, particularly risk management, labour issues, and succession plans. Based on the diligence and proposals of the Compensation Committee, the Board, at its meeting on March 20, 2018, set: ■ at 79.4% of the annual fixed compensation, the amount of the portion of the 2017 variable compensation resulting from the achievement of quantifiable targets; and ■ at 29% of annual fixed compensation, the amount of the portion of the 2017 variable compensation resulting from the achievement of qualitative targets, therefore corresponding to a rate of achievement of 90.3% (equal to 108.4% divided by 120%) of the maximum annual variable compensation and 135.5% (equal to 108.4% divided by 80%) of the target, i.e. €677,500 (details of the rate of achievement of the quantifiable and qualitative criteria are presented in section 6.2.2.1 of the Company's Registration Document). However, it should be noted that Mr. Gilles Schnepp chose, on its own initiative, to waive a portion of this variable compensation in respect of 2017 so as to keep it at the same level as 2016, i.e. €535,000.
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.

* *Component of compensation, the payment of which is subject to the approval of the Annual Combined General Meeting of May 30, 2018, pursuant to paragraph 2 of section II of article L. 225-100 of the French Commercial Code.*

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Compensation components paid or attributed for the financial year ended December 31, 2017	Amounts or accounting valuation submitted for vote	Details
Long-term cash compensation	Not applicable	There was no allocation during the last financial year. It may be noted that with respect to the 2013 Performance Unit Plan that the vesting period for this plan expired on March 7, 2016, and that the rate of achievement of the future performance criteria is 100.2%. The 2013 Future Performance Units are subject to an additional two-year lock-in period. The reference value for these units is €63 each, which is the closing price of the Legrand stock on the NYSE Euronext Paris on the last day of the two-year lock-in period, i.e. on March 7, 2018. The total theoretical amount calculated (on the basis of the rate of achievement of future performance criteria of 100.2% and the share price of €63) which is €1,237,670.28 has been capped at €937,500 in accordance with the rule mentioned on pages 172 and 173 of the 2013 Registration Document. It must be noted that the vesting period of the 2014 Future Performance Shares Plan expired on March 6, 2017 and that the rate of achievement of the future performance criteria was 92.2% of the target and 61.5% of the maximum. The amount corresponding to these Future Performance Shares will be paid to Mr. Gilles Schnepp at the end of a further two-year period i.e. on March 6, 2019. Such amount is not yet known because it is indexed to the average daily closing price of Legrand's stocks on the NYSE Euronext Paris market during the two-year lock-in period. These plans (especially the performance criteria applicable to performance units allocated) are described in section 6.2.2.1 of the Company's 2017 Registration Document, pages 202-204.
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	There was no allocation during the last financial year.
	Performance share: valuation: €668,381	On the recommendation from the Compensation Committee, the Board of Directors on May 31, 2017 decided to set up a 2017 Performance Share Plan. This plan (especially the performance criteria applicable to the shares allocated) is described in section 6.2.2.1 of the Company's Registration Document, on pages 200-202, and in chapter 7.3 of the Company's Registration Document, on page 222. The allocation benefiting Mr. Gilles Schnepp in respect of this plan corresponds to 2.5% of the overall allocation**. The number of performance shares allocated to Mr. Gilles Schnepp is 12,243. This number of shares that will be definitively vested may subsequently vary in a range between 0% and 150% of the number of shares initially allocated, according to the level of achievement of "external" and "internal" financial performance criteria and an extra-financial performance criterion. As stated previously, the Board of Directors took its decision on May 31, 2017 on the basis of an authorization granted by the General Meeting on May 27, 2016, in its thirteenth resolution *(Authorization to allocate existing shares or shares to be issued benefiting Company personnel and/or corporate officers)*.
	Other security allocation: Not applicable	There was no allocation during the last financial year.
Extraordinary compensation*	Not applicable	There are no plans to allocate an extraordinary compensation.
Attendance fees	Not applicable	Mr. Gilles Schnepp does not receive attendance fees in respect of his offices within the Company or its subsidiaries.
Valuation of all types of benefits	Not applicable	

* *Component of compensation, the payment of which is subject to the approval of the Annual Combined General Meeting of May 30, 2018, pursuant to paragraph 2 of section II of article L. 225-100 paragraph 2 of the French Commercial Code.*

** *This calculation takes into account the adjustment of the number of performance shares made in view of the conditions of dividend payment decided upon by the Company's Annual Combined General Meeting on May 31, 2017, to acknowledge the impact of this operation on the interests of beneficiaries of performance shares (for details, please refer to chapter 7.3 of the 2017 Registration Document).*

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to related party agreements and undertakings

Compensation components voted upon by the General Meeting of Shareholders in accordance with the procedure relating to related party agreements and undertakings	Amounts	Details
Severance payment	Not applicable	There is no undertaking in this regard.
Non-compete compensation	Not applicable	There is no undertaking in this regard.
Supplementary pension plan	Not applicable	There is no undertaking in this regard.

Summary table of criteria for determining the 2017 annual variable compensation of the Chairman and Chief Executive Officer

Mr. Gilles Schnepp's annual variable compensation in respect of the 2017 financial year was determined by application of the criteria given hereafter:

				Min	Target	Max	Actual
Quantifiable portion: 3/4 of annual variable i.e., 60% of fixed compensation (as a target)	Operating margin	2017 adjusted operating margin (at 2016 perimeter)	As a % of fixed compensation	0%	32%	48%	48.0%
			Indicator value	19.3%	19.7%	20.1%	20.1%
	Organic growth of revenues	2017 organic revenues growth	As a % of fixed compensation	0%	12%	18%	18.0%
			Indicator value	0%	1.5%	3.0%	3.1%
	External growth	2017 revenues growth (including the effect of the acquisitions)	As a % of fixed compensation	0%	8%	12%	10.2%
			Indicator value	0%	5%	10%	7.8%
	Corporate Social Responsibility (CSR)	Legrand's inclusion in CSR benchmark indices	As a % of fixed compensation	0%	8%	12%	3.2%
			Indicator value	7	12	14	9
	QUANTIFIABLE TOTAL			**0%**	**60%**	**90%**	**79.4%**
Qualitative portion: 1/4 of annual variable i.e., 20% of fixed compensation (as a target)	Revenue growth	Evolution market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies		**0%**	8%	12%	12.0%
	External growth policy	Compliance with set priorities, emphasis on multiples paid, quality of integration process for acquisitions already made		0%	8%	12%	12.0%
	General criteria	Risk management, labor issues, successions plans		0%	4%	6%	5.0%
	QUALITATIVE TOTAL			**0%**	**20%**	**30%**	**29.0%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**80%**	**120%**	**108.4%**

2017 Long-term compensation of the Chairman and Chief Executive Officer

The long-term compensation allocated to Mr. Gilles Schnepp in respect of the 2017 financial year takes the form of a performance share plan (the "2017 Performance Share Plan"), approved by your Board of Directors on May 31, 2017, on the recommendation from the Compensation Committee.

The number of performance shares that will be finally allocated to Mr. Gilles Schnepp will vary between 0% and 150% of the number of shares initially allocated, subject to a presence condition and various performance criteria.

"External" financial performance criterion

Pay-out rate[1]	0%	100%	150%
Average spread of the EBITDA margin in favor of Legrand over a three-year period between Legrand and the MSCI average	2017 plan: Lower than or equal to 3.1 points	2017 plan: Equal to 7.4 points	2017 plan: Equal or higher than 9.6 points

"Internal" financial performance criterion

Pay-out rate[1]	0%	100%	150%
Average over a three-year period of normalized free cash flow as a percentage of revenues	Lower than or equal to 8.6%	Equal to 12.0%	Equal to or higher than 13.7%

Non-financial performance criterion

Applicable to the Chairman and Chief Executive Officer					
Pay-out rate[1]	**0%**	**Between 70% and 90%**	**Between 90% and 97%**	**Between 97% and 150%**	**Capped at 150%**
3-year average achievement rate of the Group's CSR Roadmap priorities	Lower than 70%	Between 70% and 90%	Between 90% and 125%	Between 125% and 213%	Over 213%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) Note that the Group has identified a change in accounting standard (IFRS 16) which is likely to aff ect EBITDA and free cash flow in 2019. For more information, please refer to the section on IFRS 16, "Leases", which can be found in Chapter 8, note 1, section 1.2.1.3 on page 234 of the Registration Document. If it were to be confirmed that this change would have the effect of distorting the assessment of performance, the Board of Directors reserves the possibility of amending these two criteria, especially in the context of assessment of 2019 performance for the 2017 plan, it being specified that, in accordance with the Code of Corporate Governance, such an amendment would be made public and would in any event be required to maintain the alignment of interests between shareholders and beneficiaries.

For your information, the nature of the performance criteria applicable to shares allocated in the framework of this plan is detailed in section 6.2.2.1 of the Company's Registration Document.

Your Board of Directors, meeting on February 7, 2018, on a proposal from Gilles Schnepp and a recommendation from the Nominating and Governance Committee, decided to separate the offices of Chairman of the Board of Directors and of Chief Executive Officer with effect on February 8, 2018. It also decided, as from February 8, 2018, to renew Gilles Schnepp as Chairman of the Board of Directors and to appoint Benoît Coquart as the Company's Chief Executive Officer.

It should also be noted that Mr. Gilles Schnepp has waived, at his own initiative, his compensation as Chairman and Chief Executive Officer for the 2018 financial year, *i.e.* between January 1, and February 7, 2018. Accordingly, the compensation policy applicable to Mr. Gilles Schnepp as Chairman and Chief Executive Officer in respect of the 2018 financial year is subject to no ex-ante vote on your part. Therefore, no ex-ante vote on the compensation policy for Gilles Schnepp in his capacity as Chairman and Chief Executive Officer for the 2018 financial year will be submitted to the General Meeting of May 30, 2018.

Compensation policy applicable to the Chairman of the Board of Directors for the 2018 financial year, in respect of his office as from February 8, 2018 (5th resolution)

In accordance with article L. 225-37-2 of the French Commercial Code, you are asked to approve the principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional components of overall compensation and any benefits attributable to the Chairman of the Board of Directors in respect of the 2018 financial year, which constitute the compensation policy applicable to him.

The amounts that would result from the implementation of these principles and criteria will also be submitted for your opinion at the next General Meeting convened in 2019 to approve the financial statements for the 2018 financial year, it being specified that payment of variable and exceptional compensation components is conditional upon approval at the next General Meeting in 2019.

Consequently, in the fifth resolution, you are asked to approve the components listed below of the compensation policy applicable to the Chairman of the Board of Directors for the 2018 financial year, for his office from February 8, 2018.

Compensation components attributable in respect of the 2018 financial year	Amounts/weighting as a percentage of fixed compensation	Details
Fixed compensation	€625,000	Gross annual fixed compensation approved by the Board of Directors on March 20, 2018, on the recommendation of the Compensation Committee and corresponding to the amount attributable to Gilles Schnepp, in respect of his office as Chairman and Chief Executive Officer before the separation of the offices of Chairman and Chief Executive Officer. This amount of annual fixed compensation for the Chairman of the Board of Directors was determined by the Board of Directors, upon a proposal from the Compensation Committee, in accordance with the principles recalled in section 6.2.1.1 of this chapter, and in line with the responsibilities and duties assumed by the Chairman and related to the office, as provided by the law, the Articles of Association and the internal rules. The main elements taken into account in determining this compensation were (i) the key role of the Chairman of the Board of Directors in connection with all the responsibilities that fall upon the Board and its committees as well as the expertise and experience required to carry out these responsibilities and (ii) the analysis, through market studies, of practices relating to compensation paid to non-executive chairmen of CAC 40 companies.
Annual variable compensation	Not applicable	There are no plans to allocate any annual variable compensation. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation.
Long-term cash compensation	Not applicable	There are no plans to allocate any long term cash compensation. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share award plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	There are no plans to allocate any stock options. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share award plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance.
	Performance shares	There are no plans to allocate any performance shares. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance. Nevertheless, he could receive performance shares allocated before February 2018 under the 2015, 2016 and 2017 performance share plans provided that the performance criteria are met.
	Other allocation of securities: Not applicable	There are no plans to allocate securities. The Chairman of the Board of Directors is excluded from all variable compensation systems, including performance share plans or any other long-term compensation components existing in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Extraordinary compensation	Not applicable	There are no plans to allocate an extraordinary compensation.
Attendance fees	Not applicable	The Chairman of the Board of Directors does not receive attendance fees in respect of his office within the Company or its subsidiaries.
Valuation of all types of benefits	Not applicable	

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Compensation components submitted to the shareholders' approval in accordance with the procedure relating to related party agreements and undertakings

Compensation components to be submitted to the approval by the General Meeting in accordance with the procedure relating to related party agreements and undertakings	Amount	Details
Severance payment	Not applicable	There is no undertaking in this regard.
Non-compete compensation	Not applicable	There is no undertaking in this regard.
Supplementary pension plan	Not applicable	There is no undertaking in this regard.

Signing bonus in the event of appointment of a new Chairman of the Board of Directors during the 2018 financial year

There is no provision for any signing bonus intended to compensate loss of benefits in the event of appointment of a new Chairman of the Board of Directors in the course of the 2018 financial year.

The compensation policy applicable to the Chairman of the Board of Directors for the 2018 financial year, in respect of his office as from February 8, 2018, is detailed in section 6.2.1.2 of the Company's Registration Document.

Compensation policy applicable to the Chief Executive Officer for the 2018 financial year, in respect of his office as from February 8, 2018 (6th resolution)

In accordance with article L. 225-37-2 of the French Commercial Code, you are asked to approve the principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional components of overall compensation and any benefits attributable to the Chief Executive Officer in respect of the 2018 financial year, which constitute the compensation policy applicable to him.

The amounts that would result from the implementation of these principles and criteria will also be submitted to the vote of the next General Meeting convened in 2019 to consider financial statements for the 2018 financial year, it being specified that payment of variable and exceptional compensation components is conditional upon approval at the next General Meeting in 2019.

Consequently, in the sixth resolution, you are asked to approve the components listed below of the compensation policy applicable to the Chief Executive Officer for the 2018 financial year, in respect of his office from February 8, 2018.

Component	Strategic purpose	Operation	Amount salary/Weighting as % of fixed compensation
FIXED	**Compensate the scope and level of responsibilities**	Determined by the Board of Directors, fairly and competitively, upon a recommendation from the Compensation Committee, in consideration of: ■ the level of responsibility; ■ the experience; ■ the market practices of CAC 40 companies; ■ the potential changes of role and responsability.	€700,000
ANNUAL VARIABLE	**Encourage the achievement of the Company's financial and extra-financial annual targets**	The Board of Directors upon a recommendation from the Compensation Committee, according to strategic priorities, determines the following: ■ annual objectives to be achieved; ■ type and weighting of performance criteria; ■ proportion between quantifiable and qualitative portions. ***of which quantifiable (75%):*** *structured so as to incentivize the achievement of specific and ambitious performance criteria:* ■ *financial criteria (adjusted operating margin before acquisitions, organic growth, external growth);* ■ *extra-financial criteria (Legrand's inclusion in benchmark CSR indices).* ***of which qualitative (25%):*** *structured so as to take account of the year's initiatives deployed to support growth and risk management.*	Minimum value: 0% of fixed compensation Target value: 100% of fixed compensation Maximum value: 150% of fixed compensation
LONG-TERM	**Incentivize long-term financial and extra-financial performance** **Retain and develop loyalty in the long term**	The Board of Directors upon a recommendation from the Compensation Committee, determines the following: ■ objectives to be achieved ■ type and weighting of future performance criteria. Determined after application of a presence condition and 4 demanding performance criteria (each counting for a 1/4) measured over three years: ■ target for organic growth of revenues (3-year average of achievements); ■ target for adjusted operating margin before acquisitions (3 year average of performance); ■ rate of achievement of the Group's CSR roadmap (3-year average of achievements); ■ Legrand stock market performance as compared with the performance of the CAC 40 index (difference in performance measured over a 3-year period).	Minimum value: 0% Initially allocated value (target value): 200% of fixed compensation, converted into shares Minimum value: 150% of the number of shares initially allocated according to achievement of future performance criteria

Compensation policy for the Chief Executive Officer for the 2018 financial year in respect of his office as from February 8, 2018, submitted to the approval of shareholder's

The components of the compensation policy relating to the Chief Executive Officer are presented in the table below:

Compensation components attributable in respect of the 2018 financial year	Amounts/weighting as a percentage of fixed compensation	Details
Fixed compensation	€700,000	Gross annual fixed compensation set by the Board of Directors on March 20, 2018, on the recommendation of the Compensation Committee, after considering the levels of responsibility, profile and experience of the new Chief Executive Officer as well as market practices, which were identified by an independant consulting firm relating to compensation practices for similar functions in CAC 40 companies. As indicated on pages 190-191 of the Company's Registration Document, the annual fixed compensation of the Chief Executive Officer has been moderately revaluated compared to that which was intended in respect of 2017 compensation policy applicable to the Chairman and Chief Executive Officer, given the following components: ■ there had been no revaluation of the fixed compensation of Mr. Gilles Schnepp since 2011; ■ it was positioned below comparables; ■ the change in chief executive officer, his situation, profile and his experience required to set positioning of compensation at a consistent and reasonable level compared with the market in order to ensure that the retention objective was met satisfactorily. It is important to note that, even after the revaluation, the amount of the annual fixed compensation remains lower than the first decile of the CAC 40 in accordance with the external study carried out, which the Board of Directors considers to be reasonable.
Annual variable compensation	Minimum value: 0% of fixed compensation Target value: 100% Maximum value: 150% of fixed compensation	As indicated on page 191 of the Company's Registration Document, the Board of Directors dated March 20, 2018, on the recommendation of the Compensation Committee, has decided to increase the weight of the annual variable compensation in the total compensation of the Chief Executive Officer compared with the compensation planned under the 2017 policy. The target value is now set at 100% of the fixed compensation and the maximum value at 150% of this same fixed compensation depending on the level of achievement of the pre-established quantifiable and qualitative criteria set out below. The Board of Directors wished thereby to place the emphasis on annual variable compensation in order to incentivise financial and extra-financial performance. At its meeting on March 20, 2018, on the recommendation of the Compensation Committee, the Board of Directors also decided to maintain unchanged the nature and weighting of quantifiable and qualitative criteria of annual variable compensation that had been established for the 2017 financial year. The Board of Directors thus decided that the variable compensation paid to the Chief Executive Officer in respect of the 2018 financial year could vary between 0% and 150% of fixed annual compensation (with a target value set at 100% of fixed annual compensation) and would be determined as follows: ■ a quantifiable portion representing 3/4 of this annual fixed compensation: it could therefore vary from 0% to 112.5% of the annual fixed compensation (with a target value: set at 75%) and will be calculated on the basis of criteria relating to (i) the achievement of a certain level of 2018 adjusted operating margin before acquisitions, (ii) the 2018 organic growth in revenues, (iii) the 2018 revenues growth resulting from acquisitions (perimeter effect) and (iv) Legrand's inclusion in benchmark CSR indices; and ■ a qualitative portion representing 1/4 of this annual variable compensation: it could therefore vary from 0% to 37.5% of the annual fixed compensation (with a target value set at 25%) and will be calculated on the basis of criteria relating to (i) the revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies), (ii) the external growth policy (compliance with set priorities, emphasis on multiples paid, emphasis on any potential dilutive effects of acquisitions on the Group's performance, quality of the integration for acquisitions already made, and (iii) other general criteria, particularly risk management, social dialogue initiatives, professional equality and succession plans. These quantifiable and qualitative criteria, as well as the targets set, are described in detail in section 6.2.2.1 of the Company's 2017 Registration Document.
Deferred variable compensation	Not applicable	No allocation is planned in respect of 2018.
Long-term cash compensation	Not applicable	No allocation is planned in respect of 2018.

Compensation components attributable in respect of the 2018 financial year	Amounts/weighting as a percentage of fixed compensation	Details
Stock options, performance shares or any other long-term compensation component	Stock-options: Not applicable	No allocation is planned in respect of 2018.
	Performance shares: Minimum value: 0% Initially allocated value (target value): 200% Maximum value: 150% of the number of shares initially allocated according to achievement of future performance criteria	On the recommendation from the Compensation Committee, the Board of Directors on March 20, 2018 decided to set up a long-term compensation scheme for 2018 financial year in the form of a 2018 Performance Share Plan. The target value of this plan is set at 200% of the fixed compensation and will be converted into shares. The number of shares that will be definitively allocated will range between 0% and 150% of the number of shares initially allocated based on the level of achievement of four financial and non-financial criteria calculated as the three-year average and detailed on pages 192-194. It must be noted that the weighting of long-term compensation in the total compensation has been increased compared with 2017 to ensure that the compensation can meet its retention objective in a satisfactory manner and encourage the creation of long-term value. This plan is described (especially the new performance criteria applicable to the allocated shares and the calculation method for determining the number of shares ultimately vested) in section 6.2.1.3 of the Company's 2017 Registration Document, on pages 192-194. It must be specified that: ■ the first two performance criteria are aligned with the targets disclosed by the Company in February. These targets concern the annual organic growth of revenues and the adjusted operating margin before acquisitions. These indicators are central to Legrand's business model, based on profitable growth; ■ the third criterion is of an extra-financial nature, based on the achievement of the Group's commitments in terms of Corporate Social Responsibility in the framework of its CSR roadmap, which is central to Legrand's model and aims to ensure sustainable growth with respect to all stakeholders; ■ the last criterion is based on the Legrand stock market performance compared with that of the CAC 40 index, thus making it possible to relatively assess performance, on the understanding that in case it underperforms the CAC 40 index (as described on page 194), the principle of non-payment would apply to this criterion. The performance criteria proposed thus reflect the Company's model based on profitable and sustainable growth aligned with the interest of shareholders and are transparent. It is specified that the renewal of the authorization granted by the Combined General Meeting of May 27, 2016 in the thirteenth resolution to allocate free shares under the 2018 Performance Share Plan is submitted to the vote of the Combined General Meeting of May 30, 2018 (resolution 17). It should be noted that even after the revaluation of the amount of fixed compensation and the increase in the weight of the annual variable compensation and the long-term compensation in the total compensation, the target total compensation remains at a level lower than the first quartile of the CAC 40 in accordance with the external study carried out, which the Board of Directors has considered to be reasonable.
	Other allocation of securities: Not applicable	No allocation is planned in respect of 2018.
Extraordinary compensation	Not applicable	There are no plans to allocate an extraordinary compensation.
Attendance fees	Not applicable	The Chief Executive Officer does not receive attendance fees in respect of his office within the subsidiaries of the Company.
Valuation of all types of benefits	€5,409.96	A company car will be available to the Chief Executive Officer. The amount given here for information purposes only corresponds to the valuation done in 2017.

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Compensation components to be submitted to the shareholders' approval in accordance with the procedure relating to related party agreements and undertakings

Compensation components to be submitted to the approval by the General Meeting in accordance with the procedure relating to related party agreements and undertakings	Amounts	Details
Severance payment	Not applicable	There is no undertaking in this regard.
Non-compete compensation	1 year of the reference salary (annual fixed + variable) at the Company's sole initiative	Given the profile of the new executive officer and to protect the interests of the Company and its shareholders, the meeting of the Board of Directors held on March 20, 2018, on the recommendation of the Compensation Committee, authorized the setting up of an non-compete agreement between the Company and the Chief Executive Officer, whereby the Chief Executive Officer undertakes not to exercise any activity that will compete with that of Legrand for a one-year period starting from the date of termination of his functions. The Company's Board of Directors will decide, after the termination of the Chief Executive Officer's functions, whether or not to apply this non-compete clause and may unilaterally decide to waive the application of this clause. If it is implemented, the compliance with this undertaking by the Chief Executive Officer would result, for a one-year period after the termination of his functions as Chief Executive Officer, in the payment by the Company of a monthly compensation equal to the monthly average of the reference salary received during the last twelve months of presence in the company, it being specified that the reference salary includes the fixed salary and the annual variable salary and excludes sums received as long-term variable compensation, which will be an amount lower than the cap recommended by the Code of Corporate Governance. In accordance with the procedure relating to related party agreements and undertakings, this agreement has been authorized by the Board of Directors on March 20, 2018 and is submitted to the approval of the Combined General Meeting of May 30, 2018 (7th resolution).
Supplementary pension plan	€2,385	There is no commitment corresponding to a defined-benefit pension plan. The Chief Executive Officer also continues to benefit from the mandatory collective defined contributions pension plan that falls within the scope of supplementary article 83 of the French General Tax Code, applicable to the Group's French executives, to which he was affiliated before his appointment as Chief Executive Officer, under the same terms as the rest of the employees concerned. It is specified that all the Group's French executives benefit from the defined contributions pension plan (supplementary article 83 of the French General Tax Code). Contributions are based on the A, B and C Tranches of compensation as defined in for the calculation of contributions to the mandatory supplementary pension plans (ARRCO-AGIRC). The rights are constituted through the payment of annual contributions of 1.5% of A, B and C Tranches. The Company pays half of this amount (0.75%) and the beneficiaries pay the other half (0.75%). This amount stated is given for information purposes only for 2018. In accordance with the procedure relating to related party agreements and undertakings, this undertaking has been authorized by the Board of Directors on February 7, 2018 and is submitted to the approval of the Combined General Meeting of May 30, 2018 (8th resolution).
Pension and medical expenses plan	€6,465.84	The Chief Executive Officer benefits from the "medical expenses" supplementary health insurance coverage and the "pension plan: death, incapacity and invalidity", applicable to the Group's French executives, to the extent that he is assimilated to an executive regarding his social and tax status, under the same conditions as the rest of the employees of the category to which he is assimilated. The amount stated is given for information purposes only for 2018. In accordance with the procedure relating to related party agreements and undertakings, this commitment has been authorized by the Board of Directors on February 7, 2018 and is submitted for approval to the Combined General Meeting of May 30, 2018 (8th resolution).

Signing bonus in the event of appointment of a new Executive Officer in the course of 2018

There is no provision for any signing bonus intended to compensate loss of benefits in the event of appointment of a new executive officer in the course of the 2018 financial year.

Principles and criteria for determining the 2018 annual variable compensation attributable to the Chief Executive Officer

The calculation principles for annual variable compensation in respect of the 2018 financial year, including applicable criteria and their weighting as indicated in the table below, were determined by your Board of Directors on March 20, 2018, on a recommendation by the Compensation Committee.

As mentioned on page 189 of the Company's Registration Document, the compensation scheme applicable to the Chief Executive Officer has been modified, taking into consideration the change in his profile, in order to guarantee that the compensation can fulfill its retention role satisfactorily and encourage value creation. In relation to this, the Board of Directors has decided to increase the weight of annual variable compensation in total compensation, setting the target value at 100% of fixed compensation (compared to 80% in 2017) and the maximum value at 150% (compared to 120% in 2017).

Please note that your Board of Directors also decided, on a recommendation from the Compensation Committee, to maintain unchanged the nature and weighting of quantifiable and qualitative criteria of annual variable compensation that had been established for the 2017 financial year.

				Min	Target	Max
Quantifiable portion: 3/4 of annual variable i.e., 75% of fixed compensation (as a target)	Operating margin	2018 adjusted operating margin (at 2017 perimeter)	As a % of fixed compensation	0%	**40%**	60%
			Indicator value	20%	20.25%	20.5%
	Organic growth of revenues	2018 organic revenues growth	As a % of fixed compensation	0%	**15%**	22.5%
			Indicator value	1%	2.5%	4%
	External Growth	2018 revenues growth (including the effect of the acquisitions)	As a % of fixed compensation	0%	**10%**	15%
			Indicator value	0%	5%	10%
	Corporate Social Responsibility (CSR)	Legrand's inclusion in CSR benchmark indices	As a % of fixed compensation	0%	**10%**	15%
			Indicator value	7	12	14
	QUANTIFIABLE TOTAL			**0%**	**75%**	**112.5%**
Qualitative portion: 1/4 of annual variable i.e., 25% of fixed compensation (as a target)	Revenue growth	Evolution market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion in the new economies		0%	**10%**	15%
	External growth policy	Compliance with set priorities, emphasis on multiples paid, emphasis on any dilutive effects of acquisitions on the Group's performance, quality of the integration for acquisitions already made		0%	**10%**	15%
	General criteria	Risk management, initiatives and social dialogue, professional diversity and equality, succession plans		0%	**5%**	7.5%
	QUALITATIVE TOTAL			**0%**	**25%**	**37.5%**
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**

Principles and criteria for determining long-term variable compensation attributable to the Chief Executive Officer in respect of the 2018 financial year

In respect of the 2018 financial year, the Chief Executive Officer's long-term compensation consists of a performance share plan (the "**2018 Performance Share Plan**"), decided by the Board of Directors at its meeting on March 20, 2018 on the recommendation of the Compensation Committee. This initial allocation, which will be converted into shares when the Board of Directors meets on May 30, 2018 at the end of the 2018 General Meeting,corresponds to 200% of the target amount of fixed compensation.

As stated on page 189 of this Registration Document, the compensation scheme applicable to the Chief Executive Officer has been changed in order to set the compensation at a consistent and reasonable level given the change in his profile, and in order to guarantee that the compensation can fulfill its retention role satisfactorily and encourage long-term value creation. For these reasons, the Board of Directors has decided to increase the weight of the long-term variable compensation in the total compensation, setting the target value at 200% of fixed compensation (compared to 120% in 2017).

It must be recalled that, historically, long-term variable compensation depended in particular on the two following company performance criteria based on EBITDA, calculated as a percentage of revenues, and normalized free cash flow calculated as a percentage of sales. As stated on page 183 of the Company's 2016 Registration Document, a change in the accounting standard IFRS 16, which will take effect as from 2019, is going to change the measurement of these indicators. On this basis, the Board of Directors at its meeting of March 20, 2018, acting on a recommendation of the Compensation Committee, decided to change the performance criteria for the 2018 Performance Share Plan compared to the previous plan.

The number of performance shares ultimately vested to the Chief Executive Officer could vary in a range between 0% and 150% of the initial allocation according to the level of achievement of four financial and extra-financial criteria measured over a three year average, as outlined in detail in the section "Authorization to allocate performance shares (17th resolution)" below, as well as on pages 192-194 of the Company's Registration Document.

The compensation policy applicable to the Chief Executive Officer in respect of the 2018 financial year, is detailed in section 6.2.1.3 of the Company's Registration Document.

Approval of related party agreements and undertakings (7th and 8th resolutions)

The seventh and eighth resolutions concern related party agreements and undertakings within the meaning of article L. 225-42-1 of the French Commercial Code which were authorized in the course of the 2018 financial year, no new agreement or undertaking having been authorized during the 2017 financial year.

In accordance with the procedure applicable to related party agreements and undertakings provided in articles L. 225-38 *et seq.* of the French Commercial Code, these related party agreements and undertakings were subject to prior authorization from the Board of Directors and a special report by statutory auditors, and must be submitted to the General Meeting for approval.

The statutory auditors' special report included in section 7.4.2 of the Company's 2017 Registration Document and available on the Company's website, refers to and details the Company's related party agreements and undertakings.

Non-competition covenant (7th resolution)

Given the profile of the new executive officer and to protect the interests of the Company and its shareholders, the Board of Directors on March 20, 2018, on the recommendation of the Compensation Committee, authorized the setting up of a non-compete agreement between the Company and the Chief Executive Officer, whereby the Chief Executive Officer undertakes not to exercise any activity that would compete with that of Legrand for a one-year period starting from the date of termination of his functions.

The Company's Board of Directors will decide, after the termination of the Chief Executive Officer's functions, whether or not to apply this non-compete clause and may unilaterally decide to waive this clause.

If it is applied, compliance with this undertaking by the Chief Executive Officer would result in the payment by the Company, for a one-year period after the termination of his functions as Chief Executive Officer, of a monthly compensation equal to the monthly average of the reference salary received during the last twelve months of presence in the Company, it being specified that the reference salary includes the fixed salary and the annual variable salary and excludes sums received as long-term variable compensation. The amount paid will in any case be lower than the cap recommended by the Code of Corporate Governance.

In accordance with the procedure applicable to related-party agreements and undertakings provided in articles L. 225-38 *et seq.* of the French Commercial Code, you are asked, in the seventh resolution, to approve the non-competition undertaking and the related indemnity to be paid by the Company to Mr. Benoît Coquart, Chief Executive Officer.

Undertakings in relation to the mandatory collective defined contributions pension plan, the "medical expenses" mandatory supplementary health insurance coverage and the "pension plan: death, incapacity and invalidity" (8th resolution)

Prior to his appointment as Chief Executive Officer, Mr. Benoît Coquart, as an employee having over 21 years of experience in the Company, benefited from the mandatory collective defined contributions pension plan within the scope of supplementary article 83 of the French Tax Code, the "medical expenses" mandatory supplementary health insurance coverage and the "pension plan: death, incapacity and invalidity" applicable to the Group's French executives, under the same conditions as the other employees concerned.

The Board of Directors on February 7, 2018, having appointed Mr. Benoît Coquart as Chief Executive Officer with effect on February 8, 2018, decided to authorize Mr. Benoît Coquart to continue benefiting from these schemes to the extent that he would be assimilated, regarding his social and tax status, to an executive, under the same conditions as the rest of the employees of the category to which he is assimilated.

It is specified that all the Group's French executives qualify for the defined contributions pension plan (supplementary article 83 of the French General Tax Code). Contributions are based on the A, B and C Tranches of compensation as defined in for the calculation of contributions to the mandatory supplementary pension plans (ARRCO-AGIRC). The rights are constituted after the payment of annual contributions of 1.5% of A, B and C Tranches. The Company pays half of this amount (0.75%) and the beneficiaries pay the other half (0.75%).

For 2018, the Company's contribution for the Chief Executive Officer would represent an amount of €2,385. This amount is given for information purposes only for 2018 .

Regarding the "medical expenses" supplementary health insurance coverage and the "pension plan: death, incapacity and invalidity", the Company's contribution for Mr. Benoît Coquart in respect of 2018 would amount to €6,465.84, this amount being given for information purposes only for 2018.

In accordance with the procedure applicable to related party agreements and undertakings provided in articles L. 225-38 *et seq.* of the French Commercial Code, you are asked, in the eighth resolution, to approve the undertakings from the Company in favor of Mr. Benoît Coquart as from his appointment as Chief Executive Officer on February 8, 2018, in relation to the mandatory collective defined contribution pension plan, the "medical expenses" health insurance coverage and the "pension plan: death, incapacity and invalidity".

Shareholders are reminded that, pursuant to article L. 225-42-1 of the French Commercial Code, the benefit of non-competition undertakings and of the undertaking relating to the mandatory collective defined contributions pension plan, to the "medical expenses" health insurance coverage and the "pension plan: death, incapacity and invalidity" is not subject to any conditions tied to the beneficiary's performance.

Determination of attendance fees allocated to members of the Board of Directors (9th resolution)

By a decision of the Combined General Meeting of Shareholders on May 27, 2014 the amount of attendance fees to be allocated to Directors was set at €800,000. In the ninth resolution, you are asked to raise this overall amount to €900,000 as from the 2019 financial year.

This increase in the amount set four years ago is proposed so as to acknowledge:

- the possibility of appointing new directors in the future whose profile would contribute to promote diversity on the Board of Directors;
- additional meetings of the Board of Directors and its specialized committees: for example, in 2017, the Audit Committee held four additional meetings dedicated to regulatory, exceptional or topical issues as well as an additional meeting of the Strategy and Social Responsibility Committee dedicated to the acquisition of Milestone AV Technologies.

It should be noted that the proposed amount is an annual maximum sum which is not necessarily used in full, given that the amounts of attendance fees effectively paid take into account the composition of the Board and its Committees as well as Directors' absences.

It is recalled that the Chairman of the Board of Directors does not receive attendance fees and that attendance fees are therefore distributed among the other directors including the director representing employees.

If this resolution is approved, the maximum amount of attendance fees allocated to the Board of Directors pursuant to this resolution would be maintained until a new decision is made by the General Meeting of Shareholders.

Directors' mandates (resolutions 10 to 13)

Renewal of the mandates of Mr. Olivier Bazil and Mr. Gilles Schnepp (10th and 11th resolutions)

The Directors' mandates of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepp are expiring at the end of today's General Meeting. Mr. Olivier Bazil and Mr. Gilles Schnepp have expressed their desire to apply for renwewal of their terms of office.

Mr. François Grappotte, who has been a member of the Company's Board of Directors since 2002, has decided not to request renewal of his term of office.

Mr. Dongsheng Li, who has been a member of the Company's Board of Directors since 2012, has also declared his intention not to request renewal of his term of office, on account of the number of directorships he holds in other listed companies in China exceeding the number recommended by good governance practices.

The tenth and eleventh resolutions ask you, in line with the recommendation of the Nominating and Governance Committee, to renew the mandates of Mr. Olivier Bazil and Mr. Gilles Schnepp for a period of four years, ending at the date of the General Meeting of Shareholders called in 2022 to consider the financial statements for the financial year ending December 31, 2021.

Mr. Olivier Bazil and Mr. Gilles Schnepp have both been Directors of the Company since 2002 and each have at least 25 years of professional experience with the Legrand Group. They have also both held directorships or positions on the supervisory board of CAC 40 component stock companies other than Legrand. They thus provide the Board with their experience and their knowledge of the Group and its business. Mr. Olivier Bazil is also a member of the Strategy and Social Responsibility Committee and of the Nominating and Governance Committee. For his part, Mr. Gilles Schnepp was Chairman and Chief Executive Officer of Legrand from 2006 until February 7, 2018 and is a member of the Strategy and Social Responsibility Committee.

It is pointed out that the Board of Directors on February 7, 2018, in the context of seperation of the offices of Chairman of the Board of Directors and of Chief Executive Officers with effect from February 7, 2018, decided, as of this date, to reappoint Mr. Gilles Schnepp as Chairman of the Board of Directors.

A summary biography of Mr. Olivier Bazil and Mr. Gilles Schnepp is given below:

Mr. Olivier Bazil

Olivier Bazil is a graduate of the *École des Hautes Études Commerciales* (HEC) and holder of an MBA (Master of Business Administration) from Harvard Business School. He joined Legrand in 1973 as Deputy Company Secretary, in charge of financial communication and development of the Group's growth strategy. He became Chief Financial Officer of Legrand France in 1979, Deputy Chief Operating Officer in 1993, then held the position of Vice-Chairman and Chief Operating Officer from 2000 until the close of the General Meeting on May 26, 2011.

Olivier Bazil also holds the following positions: member of the Supervisory Board of Michelin and *la Société Civile du Château Palmer*, and he's Chairman of Fritz SAS.

Olivier Bazil is 71 years old and a French citizen.

He holds 2,009,085 Legrand shares.

Mr. Gilles Schnepp

Gilles Schnepp is a graduate of the *École des Hautes Études Commerciales* (HEC). His career began at Merrill Lynch France where he became Vice-President. He then joined Legrand in 1989 as Deputy Chief Financial Officer, becoming Legrand France Company Secretary in 1993, Chief Financial Officer in 1996, and Deputy Chief Operating Officer in 2000.

Gilles Schnepp has been a Director of the Company since 2002, and Chairman of the Board of Directors since 2006. He was Chairman and and Chief Executive Officer of the Company from 2006 until February 7, 2018. Gilles Schnepp has also been the Chairman of the French Federation of Electrical, Electronic and Communication Industries (FIEEC) since July 2013 and a member of the Board of Directors of Saint-Gobain since 2009.

Gilles Schnepp is 59 years old and a French citizen.

He holds 2,262,835 Legrand shares.

Appointments of Mr. Edward A. Gilhuly and Mr. Patrick Koller as Company Directors (12th and 13th resolutions)

The twelfth and thirteenth resolutions ask you to appoint as independent Directors, for a term of four years, ending at the date of the General Meeting of Shareholders called in 2022 to consider financial statements for the financial year ending December 31, 2021, in line with recommendations from the Nominating and Governance Committee, Mr. Edward A. Gilhuly, a US citizen, founding partner of Sageview Capital asset management fund, and Patrick Koller, of dual French & German citizenship, Chief Executive Officer of Faurecia group.

These proposed appointments are made after the decision of Mr. François Grappotte and Mr. Dongsheng Li not to request renewal of their terms of office as directors which will expire at the end of this General Meeting of Shareholders, as well as the decision of Mr. Thierry de La Tour d'Artaise, who has been an independent Director of Legrand since its return to the stock market in 2006, to relinquish his office as Director since he will no longer qualify as an independent Director in April 2018.

These proposed appointments are the result of a search conducted by an independent firm acting on a mandate from the Nominating and Governance Committee, based on the conclusions of the annual process of operational assessment of the Board and its specialized committees, during which the Directors expressed the wish to enhance the Board's membership by selecting candidates with the profile, respectively, of an executive manager of a listed company operating within the industrial sector, and of an American citizen, in view of the increasing share of the Group's operations in the United States, especially after recent acquisitions.

The Board of Directors verified that the candidates selected fulfilled these conditions and would have sufficient time to perform their duties.

Biographical details about Mr. Edward A. Gilhuly and Mr. Patrick Koller are given below:

Mr. Edward A. Gilhuly

Edward A. ("Ned") Gilhuly received a Bachelor of Arts *magna cum laude* in History and Economics from Duke University in 1982 and later an MBA from Stanford University where he was distinguished as Arjay Miller Scholar.

Since 2006, Edward A. Gilhuly is a founding partner of Sageview Capital, LP, an investment fund which manages over $1.5 billion's worth in assets and provides growth capital to small and medium sized businesses in the technology and commercial services sectors.

Before founding Sageview Capital, Edward A. Gilhuly worked at Kohlberg Kravis Roberts & Co (KKR) for 19 years. He joined KKR in 1986 in San Francisco and became an associate in 1995, before supervising all aspects of KKR's business in Europe from 1998 to 2004. He was also a member of KKR's investment committee from its creation in 2000 until his departure in 2005.

Before joining KKR, he worked in the mergers and acquisitions department of Merrill Lynch Capital Markets in New York.

Edward A. Gilhuly has been a member of the Board of Directors of more than 25 companies and is currently a Director of Avalara, Demandbase, Exaro Energy III, and MetricStream (non-listed companies).

He is a trustee of Duke University and has chaired the Board of Directors of Duke Management Company since 2014. He is also a trustee emeritus of the California Academy of Sciences.

Edward A. Gilhuly is 59 years old and an American citizen.

Mr. Patrick Koller

Patrick Koller is a graduate of Polytech Nancy (formerly *École Supérieure des Sciences and Technologies de l'Ingénieur de Nancy*) and of IFG (*Institut Français de Gestion*) and has been Chief Executive Officer of Faurecia Group since July 1, 2016. He first joined Faurecia Group in 2006 as Executive Vice-President of the Business Group Faurecia Automotive Seating (now entitled Faurecia Seating), a position he held until February 2, 2015. During this period, he held a variety of mandates in subsidiaries of Faurecia Group, including Faurecia (China) Holding Co., Ltd., Faurecia Components Pisek, S.r.o. (Czech Republic), Faurecia Automotive GmbH (Germany), and Faurecia NHK Co., Ltd. (Japan). On February 2, 2015, he was appointed Deputy Chief Executive Officer in charge of Operations, a position he held until June 30, 2016.

He has also held senior management positions in several other major industrial companies, at Rhodia as Managing Director of Polyamide Intermediates until 2003 then as Group Industrial and Purchasing Director until 2006, and previously at Valeo as Managing Director, Engine Cooling Europe Division.

Patrick Koller is 59 years old and holds dual French & German citizenship.

Having examined the individual situation of Mr. Edward A. Gilhuly and Mr. Patrick Koller with regard to criteria of independence, the Nominating and Governance Committee considers Mr. Edward A. Gilhuly and Mr. Patrick Koller as independent Directors; they also have no business relationship with Legrand.

The Nominating and Governance Committee and your Board are favourable to the renewal of directors' mandates and to the appointments proposed in resolutions 10 to 13. The Nominating and Governance Committee as well as your Board have considered directors' skills to be varied and complementary, with some directors having strategic skills suited to the general management of industrial groups, and others having fi nancial competencies or more specific expertise, including investor communications, talent management, marketing and corporate social responsibility, in combination with the participation on the Board of Directors of past and current representatives of Legrand's management ensures the Board enjoys a good level of knowledge of the Group and its functioning, constitute a major asset for the Company. They also point out that Board membership is regularly distinguished, especially in the context of the Corporate Governance Awards (*Grands Prix des Gouvernements d'Entreprise*) organised by AGEFI:

- on the occasion of the eleventh edition of the AGEFI Corporate Governance Awards, on September 24, 2014, Legrand was awarded the Silver Governance Award for Board of Directors Membership. This award reflected recognition of several characteristics of Legrand's Board, including the percentage of female members, the number of different nationalities among members, the provision of detailed information about Board members, the duration of their term of office, and their independence. On the same occasion, Legrand was also awarded the 2014 Corporate Governance Grand Prix and the Golden Governance Trophy for Dynamic Governance;
- on the occasion of the twelfth edition of the AGEFI Corporate Governance Awards, on September 16, 2015, Legrand once again won an award for Board membership.

Furthermore, in 2017 Legrand was ranked among the 10 companies of the CAC 40 top quartile with the best governance practices as part of the new "CAC 40 Governance" index launched by Euronext in partnership with Vigeo Eiris based on indicators in four areas including one relating to the Board of Directors (efficiency, balance of power, integration of social responsibility factors).

Subject to your approval of the appointments of Mr. Edward A. Gilhuly and Mr. Patrick Koller, and of the renewal of Mr. Olivier Bazil and Mr. Gilles Schnepp's mandates, as well as of the fifteenth resolution enabling the appointment of a Director representing employees according to the terms of designation described in the Company's amended Articles of association, the Board of Directors at the conclusion of the General Meeting on May 30, 2018 will thus comprise ten members (including one Director representing employees(1)), among which:

- **five female members**, a share of 56%(2), which exceeds the requirements of the French Commercial Code (40% as of 2017);
- **five different nationalities**, with one American director, one Italian director, one Spanish director, one director with dual French and German citizenship, and six French directors;
- **seven independent members**, a share of 78%, beyond the 50% minimum level recommended by the Code of Corporate Governance.

For information purposes, should you decide to vote in favour of the appointment and renewals put before you, the terms of office of each of the Company's nine Directors appointed by the Ordinary General Meeting pursuant to article L. 225-18 of the French Commercial Code would run as follows:

Director	2019	2020	2021	2022
Mr. Gilles Schnepp				X
Mr. Olivier Bazil				X
Ms. Isabelle Boccon-Gibod		X		
Ms. Christel Bories		X		
Ms. Angeles Garcia-Poveda		X		
Mr. Edward A. Gilhuly				X
Mr. Patrick Koller				X
Ms. Annalisa Loustau Elia			X	
Ms. Éliane Rouyer-Chevalier	X			
NUMBER OF RENEWALS PER YEAR	**1**	**3**	**1**	**4**

(1) The appointment of the Director representing employees on the Board of Directors of Legrand SA will take effect upon conclusion of the process of appointment by the Central Works Committee meeting in April 2018 and upon expiry of the term of office of the Director representing employees on the Board of Directors of Legrand France, a subsidiary of Legrand SA, i.e. at the end of June 2018.

(2) The Director representing employees who will take office on the Company's Board of Directors subject to approval by shareholders of the fifteenth resolution shall not be taken into consideration for purposes of calculating (i) the minimum ratio of directors of a given gender, in accordance with legal provisions, nor (ii) the ratio of independent directors on the Board of Directors, in accordance with the recommendations of the Afep-Medef Code of Corporate Governance.

Renewal of share buyback program (14th resolution)

This resolution asks that you grant your Board of Directors a new authorization to repurchase Company shares, with concomitant cancellation of the previous authorization, granted by the Combined General Meeting on May 31, 2017.

The goals of the buyback program would be:

- to ensure liquidity and active trading of Company shares;
- to (i) implement, in accordance with applicable legislation, (a) any and all plans relating to options to purchase new or existing shares, (b) any and all employee share-ownership transactions, (c) any and all free allocations of shares and share allotments for the purpose of profit-sharing, and (ii) undertake hedging transactions relating to these transactions;
- to hold and subsequently deliver shares by way of exchange or payment in connection with external growth operations;
- to grant shares upon the exercise of rights attached to securities providing access, either immediately or at some later date, to the Company's share capital;
- to cancel some or all of the shares so repurchased, provided that the resolution authorizing cancellation of shares repurchased under buyback programs is adopted, or
- to allow any other practice permitted or recognized by law or by the French Financial Markets Authority (*Autorité des Marchés Financiers*), or for any other purpose consistent with applicable regulations.

This resolution presents the same features as the one approved by the Combined Ordinary and Extraordinary General Meeting of May 31, 2017, except for the maximum purchase price per share which was previously set at €75.

The share buyback program is limited to 10% of the Company's share capital at the date of the General Meeting called for May 30, 2018, minus the number of shares resold under a liquidity contract during the term of the authorization.

In any event, at no time would this authorization raise the number of shares held directly or indirectly by the Company to more than 10% of the total number of shares making up the Company's share capital at that time.

The shares repurchased and held by the Company would have no voting rights and would not be entitled to dividends.

We propose that you set the maximum purchase price per share at €90 (excluding acquisition fees and adjustment events), in view of the upward trend in the Company's share price during the 2017 financial year, and limit the total amount appropriated for the share buyback program to €1 billion.

The authorization granted by this resolution would be valid for 18 months from the date of the General Meeting called for May 30, 2018. It could not be used during any period during which shares are made available through public offerings.

For reference, at December 31, 2017, the Board of Directors has used the previous authorization as follows:

- the total amount of buybacks implemented by the Company was €33.12 million;
- the Company held 45,128 shares with a par value of €4, for a total of €180,512, representing 0.02% of the Company's capital (of which 5,128 shares excluding liquidity contracts), purchased at a total cost of €238,047, to hedge its commitments towards beneficiaries of options or performance shares, and to an FCPE employee share-ownership fund under a profit-sharing program;
- the balance of the liquidity contract, entered into with Kepler Cheuvreux on May 29, 2007 and subsequently amended, stood at 40,000 shares.

II – RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Amendment to article 9 of Company Articles of Association so as to determine the terms of appointment of the Director or Directors representing employees pursuant to law No. 2015-994 of August 17, 2015 on social dialogue and employment (15th resolution)

You are requested to approve a draft amendment to the Company's Articles of Association pursuant to article L. 225-27-1 of the French Commercial Code, introduced by the Law of June 14, 2013 on the safeguarding of employment, as amended by Law No. 2015-994 of August 17, 2015 on social dialogue and employment ("Law Rebsamen").

As the Company did not meet all of the criteria of article L. 225-27-1 of the French Commercial Code as valid prior to Law Rebsamen, no Director representing employees sat on the Company's Board of Directors. However, pursuant article L. 225-27-1 of the French Commercial Code as valid prior to Law Rebsamen, a Director representing employees had been appointed to the Board of Directors of Legrand France, a subsidiary of the Company, by the Central Works Committee held on October 16, 2014, as this subsidiary met the criteria of said article.

The term of office of the Director representing employees on the Board of Directors of Legrand France expiring at the end of the Ordinary General Meeting of Shareholders of Legrand France called to consider financial statements for the financial year ending December 31, 2017, the Company (Legrand SA) will from that date fall within the scope of article L. 225-27-1 of the French Commercial Code in its current version which requires the presence on the Board of Directors of one or several Directors representing employees (the number of Directors representing employees being determined, in line with legal provisions, according to the size of the Board of Directors) in the case of companies employing, at the close of two consecutive financial years, at least 5,000 permanent employees in the company itself or one of its direct or indirect subsidiaries with its head office located on French territory, or at least 10,000 permanent employees in the company itself or one of its direct or indirect subsidiaries with its head office located on French territory or abroad.

Pursuant to article L. 225-27-1 of the French Commercial Code, the Directors representing employees are appointed not by the General Meeting of Shareholders. Rather, they are either elected by employees, or appointed by employee representative bodies. There shall be at least two Directors representing employees if the number of Directors appointed by the General Meeting of Shareholders is greater than twelve, and at least one Director representing employees if it is equal to twelve or fewer.

At the end of this General Meeting, the Company's Board of Directors will comprise 9 Directors appointed by the General Meeting of Shareholders. The Company's Board of Directors must therefore include at least one Director representing employees.

Law Rebsamen provides for the Extraordinary General Meeting of Shareholders to amend the Company's Articles of Association to determine the conditions under which Directors representing employees shall be appointed, according to one of the procedures outlined in article L. 225-27-1 of the French Commercial Code.

Consulted about the mode of designation of Directors representing employees, the Central Works Committee delivered its opinion on Thursday February 1, 2018, opting in favour of their appointment by the Central Works Committee.

Accordingly, your Board of Directors, wishing to implement the mode of designation best suited to the Company, having taken into consideration the labour relations scheme within which it operates, submits the following proposals for your approval:

- Directors representing employees to be appointed by the Central Works Committee;
- the term of office of Directors representing employees to be four (4) years;
- the number of Directors representing employees to be equal to one if the number of Directors appointed by the General Meeting of Shareholders does not exceed twelve, and equal to two if the number of Directors appointed by the General Meeting of Shareholders exceeds twelve;
- failure to appoint a Director representing employees in accordance with the law and this article, for whatever reason, would not affect the validity of the deliberations of your Board of Directors;
- as an exception to the rule applicable to Directors appointed by the General Meeting of Shareholders, Directors representing employees would not be subject to an obligation to hold a minimum number of shares;
- if the Company should come to no longer be subject to the obligation outlined in article L. 225-27-1 of the French Commercial Code, the term of the Director(s) representing employees would terminate at the close of the meeting during which the Board of Directors would have established that the Company no longer fell within the scope of this obligation;
- Directors representing employees would enjoy the same status, the same powers and the same responsibilities as Directors appointed by the General Meeting of Shareholders.

Subject to your approval of the above proposals, article 9 of the Company's Articles of Association will be amended accordingly.

Renewal of authorization to cancel shares repurchased under the share buyback programs (16th resolution)

Adoption of this resolution would enable the Company to reduce its share capital by cancelling some or all of the shares purchased under the share buyback programs authorized and implemented by the Company, thereby producing an accretive effect for shareholders.

In any 24-month period, these shares could be cancelled up to a limit of 10% of the Company's share capital at the date of the Combined Ordinary and Extraordinary General Meeting of May 30, 2018.

This resolution presents the same features as the one approved by the Combined Ordinary and Extraordinary General Meeting of May 31, 2017.

If approved, this authorization would invalidate all authorizations previously granted by the shareholders to the extent not used.

Authorization to allocate performance shares (17th resolution)

Legrand's business model is a value creating model that relies on two growth drivers: organic growth driven especially by innovation, and external growth from acquisitions of companies which are mainly local competitors with particularly fine market positions. These two development pillars obviously rely on a series of 'key people' comprising especially experts and managers.

Long-term incentive plans play a significant part in sustaining the Group's capacity to motivate and retain this human capital, in an international environment where the retention of high-performing staff has become a major competitive issue. Teams are thus focused on a shared objective in terms of growth and value creation.

The decision to allocate performance shares is made according to a rigorous selection process led by an ad-hoc committee with the aim of identifying the most high-performing and value-creating individuals in the the Group's subsidiaries, notably in areas such as R&D, sales & marketing, etc.

In this context, in order to pursue the policy of retention and motivation of Group employees, considered an essential ingredient of Legrand's business model as a source of value creation for shareholders, your Board of Directors is proposing renewing the authorization granted by the General Meeting on May 27, 2016 in its thirteenth resolution, for the purpose of enabling the allocation of performance shares.

Such authorization would allow your Board of Directors to proceed with free share allocations pursuant to articles L. 225-197-1 *et seq*. of the French Commercial Code, pursuant to the following conditions:

Beneficiaries

The beneficiaries of such allocations would be employees and/or company officers of the Company or companies related to it (as defined under article L. 225-197-2 of the French Commercial Code) or certain of these employees and/or company officers.

The total number of performance shares allocated to the Company's officers could not represent more than 10% of the total allocations made on the basis of this authorization.

Type of shares allocated

The allocations would consist of existing or newly issued shares of Company stock.

Limit

The shares allocated under this authorization could not represent more than 1.5% of the Company's share capital at the date the Board of Directors decides to allocate them (excluding adjustments).

Vesting and holding periods

The term of the vesting period and of any holding period, if applicable, would be set by your Board of Directors.

For the executive officer and members of the Executive Committee, the Board of Directors envisages a three year vesting period and a (additional) two year holding period; for other beneficiaries, the vesting period would be four years, with no holding period.

In the event of disability of the beneficiary corresponding to the second or the third category referred to in article L. 341-4 of the French Social Security Code (*Code de la Sécurité Sociale*), the shares would be definitively vested before the expiry of the vesting period.

Presence condition

Shares allocated would only be vested on the condition that the beneficiary is actually present within the Group at the time the vesting period expires.

Specific rules applicable to the executive officer

Holding obligation

Pursuant to article L. 225-197-1 II of the French Commercial Code, as specified by the Afep-Medef Code of Corporate Governance, the executive officer should retain in registered form a percentage of the shares allocated to be determined by the Board of Directors, until the termination of his duties.

It is therefore envisaged by the Board of Directors that the executive officer should be subject to an obligation of holding until the term of his mandate at least 30% of all the performance shares acquired in the framework of performance share plans.

Outcome of performance shares in the event of the departure before the end of the vesting period

The following rules would be applicable to the executive officer:

- in the event of resignation of the executive officer during the vesting period, the shares initially allocated by the Board of Directors will not be vested;
- in the event of dismissal, non-renewal of mandate, or retirement of the executive officer during the vesting period, only part of the shares would be definitively vested, subject to performance criteria on the expiry date of the vesting period, calculated on a prorated basis of his presence in the Company during the vesting period;
- in the event of the executive officer's death during the vesting period, the latter's heirs may request that ownership of all of the shares initially allocated by the Board of Directors to the executive officer be transferred to them as provided by law, without awaiting until the end of the vesting period;
- in the event of the executive officer becomes permanently disabled within the meaning of French law or of the law of the latter's country of residence, according to the provisions of French law, he or she may request that ownership of all of the shares initially allocated to him by the Board of Directors be transferred to him without awaiting the end of the vesting period.

Performance criteria

The number of shares finally acquired by beneficiaries would be determined at the end of a three-year period, by application of demanding performance criteria for all beneficiaries.

The Board of Directors envisages setting up three performance criteria along with the allocation of free shares under the plans as from the implementation of this authorization for all beneficiaries (except the executive officer and members of the Executive Committee). For the executive officer and members of the Executive Committee, the Board of Directors envisages setting up four performance criteria, i.e., one additional criterion, so as to reinforce the demanding nature of the long-term incentive plans attributable to them.

For all beneficiaries, the first two criteria would be based on the targets disclosed by the Company in terms of organic growth and adjusted operating margin before acquisitions so as to align the targets to be achieved by beneficiaries with market expectations.

Performance criteria applicable to the executive officer and members of the Executive Committee

It should be noted that:

- the first two performance criteria are aligned with the targets disclosed by the Company in February. These targets concern the annual organic growth of revenues and the adjusted operating margin before acquisitions. These indicators are central to Legrand's business model, based on profitable growth;
- the third criterion would be of an extra-financial nature, based on the achievement of the Group's commitments in terms of Corporate Social Responsibility in the framework of its CSR roadmap, the latter being central to Legrand's development model, seeking to ensure sustainable growth with respect to all stakeholders;
- the last criterion would be based on the performance of the Legrand stock price as compared with that of the CAC 40 index, thus making it possible to relatively assess performance, on the understanding that in case it underperforms the CAC 40 index (as described in point 4 below) the principle of non-payment would apply to this criterion.

The proposed performance criteria thus reflect the Company's model based on profitable and sustainable growth aligned with the interest of shareholders and are transparent.

Performance criterion	Description of target-setting criteria and method	Weighting
Target of organic growth of revenues	Target: 3-year average of the upper and lower ranges of the annual target concerned. Comparison of the target with the average of achievements over three years.	1/4
Target of adjusted operating margin before acquisitions	Target: 3-year average of the upper and lower ranges of the annual target concerned. Comparison of the target with the average of achievements over three years.	1/4
Annual rates of achievements of the Group's CSR roadmap	Target: arithmetic average over 3 years of the annual rates of achievement of the Group's CSR roadmap.	1/4
Legrand stock market performance compared with the performance of the CAC 40 index	Difference in performance between the Legrand stock market price and that of the CAC 40 index over a 3-year period.	1/4

It is thus envisaged that the performance criteria be mesured over a three-year period and that the number of performance shares finally allocated to the executive officer and members of the Executive Committee be calculated according to the following method:

1) Criterion of organic growth of revenues:

Pay-out rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of the achievements of 2018, 2019 and 2020	Lower than (LR(2) – 2 points)	Between (LR(2) – 2 points) and LR(2)	**Equal to LR(2)**	Between LR(2) and UR(3)	**Equal to UR(3)**	Between UR(3) and (UR(3) + 2 points)	Higher than (UR(3) + 2 points)

Illustration of the determination of the 3-year target based on the 2018 allocation plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2018	Equal to 1.0%	Equal to 4.0%
Year 2: 2019	Disclosed to the market in February 2019	Disclosed to the market in February 2019
Year 3: 2020	Disclosed to the market in February 2020	Disclosed to the market in February 2020
3-year target: Average of annual targets	**LR(2)**	**UR(3)**

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) LR corresponding to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponding to the 3-year average of the upper ranges of the annual target disclosed to the market.

2) Criterion of adjusted operating margin before acquisitions:

Pay-out rate[(1)]	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of the achievements of 2018, 2019 and 2020	Lower than (LR[(2)] – 50 bps)	Between (LR[(2)] – 50 bps) and LR	**Equal to LR[(2)]**	Between LR[(2)] and UR[(3)]	**Equal to UR[(3)]**	Between UR[(3)] and (UR[(3)] + 50 bps)	Higher than (UR[(3)] + 50 bps)

Illustration of the determination of the 3-year target based on the 2018 allocation plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2018	Equal to 20.0%	Equal to 20.5%
Year 2: 2019	Disclosed to the market in February 2019	Disclosed to the market in February 2019
Year 3: 2020	Disclosed to the market in February 2020	Disclosed to the market in February 2020
3-year target: Average of annual targets	**LR[(2)]**	**UR[(3)]**

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) LR corresponding to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponding to the 3-year average of the upper ranges of the annual target disclosed to the market.

3) Annual rate of achievement of the Group's CSR roadmap:

Pay-out rate[(1)]	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	150%
Arithmetic average over a 3-year period of the CSR roadmap annual achievement rates	Lower than 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Over 200%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

4) Legrand stock market performance:

Pay-out rate[(1)]	0%	30%	Between 30% and 150%	150%
Difference in performance between the Legrand stock market price and that of the CAC 40 index[(2)]	Lower than 0 point	Equal to 0 point	Between 0 point and 15 points	Higher than 15 points

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) For the 2018 allocation plan, the 3-year performance will be measured on the 2018-2020 period with the following calculation method:

- *Legrand stock market performance: comparison of the average daily closing prices of the second half of the third year of the plan (second half of 2020) with the average daily closing market prices of the second half of the year preceding the first year of the plan (second half 2017), or €61.30;*
- *performance of the CAC 40 index: comparison of the average CAC 40 daily closing indices of the second half of the third year of the plan (second half 2020) with the average CAC 40 closing indices of the index of the second half of the year preceding the first year of the plan (second half of 2017), i.e. 5275.8 points.*

The difference between these two performances will be measured by the points gap between the percentage of variation of the Legrand share price and the percentage of variation of the CAC 40 index.

Performance criteria applicable to beneficiaries other than the executive officer and members of the Executive Committee

For other beneficiaries, the Board of Directors envisages setting up three performance criteria along with the allocations of free shares under the plans as from the implementation of this authorization.

It should be noted that:

- the first two performance criteria would be aligned with the Company's targets disclosed in terms of organic growth in revenues and adjusted operating margin before acquisitions, two indicators central to Legrand's development model based on profitable growth;
- the third criterion would be of an extra-financial nature and similar to the extra-financial criterion serving as a performance condition under the previous plans, based on the achievement of the Group's commitments in terms of Corporate Social Responsibility in the framework of its CSR roadmap, the latter being central to Legrand's development model, seeking to ensure sustainable growth with respect for all stakeholders.

Performance criterion	Description of criteria and method of setting targets	Weighting
Target for organic growth of revenues	The target to be reached for this criterion, set annually, corresponds to the lower and upper ranges of the relevant annual target. The annual rate of achievement is measured in relation to the annual target. The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual rates of achievement.	1/3
Target for adjusted operating margin before acquisitions	The target to be reached for this criterion, set annually, corresponds to the lower and upper ranges of the relevant annual target. The annual rate of achievement is measured in relation to the annual target. The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual rates of achievement.	1/3
Annual rates of achievement of the Group's CSR roadmap	The annual rate of achievement corresponds to the rate of achievement of the CSR annual roadmap. The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual rates of attainment.	1/3

It is thus envisaged that the performance criteria be mesured over a three-year period and that the number of performance shares finally allocated to other beneficiaries be calculated according to the following method:

1) Criterion of organic growth of revenues

Annual rate of achievement(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
Comparison of the annual achievement with the annual target	Below (LR(2) - 2 points)	Between (LR(2) - 2 points) and LR(2)	**Equal to LR(2)**	Between LR(2) et UR(3)	**Equal to UR(3)**	Between UR(3) and (UR(3) + 2 points)	Above (UR(3) + 2 points)
Illustration of the determination of annual achievement rates based on the 2018 allocation plan							
Year 1: 2018	Below -1.0%	Between -1.0% and 1.0%	**Equal to 1.0%**	Between 1.0% and 4.0%	**Equal to 4.0%**	Between 4.0% and 6.0%	Above 6.0%
Year 2: 2019	**To be defined based on the 2019 targets which will be disclosed to the market**						
Year 3: 2020	**To be defined based on the 2020 targets which will be disclosed to the market**						

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) LR corresponds to the lower range of the target concerned.

(3) UR corresponds to the upper range of the target concerned.

The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual achievement rates.

2) Criterion of adjusted operating margin before acquisitions

Annual rate of achievement(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
Comparison of the annual achievement with the annual target	Below (LR(2) - 50 bps)	Between (LR(2) - 50 bps) and LR	**Equal to LR(2)**	Between LR(2) and UR(3)	**Equal to UR(3)**	Between UR(3) and (UR(3) + 50 bps)	Above (UR(3) + 50 bps)
Illustration of the determination of annual achievement rates based on the 2018 allocation plan							
Year 1: 2018	Below 19.5%	Between 19.5% and 20.0%	**Equal to 20.0%**	Between 20.0% and 20.5%	**Equal to 20.5%**	Between 20.5% and 21.0%	Above 21.0%
Year 2: 2019	**To be defined based on the 2019 targets which will be disclosed to the market**						
Year 3: 2020	**To be defined based on the 2020 targets which will be disclosed to the market**						

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

(2) LR corresponds to the lower range of the target concerned.

(3) UR corresponds to the upper range of the target concerned.

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The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual achievement rates.

3) Target for annual achievements of the Group's roadmap objectives

Annual rate of achievement[(1)]	0%	Between 70% and 100%	Between 100% and 105%	Between 105% and 150%	150%
Annual rates of achievement of the Group's CSR roadmap	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%

(1) Linear calculation of pay-out rate for any result between the limits indicated above.

The final pay-out rate for this criterion corresponds to the arithmetic average over a three-year period of the annual achievement rates.

Overall, with the application of these performance criteria, the ultimate number of shares definitely vested could thus vary between 0% and 150% of the initial number.

No hedging instrument for shares allocated in the framework of this authorization would be put in place by the Company.

The Board of Directors would be authorized, as appropriate, to make adjustments during the vesting period to the number of free shares allocated, in light of potential operations affecting the Company share capital, so as to protect the rights of beneficiaries.

In the event of allocation of shares to be issued, this authorization would also entail, at the end of the vesting period, a capital increase by incorporation of reserves, profits or issue premiums to the benefit of beneficiaries of said shares, and the corresponding waiver by shareholders to the benefit of beneficiaries of their preferred subscription rights and the portion of the reserves, profits or issue premiums thus incorporated, the corresponding capital increase being definitely completed as a result of the definitive vesting of shares to beneficiaries.

This authorization would be valid for a period of 38 months from the date of the General Meeting convened on May 30, 2018. If approved, such authorization would supersede, for the unused portion, the similar authorization granted by the Combined General Meeting on May 27, 2016.

Please note that the Company implemented the previous authorization granted by the Combined General Meeting on May 27, 2016. Indeed, the Board of Directors authorized on May 27, 2016 the allocation of a target number of shares of 498,129 in total, *i.e.* 0.19% of share capital on May 27, 2016, the allocation to the company officer representing 5.04% of the overall allocation, and on May 31, 2017 authorized the allocation of a target number of shares of 483,283 in total, *i.e.* 0.18% of share capital on May 31, 2017, the allocation to the company officer representing 2.53% of the overall allocation.

Renewal of financial authorizations (resolutions 18 to 25)

Resolutions 18 to 25 cover the delegations of financial powers granted to your Board of Directors. The purpose of these resolutions is to renew certain authorizations established and approved by the General Meeting of May 27, 2016, which are now expiring, and to enable the Board of Directors to manage the Company's finances, in particular by authorizing it to issue securities under certain circumstances and under certain conditions, depending on market opportunities and the Group's funding requirements.

Each resolution presented to you corresponds to a specific purpose for which your Board of Directors would be authorized to issue securities, with or without preferred subscription rights, depending on each case.

By voting these resolutions, you would give your Board of Directors a certain degree of flexibility by removing the requirement to call a General Meeting for each proposed issue of securities complying with the maximum limits strictly defined for each authorization and summarized in the table below (beyond said maximum limits, your Board of Directors would again need to request your authorization). As a result, the Board of Directors would adapt the type of securities and the investor profile more rapidly in response to market opportunities, allowing the Company to obtain the right funding as quickly as possible, meeting both its own needs and market requirements.

Overview of limits on financial authorizations submitted for approval to the General Meeting on May 30, 2018

Nature of authorization	Resolution	Limit	Overall limit (25th resolution)	Preferred subscription rights maintained? (Yes / No)	Duration	Expiry date
Issue of shares or complex securities with preferred subscription rights	18th resolution	Nominal amount of capital increases liable to be effected immediately and/or in the future: €200 million, i.e. around 18.74% of share capital Debt securities: €2 billion	Nominal amount of capital increases liable to be effected: €200 million, i.e. around 18.74% of share capital Nominal amount of debt securities (including bonds) liable to be issued: €2 billion	Yes	26 months	July 30, 2020
Issue of shares or complex securities through public offering without preferred subscription rights	19th resolution	Nominal amount of capital increases liable to be effected immediately and/or in the future: €100 million, i.e. around 9.37% of share capital Nominal amount of debt securities liable to be issued: €1 billion		No	26 months	July 30, 2020
Issue of shares or complex securities through private placement without preferred subscription rights	20th resolution			No	26 months	July 30, 2020
Increase in the amount of issues made pursuant to resolutions 18, 19 and/or 20 in the event of excess demand	21st resolution	15% of initial issue		Depends on the issue affected by over-allocation	26 months	July 30, 2020
Capital increase in favour of participants in employee share-ownership program of the Company or Group	23rd resolution	€25 million To be counted towards the €100 million limit set in resolutions 19 and 20		No	26 months	July 30, 2020
Issue of shares to provide consideration for in-kind contributions to the Company	24th resolution	Nominal amount of capital increases liable to be effected immediately and/or in the future: 5% of share capital (i.e. around €53.36 million) To be counted towards the €100 million limit set in resolutions 19 and 20 Nominal amount of debt securities liable to be issued: €1 billion To be counted towards the €1 billion limit set in resolutions 19 and 20		No	26 months	July 30, 2020
Renewal of the share buyback program	14th resolution	10% of share capital (i.e. around €106.72 million)			18 months	Nov 30, 2019
Reduction in capital stock by cancellation of shares	16th resolution	10% of share capital per 24-month period			18 months	Nov 30, 2019
Capital increase through incorporation of reserves, profits, premiums or other items	22nd resolution	€100 million			26 months	July 30, 2020

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Features of the financial resolutions submitted to the General Meeting of Shareholders on May 30, 2018 compared to the financial resolutions approved by the General Meeting of Shareholders on May 27, 2016

As far as applicable limits are concerned, the resolutions submitted to your approval present the same features as those approved by the Combined Ordinary and Extraordinary General Meeting on May 27, 2016.

Information on preferred subscription rights

Any capital increase in cash would theoretically involve offering you preferred subscription rights to the new shares entitling you to subscribe, for a defined period, a certain number of shares in proportion to your existing shareholdings. This preferred subscription right may be detached from the shares and can be traded throughout the subscription period.

Please note that approval of some of these resolutions would result in capital increases without preferred subscription rights, for the following reasons:

- depending on market conditions, it may be necessary to eliminate your preferred subscription rights in order to issue securities as successfully as possible. This may be the case, for example, if the success of the issue depends on the Company's ability to act quickly, if the Company is selling securities to investors outside France, or responding to an exchange offer. In some instances, eliminating your preferred subscription rights might thus allow the Company to raise the capital it requires for investments more quickly, by offering the newly issued securities on more favourable issuance terms (for example, by gaining faster access to qualified investors as defined by applicable regulations);
- in addition, your vote in favour of certain resolutions constitutes, as provided by law, an express waiver of your preferred subscription right in favour of the beneficiaries of the issues or allocations concerned (notably in the event of a capital increase restricted to participants in a share ownership savings plan);

Under these conditions, we therefore propose that you grant your Board of Directors the following powers, it being specified that, if it should make use of them, your Board of Directors would, as required by applicable regulations, draw up an additional report describing the final conditions of the issue decided upon. This report, together with Statutory Auditors' reports, would then be made available to you at the head office and subsequently presented to you at the next General Meeting.

Delegation of powers granted to the Board of Directors for the purpose of issuing shares or complex securities, with preferred subscription rights (18th resolution)

Using this authorization could enable your Board of Directors to strengthen the Company's equity and financial structure and/or to contribute to funding a capital expenditure program.

Shareholders exercising their preferred subscription rights would experience no dilution, while those not exercising their preferred subscription rights could opt to trade them.

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights maintained;**
- **applicable limits:**
  - nominal amount of capital increases liable to be effected immediately and/or in the future: €200 million, *i.e.* to date around 18.74% of share capital,
  - nominal amount of bonds and other debt securities liable to be issued: €2 billion,
  - the authorization would also be counted towards the overall limits provided for in the twenty-fifth resolution of (i) €200 million for nominal amount of capital increases by way of issuance of shares or securities and (ii) €2 billion for the total nominal amount of debt securities (including bonds) issued;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the fourteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of issuing, by public offering, shares or complex securities, without preferred subscription rights (19th resolution)

If accepted, this delegation of powers would enable the Company to access additional sources of funding by calling upon investors or Company shareholders; such a diversification in sources of funding could prove useful to the Company.

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights waived;**
- **applicable limits**: the limits hereafter comply with the recommendations of the majority of proxy advisors, and may not give rise to capital increases greater than 10% of the amount of the Company's capital at the date of the General Meeting:
  - €100 million for the total nominal amount of capital increases liable to be effected immediately and/or in the future. This amount would also be counted towards the nominal limit set in the twentieth resolution and towards the €200 million overall limit set in the twenty-fifth resolution,

- €1 billion for the total nominal amount of debt securities (including bonds) issued. This amount would also be counted towards the nominal limit set in the twentieth resolution and towards the €2 billion overall limit set in the twenty-fifth resolution;

- **price:**
  - for shares: the issue price of ordinary shares would be at least equal to the minimum amount provided for by the laws and regulations applicable on the day of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements),
  - for securities: the issue price and the number of new shares to which each such security may give rise will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous paragraph;
- **priority entitlement**: your Board of Directors could decide to grant you a priority subscription entitlement on part or all of the issue; contrary to the preferred subscription right, this priority subscription entitlement may not be traded;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the fifteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of issuing, by means of an offer within the scope of article L. 411-2 II of the French Monetary and Financial Code (*Code monétaire and financier*) (private placement), shares or complex securities, without preferred subscription rights (20th resolution)

If accepted, this delegation of powers would enable the Company to avail of a funding method faster than a capital increase by public offering, and would open up simpler access to qualified investors.

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights waived;**
- **applicable limits**: the limits hereafter comply with the recommendations of the majority of proxy advisors, and may not give rise to capital increases greater than 10% of the amount of the Company's capital at the date of the General Meeting:
  - €100 million for the total nominal amount of capital increases liable to be effected immediately and/or in the future. This amount would also be counted towards the nominal limit set in the nineteenth resolution and towards the overall limit of €200 million set in the twenty-fifth resolution,
  - €1 billion for the total nominal amount of debt securities (including bonds) issued. This amount would also be counted towards the nominal limit set in the nineteenth resolution and towards the overall limit of €2 billion set in the twenty-fifth resolution,
  - in any event, as provided for by applicable regulations, the total amount of capital increases which may be effected pursuant to this delegation of powers could not annually exceed 20% of the Company's capital stock on the date of issue (this legal limit being calculated at the time of drafting this report and given for information purposes only);
- **price:**
  - for shares: the issue price of shares would be at least equal to the minimum amount provided for by the laws and regulations applicable on the day of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements),
  - for securities: the issue price and the number of new shares to which each such security may give rise will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous paragraph;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the sixteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of increasing the amount of issues made with or without preferred subscription rights in the event of excess demand (21st resolution)

By enabling an increase in the amount initially envisaged for the operation, this scheme would help to avoid reducing souscriptions in the event of strong demand.

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The authorization you are being asked to grant is characterized as follows:

- **limit**: determined by applicable regulations (currently 15% of first issue);
- **deadline**: determined by applicable regulations (currently within 30 days of closure of subscription);
- **applicable limits**: the applicable limits are those set by the resolution pursuant to which the first issue was made;
- **price**: same as that chosen for the first issue;
- **preferred subscription rights**: waived or maintained according to the issue affected by excess demand;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the seventeenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of increasing share capital through incorporation of reserves, profits, premiums or other items which may be capitalized under applicable regulations (22nd resolution)

Such an operation would not affect shareholder rights as, under these conditions, the increase in Company share capital would be effected not through additional funding but simply by direct transfer to the 'equity' account. Such an operation would involve either the issue of new shares allocated to all shareholders on the day of the decision to incorporate, or an increase in the par value of existing shares.

The authorization you are being asked to grant is characterized as follows:

- **applicable limit**: €100 million. This limit would be independent of any other limit relative to the issue of shares or other securities which might be authorized or delegated by the General Meeting on May 30, 2018;
- **means used:**
  - allocation of free shares,
  - increase in the par value of existing shares, or
  - any combination of these two;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the eighteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of issuing shares or complex securities in favour of participants in employee share-ownership program of the Company or Group, without preferred subscription rights (23rd resolution)

If approved, the previous resolutions would grant the Board of Directors delegations of powers which would entail the correlative legal obligation to present you with a draft resolution enabling a capital increase specifically in favour of employees.

You are therefore asked to delegate to your Board of Directors the power to issue shares and/or complex securities, with waiver of shareholders' preferred subscription rights, in favour of employees and former employees of the Company and of the French or foreign companies connected to the Company within the meaning of article L. 3344-1 of the French Labour Code, insofar as these employees and former employees participate in an employee share-ownership program of the Company or of the Group (or in any other plan whose participants may, pursuant to articles L. 3332-1 *et seq.* of the French Labour Code or any analogous law or regulation, enjoy the restrictive benefit of a capital increase under equivalent conditions).

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights waived** to the benefit of participants in Company employee share-ownership program;
- **applicable limits**:
  - €25 million,
  - the authorization would be counted towards the €100 million nominal limit set in the nineteenth and twentieth resolutions and the €200 million overall limit set in the twenty-fifth resolution;
- **price**: the issue price of the new shares would be equal to the average market price for Company shares over the twenty trading days preceding the date on which the opening date for subscription is decided on, less a discount up to the maximum allowed by law at the date of the Board of Directors' decision, it being understood that the Board of Directors might reduce this discount if it deemed it appropriate.

In the scope of this delegation of powers, the Board of Directors would be able to allocate free shares or other securities giving access to the Company's share capital, in substitution for any discount and/or Company contribution, within the limits provided for in article L. 3332-21 of the French Labour Code;

- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the nineteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used, it being specified that no use was made of the latter authorization.

Delegation of powers granted to the Board of Directors for the purpose of issuing shares or complex securities providing access to share capital as consideration for contributions in-kind to the Company, without preferred subscription rights to the benefit of holders of shares or securities provided as said contributions in-kind (24th resolution)

This resolution asks you to delegate to your Board of Directors all necessary powers to issue ordinary shares and complex securities, for the purpose of providing consideration for in-kind contributions to the Company in the form of shares or other securities providing access to share capital.

This delegation would enable the conclusion of external growth transactions in France and elsewhere, as well as the buyback of minority interests in the Group, without impacting the Company's cash flow.

The authorization you are being asked to grant is characterized as follows:

- **preferred subscription rights waived** to the benefit of holders of shares or securities that are the subject of contributions in-kind;
- **applicable limits**:
  - 5% of share capital at the time of issue, for the nominal amount of capital increases liable to be effected immediately and/or in the future. This amount would also be counted towards the €100 million nominal limit set in the nineteenth and twentieth resolutions and the €200 million overall limit set in the twenty-fifth resolution,
  - €1 billion for the total nominal amount of securities issued under this resolution. This amount would also be counted towards the €1 billion nominal limit set in the nineteenth and twentieth resolutions and the €2 billion overall limit for debt securities set in the twenty-fifth resolution;
- **suspension of the authorization during periods of public offerings aimed at Company shares;**
- **duration of authorization**: 26 months.

This delegation of powers replaces, from this day, the delegation of powers provided for in the twentieth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not already used, it being specified that the latter authorization was not used.

Please note that a complete overview of currently applicable delegations and authorizations granted to the Board of Directors by the General Meeting as well as their use during the financial year can be found in section 9.2.1.1 of the Company's Registration Document.

Powers to effect formalities (26th resolution)

This resolution is customary and would allow your Board of Directors to proceed with all legally required filings, formalities and publications after the General Meeting of Shareholders called for May 30, 2018.

Executed on March 20, 2018, by the Board of Directors

Resolutions for the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 30, 2018

I. RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

First Resolution (Approval of the Company's financial statements for 2017)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the Company in the 2017 financial year, and of the auditors' report on the annual financial statements, shareholders approve the Company's financial statements for the financial year ended December 31, 2017 as presented, which show a net profit of €247,048,335.96, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Moreover, in accordance with the provisions of article 223 (iv) of the French general tax code (*Code général des impôts*), shareholders approve the total amount of expenses and charges referred to in article 39-4 of the French General Tax Code, amounting to €32,447 in respect of the 2017 financial year, and the tax incurred in respect of said expenses and charges, amounting to €11,172.

Second Resolution (Approval of the consolidated financial statements for 2017)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the Group together with the auditors' report on the consolidated financial statements, shareholders approve the Company's consolidated financial statements for the financial year ended December 31, 2017 as presented, which show a net profit excluding minority interests of €711.2 million, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Third Resolution (Appropriation of earnings and determination of dividend)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' and auditors' reports on the annual financial statements, shareholders:

1. observe that the net book profit for the financial year ended December 31, 2017 amounts to €247,048,335.96;
2. observe, in the absence of any retained earnings, that distributable income in respect of the 2017 financial year is equal to the amount of profit for the same financial year, i.e. €247,048,335.96;
3. resolve to allocate to "other reserves" the share of the legal reserve exceeding company share capital by 10%, i.e. €208,649.20;
4. resolve to reduce the amount of reserves unavailable for treasury shares by €674,840.26 in order to adjust it downwards to €2,714,151.67;
5. resolve to appropriate to "other reserves" the sum thus deducted from unavailable reserves for treasury shares, i.e. €674,840.26;
6. resolve to distribute a dividend to shareholders amounting to €1.26 per share, making a total amount of €336,118,384.98 on the basis of the number of shares making up capital stock at December 31, 2017 and after deduction of treasury shares held at this date, it being stipulated that the dividend thus distributed shall be deducted (i) in the amount of €247,048,335.96 from distributable income, (ii) in the amount of €883,489.46 from "other reserves", and (iii) for the remaining amount from "issue premiums".

In the event of a change before the ex-dividend date in the number of shares entitling holders to a dividend from the 266,760,623 shares making up capital stock at December 31, 2017, minus the number of treasury shares held at that date, the total amount of dividends and the amount deducted from 'issue premiums' will be adjusted accordingly.

The ex-dividend date is June 1, 2018 and the dividend will be made payable from June 5, 2018.

No dividends will be due on any shares that may be held by the Company itself or that have been cancelled before the dividend payment date.

Shareholders grant the Board of Directors all necessary powers to determine, considering in particular the number of treasury shares held by the Company at the dividend payment date and the number of shares cancelled before that date, the total amount of the dividend and, by the same token, the amount to be deducted from the 'issue premiums' account.

Concerning the tax treatment of the €1.26 dividend per share proposed to Company shareholders, subject to any adjustments related to potential variations referred to in the section above, it is stipulated that this distribution will be considered, for tax purposes:

- in the amount of €0.93, as taxable income subject, for individual shareholders residing in France, to the flat-rate income tax of 12.8% introduced by 2018 finance act No. 2017-1837 of December 30, 2017 (or, by global and irrevocable option to be exercised by the shareholder in the income tax declaration and no later than the time limit for said declaration, to sliding-scale income tax after deduction of the 40% exemption provided for under article 158-3-2 of the French Tax Code), to a withholding tax of 17.2% for social security contributions as well as, for taxpayers whose reference fiscal income exceeds certain thresholds, to an exceptional levy on high incomes at a rate of either 3% or 4%, pursuant to article 223 (vi) of the French tax code. This portion of dividend is, in principle, subject to a non-definitive flat-rate tax of 12.8% on its gross amount, excluding social security contributions, said levy being attributable to income tax on revenue received during the 2018 fiscal year unless an exemption is requested in accordance with the provisions of article 242 (iv) of the French tax code;

- in the amount of €0.33 deducted from the “issue premium” account, as a repayment of paid-in capital within the meaning of article 112-1 of the French Tax Code, therefore non-taxable for individual shareholders residing in France but reducing the fiscal share price.

Shareholders note that, in respect of 2014, 2015 and 2016 financial years, the amounts of dividend paid and income distributed eligible for the 40% income-tax exemption provided for under article 158-3-2 of the French Tax Code were as follows:

			Earnings distributed per share	
Financial year	Shares with dividend entitlement	Net dividend per share	Eligible for the 40% income-tax exemption provided for under article 158-3-2 of the French Tax Code	Not eligible for the 40% income-tax exemption provided for under article 158-3-2 of the French Tax Code (*)
2014	266,480,956 shares with a par value of €4	€1.10*	€0.93	€0
2015	267,006,775 shares with a par value of €4	€1.15**	€0.72	0€
2016	266,508,331 shares with a par value of €4	€1.19***	€0.79	0€

* *A share of €0.17 of the dividend distributed in respect of the 2014 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112-1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

** *A share of €0.43 of the dividend distributed in respect of the 2015 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112-1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

*** *A share of €0.40 of the dividend distributed in respect of the 2016 financial year being considered for tax purposes as a repayment of paid-in capital according to the terms of article 112-1-1 of the French Tax Code, this amount is not considered as distributed earnings.*

Fourth Resolution (Approval of the compensation components paid or attributed to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, for the financial year ended December 31, 2017)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, pursuant to section II of article L. 225-100 of the French Commercial Code, shareholders, approve the fixed, variable and exceptional components of overall compensation and any benefits paid or attributed in respect of the financial year ended December 31, 2017 to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, as detailed in the report on corporate governance set out in the 2017 Registration Document, appendix 2, “Management report of the Board of Directors on March 20, 2018 to the Annual General Meeting scheduled on May 30, 2018”, section 20.2.2, “Compensation and benefits of company officers”.

Fifth Resolution (Compensation policy applicable to the Chairman of the Board of Directors for the 2018 financial year: approval of principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits attributable to the Chairman of the Board of Directors in respect of his office as from February 8, 2018)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the report on corporate governance provided for in article L. 225-37 of the French Commercial Code as set out in the 2017 Registration Document, appendix 2, “Management report of the Board of Directors on March 20, 2018 to the Annual General Meeting scheduled on May 30, 2018”, section 20.2.1, “Principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits attributable to company officers in respect of their office, and presentation of draft resolutions on compensation policy for company officers”, shareholders approve the principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits attributable to the Chairman of the Board of Directors in respect of his mandate as from February 8, 2018, as outlined in the abovementioned report.

Sixth Resolution (Compensation policy applicable to the Chief Executive Officer for the 2018 financial year: approval of principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits attributable to the Chief Executive Officer in respect of his office as from February 8, 2018)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the report on corporate governance provided for in article L. 225-37 of the French Commercial Code as set out in the 2017 Registration Document, appendix 2, "Management report of the Board of Directors on March 20, 2018 to the Annual General Meeting scheduled on May 30, 2018", section 20.2.1, "Principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits attributable to company officers in respect of their office, and presentation of draft resolutions on compensation policy for company officers", shareholders approve the principles and criteria for the determination, breakdown and allocation of fixed, variable and exceptional elements of compensation and any benefits attributable to the Chief Executive Officer in respect of his mandate as from February 8, 2018, as outlined in the abovementioned report.

Seventh Resolution (Approval of the non-competition covenant of Mr. Benoît Coquart, with related indemnity)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the Statutory Auditors' special report on related party agreements and undertakings provided for in article L. 225-42-1 of the French Commercial Code, shareholders approve the non-competition covenant with related indemnity agreed between the Company and Mr. Benoît Coquart as described in said report.

Eighth Resolution (Approval of the undertakings from the Company in favor of Mr. Benoît Coquart in relation to the mandatory collective defined contributions pension plan, the "medical expenses" mandatory supplementary health insurance coverage and the "pension plan: death, incapacity and invalidity")

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the Statutory Auditors' special report on related party agreements and undertakings provided for in article L. 225-42-1 of the French Commercial Code, shareholders approve the undertakings from the Company in favor of Mr. Benoît Coquart in relation to the mandatory collective defined contributions pension plan and the "medical expenses" mandatory supplementary health insurance coverage and the "pension plan: death, incapacity and invalidity" as described in said report.

Ninth Resolution (Determination of attendance fees attributed to members of the Board of Directors)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and apprised of the report of the Board of Directors, sets at €900,000 the maximum amount of attendance fees to be allocated to the Board of Directors for the financial year beginning on January 1, 2019 and each subsequent financial year, until otherwise resolved.

Tenth Resolution (Renewal of Mr. Olivier Bazil's Director term of office)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and apprised of the report of the Board of Directors, shareholders note that the term of Mr. Olivier Bazil expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew his mandate as Director for a period of four years, ending at the close of the General Meeting of shareholders called in 2022 to consider financial statements for the financial year ending December 31, 2021.

Eleventh Resolution (Renewal of Mr. Gilles Schnepp's Director term of office)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and apprised of the report of the Board of Directors, shareholders note that the term of Mr. Gilles Schnepp expires at the close of this General Meeting and decide, as proposed by the Board of Directors, to renew his mandate as Director for a period of four years, ending at the close of the General Meeting of shareholders called in 2022 to consider financial statements for the financial year ending December 31, 2021.

Twelfth Resolution (Appointment of Mr. Edward A. Gilhuly as Director)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and apprised of the report of the Board of Directors, shareholders decide, as proposed by the Board of Directors, to appoint Mr. Edward A. Gilhuly as Director for a period of four years, ending at the close of the General Meeting of shareholders called in 2022 to consider financial statements for the financial year ending December 31, 2021.

Thirteenth Resolution (Appointment of Mr. Patrick Koller as Director)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and apprised of the report of the Board of Directors, shareholders decide, as proposed by the Board of Directors, to appoint Mr. Patrick Koller as Director for a period of four years, ending at the close of the General Meeting of shareholders called in 2022 to consider financial statements for the financial year ending December 31, 2021.

Fourteenth Resolution (Authorization granted to the Board of Directors to allow the Company to trade its own shares)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the Board of Directors' report, shareholders:

1. authorize the Board of Directors, with the right of sub-delegation as provided by law and by the Company's Articles of Association, in accordance with article L. 225-209 *et seq.* of the French Commercial Code and with the provisions of European regulation No. 596/2014 of the European Parliament and of the Council dated April 16, 2014 on market abuse, to purchase, or to have purchased, Company shares representing at most 10% of the Company's capital stock at the date of this General Meeting, it being noted that, when shares are bought to ensure the market liquidity of Legrand shares under the conditions described below, the number taken into account for the calculation of this limit of 10% will be the number of shares bought less the number of shares resold during the term of this authorization;
2. provide that shares may be bought, sold or transferred for the purposes of:
   - ensuring the liquidity and active operation of the market in Company shares by the intermediary of an investment services provider, acting independently under a liquidity contract in compliance with the Code of Practice recognized by France's Financial Markets Authority (*Autorité des marchés financiers*),
   - implementing (i) any and all Company stock options plans in accordance with articles L. 225-177 *et seq.* of the French Commercial Code or any similar plan, (ii) any and all Group employee share-ownership programs in accordance with articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*) or to provide for share allocations for employee profit-sharing and/or in lieu of discount according to applicable laws and regulations, (iii) any and all free share allocations pursuant to articles L. 225-197-1 *et seq.* of the French Commercial Code, and any and all share allocations for employee profit-sharing, as well as providing cover for such transactions at such times as the Board of Directors or the person acting on its behalf takes action, (iv) any allocation of shares to employees and/or executive officers of the Company and/or the Group according to applicable laws and regulations,
   - holding and subsequently transferring shares by way of exchange or payment relating to a business acquisition, merger, demerger, or transfer of assets, it being stipulated that the number of shares acquired by the Company with a view to holding these and employing them at a later date as payment for or in exchange for a merger, demerger, or transfer of assets may not exceed 5% of the Company's capital stock,
   - delivering shares on the exercise of rights attached to securities providing immediate or future access to the equity of the Company, through redemption, conversion, exchange, presentation of a warrant, or in any other way,
   - cancelling all or some of the shares so purchased, pursuant to the sixteenth resolution below, or
   - carrying out such other practices as may be permitted or recognized by law or by the Financial Markets Authority, or pursuing any other objective complying with applicable laws and regulations.

Shares may be purchased, sold, transferred or exchanged, directly or indirectly, in particular by any third party acting on behalf of the Company under the conditions provided by the last section of article L. 225-206 of the French Commercial Code, at any time within the limits authorized by laws and regulations, except at such times as Company shares may be the object of a tender offer, in one or more instalments, by any means, on or off any market, including via systematic internalisers or through OTC transactions, trading in blocks of shares or public tender offers, or through the use of any financial instruments or derivatives, including option-based mechanisms such as purchases and sales of put and call options or by delivery of shares arising from the issuance of securities giving access to the Company's capital by conversion, exchange, redemption, presentation of a warrant or any other means, either directly or indirectly through an investment service provider.

The maximum price paid for purchases may not exceed €90 per share (excluding acquisition expenses) or the equivalent value of this amount in any other currency or currency unit established with reference to several currencies on the same date, it being noted that this price will be adjusted as necessary to reflect capital transactions, in particular incorporation of reserves or free share allocations and/or share splits or reverse splits.

The maximum amount allowed for implementation of the share buy-back program is €1 billion, or the equivalent value of this amount in any other currency or currency unit established with reference to several currencies on the same date.

The application of this resolution may not at any time result in the number of own shares held by the Company, directly or indirectly, rising above 10% of the total number making up capital stock at that time.

The shares purchased and held by the Company will be deprived of voting rights and will carry no entitlement to payment of a dividend.

Shareholders grant the Board of Directors all powers, with the right of sub-delegation as provided by law and by the Company's Articles of Association, to decide on the use and deployment of this authorization, and in particular to determine the conditions of such use, to place orders on or off any markets, to enter into any agreements, to allocate or re-allocate shares acquired for the purposes allowed in compliance with law and regulations, to make any declarations to the Financial Markets Authority or any other body, to effect any formalities, and in general to do all that may be useful or necessary for the purposes of this resolution.

This authorization is valid for eighteen months from the date of this General Meeting of shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

II. RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Fifteenth Resolution (Amendment to article 9 of Company Articles of Association so as to determine the terms of appointment of the Director or Directors representing employees pursuant to law No. 2015-994 of August 17, 2015 on social dialogue and employment)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and apprised of the report of the Board of Directors and its proposal of today as to the term of office of the Director(s) representing employees, and also apprised of the favourable opinion of the Company's Central Works Committee, shareholders decide, in accordance with the provisions of article L. 225-27-1 of the French Commercial Code, to amend as follows, with immediate effect, article 9 of Company Articles of Association to enable the appointment of Directors representing employees on the Board of Directors.

"article 9 - Board of Directors

9.1 Directors appointed by the General Meeting of shareholders

Unchanged [The Company shall be administered by a Board of Directors comprising no less than three and no more than 18 members, subject to the exception provided by law in the event of merger.

Subject to the legal exceptions, every Director must be the owner of at least five hundred (500) registered shares throughout his term of office.

The term of office of Directors shall be four years, expiring at the end of the Ordinary General Meeting of shareholders called to approve the accounts for the previous financial year and held in the year in which the Director's term of office expires. Directors may always be re-elected.

When the legal conditions are met, the Board of Directors may appoint Directors on a temporary basis for the remainder of the term of office of their predecessor. By law, temporary appointments shall be subject to ratification by the next Ordinary General Meeting.

No natural person over 70 years of age may be appointed as a member of the Board of Directors if his appointment has the effect of increasing the number of members of the Board of Directors in excess of that age to more than one third of the total number. If during their term of office, the number of members of the Board of Directors over 70 years of age becomes more than one third of the total number, the oldest member of the Board of Directors shall be deemed to have resigned at the end of the Ordinary General Meeting of shareholders called to approve the accounts for the previous financial year and held in the year in which the said age limit is attained.]

9.2 Directors representing employees

"If the Company falls within the provisions of article L. 225-27-1 of the French Commercial Code, the Board of Directors shall also comprise one or two Directors representing employees, who are appointed by the Central Works Committee.

If the number of Directors appointed by the General Meeting of shareholders is twelve or fewer, one Director representing employees shall be appointed. If the number of Directors appointed by the General Meeting of shareholders is above twelve, two Directors representing employees shall be appointed.

The number of members of the Board of Directors to be taken into consideration for purposes of determining the number of Directors representing employees shall be assessed on the day of appointment of the Director(s) representing employees. Where applicable, any Directors elected by employees pursuant to article L. 225-27 of the French Commercial Code and any Directors representing employee shareholders appointed under article L. 225-23 of the French Commercial Code shall not be taken into account in this respect.

In accordance with article L. 225-28 of the French Commercial Code, the appointed Director(s) shall have held an employment contract with the Company or one of its direct or indirect subsidiaries with its head office located on French territory, for at least two years preceding their appointment.

For the avoidance of doubt, it is specified that failure to appoint a Director representing employees in accordance with the law and this article, for whatever reason, shall not affect the validity of deliberations of the Board of Directors.

The term of office of Directors representing employees shall be four (4) years, expiring at the close of the Ordinary General Meeting of shareholders called to approve the accounts for the previous financial year and held in the year in which the Director's term of office expires.

If the number of Directors appointed by the General Meeting of shareholders falls to twelve or fewer, the terms of both Directors representing employees shall continue for the remainder of their regular duration.

If, subsequent to a General Meeting of shareholders, the number of Directors appointed by the General Meeting of shareholders comes to exceed twelve, the Central Works Committee shall appoint a second Director to represent employees within six (6) months at the most of said General Meeting.

In the event of a vacancy due to death, resignation or dismissal, or any other cause whatsoever, affecting a Director representing employees, the vacancy shall be filled in accordance with the *provisions of article L. 225-34 of the French Commercial Code. Pending the replacement of the Director representing employees the Board of Directors may validly meet and deliberate.*

As an exception to the rule provided in article 9.1. of these Articles of Association for Directors appointed by the General Meeting of shareholders, Directors representing employees shall not be subject to an obligation to hold a minimum number of shares.

If the Company should come no longer to be subject to the obligation outlined in article L. 225-27-1 of the French Commercial Code, the term of the Director(s) representing employees shall terminate at the close of the meeting during which the Board of Directors shall have established that the Company no longer falls within the scope of article L. 225-27-1 of the French Commercial Code.

Subject to the provisions of this article and of the law, Directors representing employees shall enjoy the same status, the same powers and the same responsibilities as Directors appointed by the General Meeting of shareholders.

Directors representing employees shall not be taken into consideration for purposes of determining the minimum and maximum number of Directors provided in article L. 225-17 of the French Commercial Code, nor for enforcement of the provisions of section 1 of article L. 225-18-1 of the same."

The rest of article 9 remains unchanged, subject to adjustments due to numbering.

Sixteenth Resolution (Authorization granted to the Board of Directors to reduce the capital stock by cancellation of treasury shares)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, the shareholders authorize the Board of Directors, in accordance with articles L. 225-209 *et seq.* of the French Commercial Code, to cancel, at its sole initiative and on one or several occasions, in such proportion and at such times as it deems appropriate, some or all of the Company shares purchased under share buyback programs authorized and deployed by the Company, and to reduce the capital stock of the Company by the total nominal amount of the shares thus cancelled, within a limit of 10% of the share capital at the date of this General Meeting in any period of twenty-four months.

The difference between the carrying amount of the cancelled shares and their nominal amount shall be allocated to reserves or premiums.

Shareholders grant the Board of Directors full powers, with the right of sub-delegation as provided by law and the Company's Articles of Association, to set the terms for cancellation of the shares, to effect and recognize such cancellations and the corresponding capital reductions, to allocate the difference between the price paid for the cancelled shares and their nominal value to any reserves or premiums, to make the necessary amendments to the Company's Articles of Association, to make all necessary declarations to the French Financial Markets Authority, to effect all other formalities and in general to do all that may be useful or necessary for the purposes of this resolution.

This authorization is granted for a period of eighteen months from the date of this General Meeting of shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

Seventeenth Resolution (Authorization granted to the Board of Directors to make one or more allocations of free shares to the benefit of employees and/or company officers of the Company and associated companies or certain of these employees or company officers, entailing waiver by the shareholders of their preferred subscription rights to the shares to be issued as the result of grants of free shares)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, and in accordance with articles L. 225-197-1 *et seq.* of the French Commercial Code, in particular article L. 225-197-6, shareholders:

1. authorize the Board of Directors to make free allocations on one or more occasions, of existing Company shares or shares to be issued by the Company;

2. resolve that the beneficiaries of such allocations must be employees and/or company officers of the Company or associated companies as defined under L. 225-197-2 of the French Commercial Code, or certain of these employees or company officers;

3. resolve that the Board of Directors shall determine the identity of the beneficiaries of the allocations, the conditions for allocation and, as the case may be, requirements for allocations of free shares;

4. resolve that the total number of shares issued or to be issued and available for free allocations under this resolution may not exceed 1.5% of the share capital of the Company at the date of the decision to make the allocation, with the proviso that this limit does not include any adjustments that may be made to protect the interests of beneficiaries as required by prevailing law and regulation;

5. observe that if allocations are granted to the company officers referred to in article L. 225-197-1 II, paragraphs 1 and 2 of the French Commercial Code, they may be granted only as provided by article L. 225-197-6 of the French Commercial Code;

6. resolve that the number of free shares allocated to the Company's officers under this resolution may not exceed 10% of the total allocations made by the Board of Directors under this resolution;

7. resolve that beneficiaries will acquire unconditional ownership of shares at the close of a vesting period, to be set by the Board of Directors, of at least three years, and that the Board of Directors shall also have the possibility of determining a share holding period to run from the end of the vesting period;

8. resolve that, notwithstanding the above, should a beneficiary be the victim of a disability in the second or the third category referred to in article L. 341-4 of the French Social Security Code (*Code de la Sécurité Sociale*), the Board of Directors may provide that the shares vest before the expiration of the vesting period and become transferable with immediate effect;

9. resolve that, for all beneficiaries, vesting of the shares granted under this resolution shall be determined by one or more performance conditions set by the Board of Directors over a period of at least three years;

10. authorize the Board of Directors to effect, as appropriate during the vesting period, adjustments to the number of free shares allocated to allow for changes in the Company's share capital as referred to in article L. 225-181 of the French Commercial Code, and thereby preserve the rights of beneficiaries;

11. resolve that the Board of Directors shall determine, as appropriate, the requirements and conditions for the holding of shares during the holding period, and shall draw on the reserves, profits or premiums that the Company is free to dispose of for the purpose of paying up the shares to be issued in favour of the beneficiaries;

12. observe that in cases of free allocation of shares yet to be issued, this authorization will entail, at the end of the vesting period, a capital increase by way of incorporation of reserves, profits or share premiums in favour of the beneficiaries of these shares and thus further entail the waiver in favour of the same beneficiaries of shareholders' preferred rights to subscription and to the portion of the reserves, profit or premiums thus incorporated, the capital increase taking full effect, without further process, on vesting of shares.

Shareholders confer on the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's Articles of Association, to determine other terms and conditions relating to the attribution of shares, to draw up the list of beneficiaries or categories of beneficiaries, to set the number of shares that may be allocated to each beneficiary, to determine the dates of attribution, determine the performance condition(s), provide for the possibility of temporarily suspending entitlements to allocations according to the conditions of applicable laws and regulations, and enter into such agreements as may be conducive to the satisfactory performance of the attributions.

Shareholders further resolve that the Board of Directors shall have all powers, with the right of sub-delegation as provided by law and the Company's Articles of Association, to recognize any and all capital increases resulting from the said attributions, to make the necessary amendments to the Company's Articles of Association, to effect all formalities regarding the issue, admission to trading and financial servicing of securities issued under this resolution, to make any necessary declarations before any and all entities, and in general to do everything that may be useful and necessary for the purposes of this resolution.

This authorization is granted for a period of thirty-eight months from the date of this General Meeting, and may be used on one or more occasions. It deprives previous authorizations for this purpose of their effect, to the extent not used.

Eighteenth Resolution (Delegation of powers to the Board of Directors for the purpose of issuing shares or complex securities, with preferred subscription rights)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of the French Commercial Code and in particular articles L. 225-129 *et seq.* (in particular article L. 225-129-2) and article L. 228-91 *et seq.*:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's Articles of Association, the power to provide, the preferred subscription rights of shareholders being maintained, in France or abroad, in euros, or in any other currency or currency unit established with reference to several currencies, for the issue of (i) Company shares, (ii) securities governed by articles L. 228-91 *et seq.* of the French Commercial Code, which are Company capital securities giving access to other Company capital securities and/or entitling to allocation of Company debt securities, (iii) securities, whether governed or not by articles L. 228-91 *et seq.* of the French Commercial Code, which give access or which may give access to Company capital securities yet to be issued, where said securities may also give access to existing Company capital securities or debt securities, which may be subscribed for either in cash or by way of offset against due and payable debts, in such proportions and at such times as it shall consider appropriate, in accordance with applicable regulations;

2. resolve that the total nominal amount of capital increases which may be effected pursuant to this delegation of powers, immediately and/or in the future, may not exceed €200 million (or the equivalent amount in any other currency), this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that carry entitlement to shares of the Company, it being stipulated that this amount will count towards the overall limit set in the twenty-fifth resolution;

3. resolve that the total nominal amount of bonds and other debt securities issued pursuant to this delegation of powers may not exceed €2 billion (or the equivalent of this amount if issues are made in any other currency or currency unit), it being stipulated that this amount will count towards the overall limit on the issue of debt securities set in the twenty-fifth resolution;
4. resolve that shareholders may exercise their preferred subscription rights to the full with no reduction in allocations, subject to the conditions and limits established by the Board of Directors. The Board may also grant shareholders, in proportion to their subscription rights and within the limits of their applications, rights to subscribe to a number of ordinary shares or securities greater than that resulting from their irreducible rights but with allocations subject to reduction;
5. observe that, if shareholders do not take up an issue of shares or other securities of the kinds referred to above in full under their irreducible and, where applicable, reducible subscription rights, the Board of Directors may use, in compliance with article L. 225-134 of the French Commercial Code, in such order as it determines, whether singly or in combination, powers to:
   - limit the issue to the amount of the subscriptions on condition that such amount is equal to at least three-quarters of the initial amount of the issue,
   - allot all or part of the unsubscribed shares to such persons as it sees fit,
   - offer to the public all or part of the unsubscribed shares;
6. resolve that any issue of options to subscribe to Company shares may be effected either by an offer to subscribe as provided above or by free allocation to the holders of existing shares, it being stipulated that, in the event of a free allocation of unattached options, the Board of Directors shall have the power to decide that rights not representing a whole number of shares may not be traded and that the securities concerned are to be sold;
7. recognize and resolve that, insofar as this may be necessary, this delegation entails, without further process, the waiver, in favour of the holders of any securities issued under this resolution, of shareholders' preferred rights to subscribe to the new ordinary shares to which these securities may grant access;
8. resolve that the Board of Directors shall have all necessary powers, with the right of sub-delegation as provided by law and by the Company's Articles of Association, to put this delegation into effect, and in particular to determine the dates and conditions of issues, the form and specifications of the securities to be issued, the prices and the conditions of issue, the amounts to be issued, the terms of payment, the dates from which new securities carry rights, even with retroactive effect, and conditions for redemption where applicable; to suspend, if necessary and in accordance with applicable regulations, the rights to Company shares attached to securities; to make such adjustments as may be required as a result of changes in the Company's capital stock; to take such action as may be necessary to protect the rights of the holders of securities giving access to Company shares; to make all appropriate charges to issue premiums, in particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense; and, in general, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the issue; and to effect all formalities necessary for the issue, trading and financial services of the securities issued by virtue of this delegation and the exercise of rights attached to them.

   In the event of issue of debt securities, the Board of Directors shall have full powers, in particular to decide whether the debt is to be subordinated or not, to set the interest rate, the maturity, the redemption price, whether fixed or variable, with or without bonus, to define amortization terms in accordance with market conditions and to determine conditions under which securities may carry rights to Company shares;
9. resolve that, unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not avail of this delegation from the date of filing of a third party public tender offer for the Company's shares until the end of said tender offer;
10. resolve that the Board of Directors shall have full powers to acknowledge the realization of capital increases and to initiate the relevant amendments to the Company's Articles of Association.

The delegation of powers thus granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting of shareholders and, from this day, replaces the delegation of powers provided for in the fourteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used.

Nineteenth Resolution (Delegation of powers to the Board of Directors for the purpose of issuing, by means of public offers, shares or complex securities, without preferred subscription rights)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of the French Commercial Code and in particular articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 225-148, L. 228-91, and L. 228-92:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's Articles of Association, the power to provide, in France or abroad, in euros,

or in any other currency or currency unit established with reference to several currencies, for the issue of (i) Company shares, (ii) securities governed by articles L. 228-91 *et seq.* of the French Commercial Code which are Company capital securities giving access to other Company capital securities and/or entitling to allocation of Company debt securities, (iii) securities, whether governed or not by articles L. 228-91 *et seq.* of the French Commercial Code, which give access or which may give access to Company capital securities yet to be issued, where said securities may also give access to existing Company capital securities or debt securities, which may be subscribed for either in cash or by way of offset against due and payable debts, in such proportions and at such times as it shall consider appropriate, in accordance with applicable laws and regulations;

2. resolve that the total nominal amount of capital increases which may be effected pursuant to this delegation of powers, immediately and/or in the future, may not exceed €100 million (or the equivalent amount in any other currency), this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that carry entitlement to shares of the Company. It is stipulated that nominal amount of capital increases which may be effected pursuant to this delegation of powers, immediately and/or in the future will count towards (i) the nominal limit of €100 million set by the twentieth resolution put to this General Meeting, and (ii) the overall limit set in the twenty-fifth resolution;

3. resolve that the total nominal amount of bonds and other debt securities issued pursuant to this delegation of powers may not exceed €1 billion (or the equivalent of this amount at the issue date if issues are made in a foreign currency), it being stipulated that this amount will count towards (i) the nominal limit of €1 billion set by the twentieth resolution and (ii) the overall limit set in the twenty-fifth resolution;

4. resolve that issues pursuant to this delegation of powers shall be effected by means of offers within the scope of section II of article L. 411-2 of the French Monetary and Financial Code, it being further stipulated that these issues may be effected in association with one or several public offers pursuant to the twentieth resolution put to this General Meeting;

5. resolve to waive shareholders' preferred rights to subscribe to the shares and other securities to be issued under this resolution;

6. determine however that the Board of Directors may confer on shareholders a priority right to subscribe, in irreducible proportion and, if so decided, with additional reducible rights, over a period that it is to determine in accordance with applicable laws and regulations, to all or part of the issue in accordance with article L. 225-135, paragraph 5, of the French Commercial Code, such priority right not giving rise to negotiable rights;

7. observe that, if shareholders do not take up in full an issue of shares or other securities of the kinds referred to above, the Board of Directors may use, in compliance with article L. 225-134 of the French Commercial Code, in such order as it determines, whether singly or in combination, powers to:

- limit the issue to the amount of the subscriptions on condition that such amount is equal to at least three-quarters of the initial amount of the issue,
- allot all or part of the unsubscribed shares to such persons as it sees fit;

8. recognize and resolve, insofar as this may be necessary, that this delegation entails, without further process, the waiver, in favour of the holders of any such securities that may be issued under this resolution, of shareholders' preferred rights to subscribe to the new shares to which these securities may carry entitlement;

9. resolve that:

- the issue price of shares will be at least equal to the minimum prescribed by laws and regulations applicable at the date of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5% maximum, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements),
- the issue price of securities issued under this resolution and the number of new shares to which each such security may give rise will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous section;

10. provide that the Board of Directors may, within the limits defined in paragraphs 2 and 3 above, issue various shares or securities in consideration of the securities tendered in response to a public offer including a swap component (whether as the principal or a secondary component) initiated by the Company in France or abroad for the acquisition of the securities of a company whose shares are listed on a regulated market in accordance with article L. 225-148 of the French Commercial Code, and subject to the reserves therein, in which case the stipulations regarding the price set out in paragraph 9 above do not apply, and waive, insofar as necessary, their preferred subscription rights to these shares or other securities in favour of the holders of these securities;

11. resolve that the Board of Directors shall have all necessary powers, with the right of sub-delegation as provided by law and by the Company's Articles of Association, to put this delegation into effect, and in particular to determine the dates and terms of issues, the form and specifications of the securities to be issued, the prices and the conditions of issues (including exchange parities In the event of a public offer with a swap component initiated by the Company), the amounts to be issued (where applicable, depending on the number of shares tendered in response to a public offer initiated by the Company), the terms of payment, the dates from which new securities carry rights, even with retroactive effect, conditions for redemption where applicable, to suspend as appropriate the exercise of rights to Company shares attached to the securities in accordance with applicable regulations, to make such adjustments as may be required as a result of changes in capital stock, to take such action as may be necessary to protect the rights of the holders of securities giving access to Company shares, to make all appropriate charges to issue premiums, and in particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the issues, and to effect all formalities necessary for the issue, trading and financial services of the securities issued by virtue of this delegation and the exercise of rights attached to them.

In the event of issue of debt securities, the Board of Directors shall have full powers to take related decisions, in particular as to whether debt is to be subordinated or not, to set the interest rate, maturity, the redemption price, whether fixed or variable or with or without bonus, to define amortization terms in accordance with market conditions, and to determine conditions under which securities may carry rights to new Company shares;

12. resolve that, unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not avail of this delegation from the date of filing of a third party public tender offer for the Company's shares until the end of said tender offer;

13. resolve that the Board of Directors shall have full powers to acknowledge the realization of capital increases and to initiate the relevant amendments to the Company's Articles of Association.

The delegation of powers so conferred on the Board of Directors is valid for twenty-six months from the date of this General Meeting of shareholders and replaces, from this day, the delegation of powers provided for in the fifteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used.

Twentieth Resolution (Delegation of powers to the Board of Directors for the purpose of issuing, by means of an offer within the scope of article L. 411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*) (private placement), shares or complex securities, without preferred subscription rights)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of the French Commercial Code and in particular articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 and L. 228-92:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's Articles of Association, the power to provide, in France or abroad, in euros, or in any other currency or currency unit established with reference to several currencies, for the issue, by means of offers within the scope of section 2 of article 411 of the French Monetary and Financial Code, of (i) Company shares, (ii) securities governed by articles L. 228-91 *et seq.* of the French Commercial Code, which are Company capital securities giving access to other Company capital securities and/or entitling to allocation of Company debt securities, (iii) securities, whether governed or not by articles L. 228-91 *et seq.* of the French Commercial Code, which give access or which may give access to Company capital securities yet to be issued, where said securities may also give access to existing Company capital securities or debt securities, which may be subscribed for either in cash or by way of offset against due and payable debts, at such times and in such amounts as it shall consider appropriate, in accordance with applicable regulations;

2. resolve that the total nominal amount of capital increases which may be effected pursuant to this delegation of powers, immediately and/or in the future, may not exceed (a) the nominal amount of €100 million (or the equivalent amount in any other currency), this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company, nor, in any event, (b) the legal limit (for purposes of illustration, this limit is currently 20% of the Company's capital stock, at the date of issue, by year), it being further provided that the nominal amount of any capital increases which may be effected, whether immediately or at some future date, pursuant to this delegation of powers is to count towards (i) the nominal limit of €100 million set by the nineteenth resolution put to this General Meeting, and (ii) the overall limit set in the twenty-fifth resolution;

3. resolve that the total nominal amount of bonds and other debt securities issued pursuant to this delegation of powers may not exceed €1 billion (or the equivalent of this amount at the issue date if issues are made in a foreign currency); it being further provided that the total amount of debt securities issued pursuant to this delegation of powers will count towards (i) the overall limit of €1 billion provided for in the nineteenth resolution put to this General Meeting, and (ii) the overall limit provided for in the twenty-fifth resolution;

4. resolve that issues pursuant to this delegation of powers will be effected by means of offers within the scope of section II of article L. 411-2 of French Monetary and Financial Code, it being further stipulated that these issues may be effected in association with one or several public offers pursuant to the nineteenth resolution put to this General Meeting;

5. resolve to waive shareholders' preferred rights to subscribe to the shares and other securities which may be issued under this resolution;

6. observe that, if shareholders do not take up in full an issue of shares or other securities of the kinds referred to above, the Board of Directors may use, in such order as it determines, whether singly or in combination, powers to:

- limit the issue to the amount of the subscriptions on condition that such amount is equal to at least three-quarters of the initial amount of the issue,
- allocate all or part of the unsubscribed shares to such persons as it sees fit;

7. recognize and resolve, insofar as this may be necessary, that this delegation entails, without further process, the waiver, in favour of the holders of any such securities issued under this resolution, of shareholders' preferred rights to subscribe to the new shares to which these securities may carry entitlement;

8. resolve that:

- the issue price of shares shall be at least equal to the minimum prescribed by laws and regulations applicable at the date of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5% maximum, where necessary after adjustment of this average to allow for differences in the dates from which shares carry entitlements),
- the issue price of securities issued on the basis of this resolution and the number of new shares to which the conversion, redemption or other transformation of each such security providing access to the Company's share capital may give rise shall be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous paragraph;

9. determine that the Board of Directors shall have all necessary powers, with the right of sub-delegation as provided by law and by the Company's Articles of Association, to put this delegation into effect, and in particular to determine the dates and terms of issues, the form and specifications of the securities to be issued, the prices and the conditions of issues, the amounts to be issued, the terms of payment, the dates from which new securities carry rights, even with retroactive effect, conditions for redemption where applicable, to suspend as appropriate the exercise of rights to Company shares attached to the securities in accordance with applicable regulations, to make such adjustments as may be required as a result of changes in the Company's capital stock, to take such action as may be necessary to protect the rights of the holders of securities giving future access to Company shares, to make all appropriate charges to issue premiums, in particular for charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the issues, and to effect all formalities necessary for the issue, trading and financial services of the shares issued by virtue of this delegation and the exercise of rights attached to them.

In the event of issue of debt securities, the Board of Directors shall have full powers to take related decisions, in particular as to whether debt is to be subordinated or not, to set the interest rate, maturity, the redemption price, whether fixed or variable and with or without bonus, to define amortization terms in accordance with market conditions, and to determine conditions under which securities may carry rights to Company shares;

10. resolve that, unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not avail of this delegation from the date of filing of a third party public tender offer for the Company's shares until the end of said tender offer;

11. resolve that the Board of Directors shall have full powers to acknowledge the realization of capital increases and to initiate the relevant amendments to the Company's Articles of Association.

The delegation of powers so conferred on the Board of Directors is valid for twenty-six months from the date of this General Meeting of shareholders and replaces, from this day, the delegation of powers provided for in the sixteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used.

Twenty-first Resolution (Power granted to the Board of Directors to increase the amount of issues made with or without preferred subscription rights in the event of excess demand)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders, in accordance with the provisions of L. 225-135-1 and R. 225-118 of the French Commercial Code:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's Articles of Association, the power to decide, within the time allowed and up to the limits defined by laws and regulations applicable at the date of issue (for purposes of illustration, at the date of this General Meeting, within 30 days from the close of subscription, and not exceeding 15% of the initial issue and offered at the same price), to increase the number of securities to be issued in any issue with preferred subscription rights maintained or waived pursuant to the eighteenth, nineteenth and/or twentieth resolution put to this General Meeting, provided that this does not exceed the limit defined in the resolution under which the issue is made;
2. resolve that the nominal amount of any capital increases which may be effected on the basis of this resolution shall count towards the first limit set in the twenty-fifth resolution and, in the event of issuing of debt securities, towards the second limit.

Shareholders grant all powers to the Board of Directors to implement this delegation, according to the conditions stipulated by the applicable regulations.

Unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not avail of this delegation from the date of filing of a third party public tender offer for the Company's shares until the end of said tender offer.

The delegation of powers so granted to the Board of Directors is valid for twenty-six months from the date of this general meeting of shareholders and replaces, from this day, that provided for in the seventeenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used.

Twenty-second Resolution (Delegation of powers granted to the Board of Directors for the purpose of capital increases through incorporation of reserves, profits, premiums or other items which may be capitalized under applicable regulations)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the Board of Directors' report, shareholders, in accordance with the provisions of articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's Articles of Association, the power to increase the nominal amount of share capital on one or several occasions, at such times and in such amounts as it shall consider appropriate, by incorporation of reserves, profits, premiums or other items which may be capitalized under general law and Company articles, such increase taking the form of a free share allocation, or an increase in the nominal value of the existing shares, or a combination of the two;
2. resolve that the total nominal amount of the capital increases pursuant to this delegation of powers may not exceed €100 million, this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to Company shares; this limit is independent of any of the other limits on issuance of shares and complex securities pursuant to delegations of powers or authorizations conferred at this General Meeting;
3. resolve that, in the event of a free share allocation, (i) rights not representing a whole number of shares may not be traded and that such shares are to be sold; it being stipulated that the proceeds of such sale shall be allocated to holders of rights as provided by law and applicable regulations, and (ii) that shares to be allocated pursuant to this delegation for existing shares carrying double voting rights shall benefit from this right from the date of issue;
4. resolve that the Board of Directors shall have all necessary powers, with the right of sub-delegation as provided by law and by the Company's Articles of Association, to put this delegation of power into effect, and in particular to:
   - determine the terms and conditions of the transactions authorized and in particular to define the amount and the nature of the reserves and premiums to be incorporated into capital, to determine the number of new shares to be issued or the amount by which the nominal value of existing shares making up the share capital is to be increased, and to determine the date from which new shares carry rights, even retroactively, or the date on which an increase in nominal value takes effect,
   - take all appropriate action and enter into all agreements conducive to the successful conclusion of transactions,

to make all appropriate charges to available reserves, in particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense; and, in general, to do all things necessary and effect all formalities required to finalize any capital increase or increases that may be effected pursuant to this delegation of powers and to make the relevant amendments to Company's Articles of Association;

5. resolve that, unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not avail of this delegation from the date of filing of a third party public tender offer for the Company's shares until the end of said tender offer.

This delegation of powers conferred on the Board of Directors is valid for a period of twenty-six months from the date of this General Meeting and, from this day, replaces the delegation of powers provided for in the eighteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used.

Twenty-third Resolution (Delegation of powers to the Board of Directors for the purpose of issuing shares or complex securities in favor of participants in employee share-ownership program of the Company or Group, without preferred subscription rights)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditor's special report, shareholders, in accordance with the provisions of articles L. 3332-1 *et seq.* of the French Labour Code and of articles L. 225-129-2 to L. 225-129-6, L. 225-138-I, L. 225-138-1, L. 228-91 and L. 228-92 of the French Commercial Code:

1. delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's Articles of Association, the power to provide for the issue of (i) Company shares, (ii) securities governed by articles L. 228-91 *et seq.* of the French Commercial Code which are Company capital securities giving access to other Company capital securities and/or entitling to allocation of Company debt securities, (iii) securities, whether governed or not by articles L. 228-91 *et seq.* of the French Commercial Code, which give access or which may give access to Company capital securities yet to be issued, where said securities may also give access to existing Company capital securities or debt securities, on one or more occasions, in such proportions and at such times as it shall consider appropriate, with waiver of shareholders' preferred subscription rights, directly or through a company investment fund or any other structures or entities allowed under prevailing laws and regulations, in favour of employees and former employees of the Company and of the French and foreign companies connected to the Company within the meaning of article L. 3344-1 of the French Labour Code, insofar as these employees and former employees participate in an employee share-ownership program of the Company or of the Group (or in any other plan whose participants are allowed by articles L. 3332-1 *et seq.* of the French Labour Code or any analogous law or regulation to restrict a capital increase under equivalent conditions);

2. authorize the Board of Directors, in connection with such capital increase or increases, to allot shares or other securities giving access to the share capital without consideration, in particular in lieu of the discount provided for in point 4 below and/or of any supplement granted to employees, subject to the limits provided for in article L. 3332-21 of the French Labour Code;

3. resolve that the total nominal amount of capital increases, whether immediate or deferred, which may be effected pursuant to this delegation of powers may not exceed €25 million, it being noted that this limit applies before any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities carrying entitlement to Company shares. It is stipulated that the nominal amount of capital increases, whether immediate or deferred, pursuant to this delegation of powers shall count towards (i) the nominal limit of €100 million set by the nineteenth and twentieth resolutions put to this General Meeting, and (ii) the overall limit set in the twenty-fifth resolution;

4. resolve that the issue price of the new shares shall be equal to the average market price for Company shares over the twenty trading days preceding the date on which the opening date for subscription is decided on, less a discount up to the maximum allowed by law at the date of the Board of Directors' decision (i.e., currently, lower than the admission price or said average by more than 20%, or more than 30% if the vesting period provided for by the plan is ten years or more) it being understood that the Board of Directors may reduce or cancel this discount if it deems it appropriate, in particular to comply with applicable national laws;

5. waive, in favour of the aforementioned beneficiaries, shareholders' preferred subscription rights in respect of the securities which may be issued under this authorization, and waive all shareholder claims on such free shares or securities as may be allocated under this resolution;

6. resolve further that, if the beneficiaries have not subscribed for the entire capital increase by the specified deadline, the increase shall be effected only in the amount corresponding to the shares subscribed for, and unsubscribed shares may be re-offered to the affected beneficiaries as part of a subsequent capital increase;

7. confer on the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's Articles of Association, that may in particular be necessary to:
   - determine which participants or entities may benefit from the offer to subscribe and the maximum number of shares which may be subscribed by each beneficiary,
   - decide whether subscriptions may be made through an investment fund or directly, in accordance with prevailing laws and regulations and any other requirements;
   - grant employees time to pay for their shares,
   - set the opening and closing dates for subscription, the terms and deadline for payment of subscribed shares and the issue price of the securities,
   - define all features of the securities providing access to the Company's share capital,
   - decide on the number of shares or securities to be issued,
   - decide upon and take, following the issue of the shares and/or securities giving access to the Company's share capital, any action that may be necessary to protect the rights of holders of securities giving access to the Company's share capital in accordance with applicable laws and regulations and, if applicable, with applicable contractual stipulations, and, if necessary, to suspend the exercise of rights attached to these securities in accordance with applicable laws and regulations,
   - recognize resulting capital increases,
   - make the necessary amendments to the Company's Articles of Association,
   - make all appropriate charges to available reserves, in particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense, and
   - in general, do everything that may be useful and necessary under applicable laws and regulations, and in particular take any action necessary to arrange for admission to trading of the newly created shares.

This delegation of powers conferred on the Board of Directors is valid for a period of twenty-six months from the date of this General Meeting and, from this day, replaces the delegation of powers provided for in the nineteenth resolution at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used.

Twenty-fourth Resolution (Delegation of powers granted to the Board of Directors for the purpose of issuing shares or complex securities as consideration for contributions in-kind to the Company, without preferred subscription rights to the benefit of holders of the shares or securities provided as said contributions in-kind)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings, and being apprised of the Board of Directors' report and the auditor's special report, pursuant to article L. 225-147 paragraph 6 of the French Commercial Code, shareholders delegate to the Board of Directors, with the right of sub-delegation as provided by law and by the Company's Articles of Association, all necessary powers to provide for the issue of (i) Company shares, (ii) securities governed by articles L. 228-91 *et seq.* of the French Commercial Code which are Company capital securities giving access to other Company capital securities and/or entitling to allocation of Company debt securities, (iii) securities, whether governed or not by articles L. 228-91 *et seq.* of the French Commercial Code, which give access or which may give access to Company capital securities yet to be issued, where said securities may also give access to existing Company capital securities or debt securities, within the limit of 5% of share capital at the date of issue, for the purpose of providing consideration for in-kind contributions to the Company in the form of shares or other securities providing access to share capital when the provisions of article L. 225-148 of the French Commercial Code are not applicable.

The nominal amount of the capital increases, whether immediate or deferred, which may be effected pursuant to this delegation of powers shall count towards (i) the nominal limit of €100 million provided for in the nineteenth and twentieth resolutions put to this General Meeting, this limit being subject to such increase in the number of shares as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities carrying entitlement to shares of the Company, and (ii) the overall limit provided for in the twenty-fifth resolution;

The total nominal amount of debt securities issued pursuant to this delegation may not exceed €1 billion (or the equivalent of this amount at the issue date if issues are made in a foreign currency). Further, the total nominal amount of debt securities issued pursuant to this delegation is to count towards (i) the total subject to the limit of €1 billion provided for in the nineteenth and twentieth resolutions put to this General Meeting, and (ii) the overall limit on debt securities provided for in the twenty-fifth resolution;

If use of this delegation is to be made, the Board of Directors will consider the report of one or several contribution auditors as referred to in article L. 225-147 of the French Commercial Code.

Shareholders resolve to waive, in favour of the holders of the securities constituting the contributions in-kind, the preferred subscription right of shareholders to shares or other securities so issued, and observe as necessary that this delegation incorporates a waiver by holders of ordinary shares to the preferred right to subscribe to ordinary shares of the Company to which the securities that would be issued under this resolution may entitle them.

Shareholders grant to the Board of Directors all powers necessary to put this delegation into effect, in particular to approve valuations of contributions and, relating to such contributions, to recognize their effects, charge all expense, costs and fees to premiums; to set the number, form and features of securities to be issued; to recognize the increases in capital and make relevant amendments to Company's Articles of Association; to arrange for trading of the shares and complex securities to be issued; to make all appropriate charges to contribution premiums, in particular charges for the amounts required to bring the legal reserve to one-tenth of new share capital after each issue and for issue expense and, in general, to take all relevant initiatives, enter into all agreements, request any authorizations, effect all formalities and take any action necessary to ensure the satisfactory performance of issues.

Unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not avail of this delegation from the date of filing of a third party public tender offer for the Company's shares until the end of said tender offer.

The delegation of powers so conferred on the Board of Directors is valid for twenty-six months from the date of this General Meeting of shareholders and, from this day, replaces the delegation of powers provided for in the twentieth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 27, 2016, to the extent not used.

Twenty-fifth Resolution (Total limit on delegations of power)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditors' special report, shareholders define as follows the total limits on issues that may be made pursuant to the delegations of powers to the Board of Directors under the eighteenth, nineteenth, twentieth, twenty-first, twenty-third and twenty-fourth resolutions put to this General Meeting:

- the total nominal amount of capital increases resulting from the issue of shares and securities may not exceed €200 million, this limit being however subject to such increase as may be necessary by reason of any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company;
- the total nominal amount of bonds or other debt securities issued may not exceed €2 billion or the equivalent if an issue is made in another currency or currency unit.

Twenty-sixth Resolution (Powers to effect formalities)

Shareholders confer on holders of a copy or official extract of the minutes of this General Meeting all powers necessary to effect all legally required filings, formalities and publications.

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COMPANY HEADQUARTERS
128, avenue de Lattre de Tassigny
87045 Limoges Cedex, France
+33 (0) 5 55 06 87 87

www.legrand.com
@legrand

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