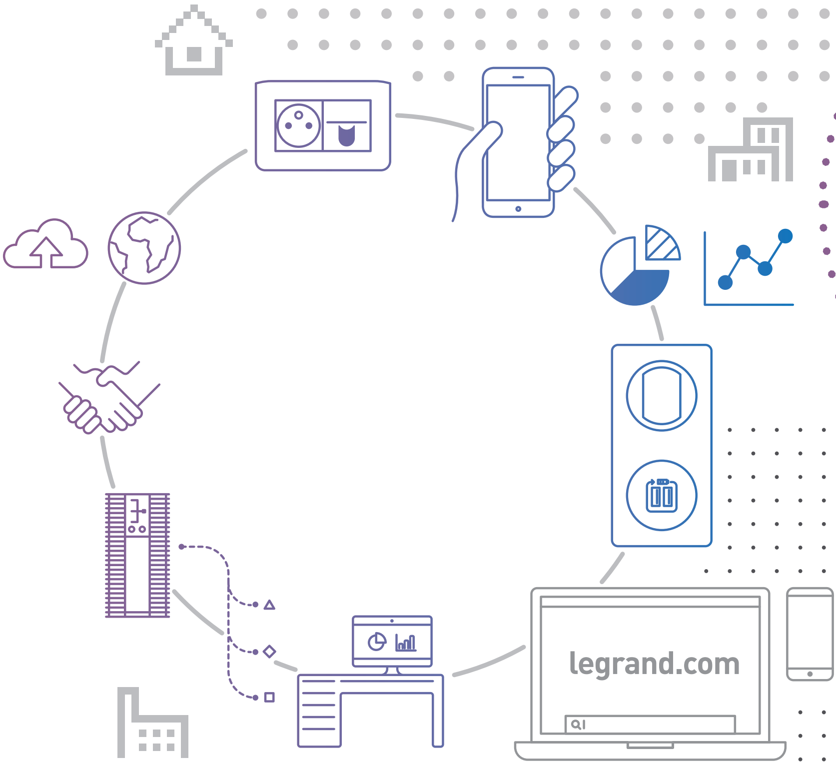
LEGRAND ESSENTIALS

UNIVERSAL REGISTRATION DOCUMENT

2019



legrand®

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2019

UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE INTEGRATED REPORT

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The universal registration document was filed on 20 April 2020 with the AMF in its capacity as competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with article 9 of that regulation.

This universal registration document may be used for the purpose of a public offering of financial securities or the admission of financial securities for trading on a regulated market if it is supplemented by a securities note and, as the case may be, a summary and all amendments made to the universal registration document. The resulting set of documents is approved by the AMF in accordance with Regulation (EU) 2017/1129.

NOTE

The terms “**Group**” and “**Legrand**” refer to the Company (as defined in section 9.1 of this Universal 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 Universal Registration Document for the financial year ending December 31, 2019 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 Universal 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 Universal 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, analyse 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 Universal 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 Universal 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 Universal Registration Document, and even where these elements are consistent with the forward-looking information mentioned in this Universal 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 Universal Registration Document. Accordingly, all forward-looking statements should be understood bearing in mind their inherent uncertainty.

The forward-looking statements referred to in this Universal Registration Document are only made as of the date of this Universal 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.

1

INTEGRATED REPORT

MESSAGE
FROM THE CHIEF EXECUTIVE OFFICER

Benoît Coquart,
CEO

Sales
€ 6,622 million

Around
39,000 employees
worldwide

Operations in close to
90 countries
and products distributed in close to
180 countries

Market capitalization of around
€ 15.6 billion
at the end of March 2020.
Member of the CAC 40 index and
of various benchmark ESG indices.

SOLID INTEGRATED PERFORMANCE IN 2019

Legrand maintained its momentum for profitable and sustainable growth in 2019, with both its financial and non-financial performance being fully in line with targets for the year. Sales rose a total +10.4%, including +2.6% organic growth, and adjusted operating margin before acquisitions (2018 scope) came to 20.4%. Non-financial performance was ahead of schedule, with 113% achievement rate of Group's CSR roadmap, reflecting its commitment to all stakeholders.

Legrand also pursued its initiatives to further strengthen its value creation model:

- sustained deployment of our Eliot program – with a 29% increase in sales generated by connected products, including organic growth up +10%;
- active acquisitions drive, with three new deals completed in 2019; and
- further performance-enhancing measures.

> "In 2019, in a mixed economic environment, Legrand delivered a solid integrated performance that was fully in line with its targets for the year and its value-creating medium-term business model. In keeping with its ambitions, in 2019, Legrand pursued initiatives aimed at strengthening its profitable growth profile and leading positions."

A VALUE-CREATING BUSINESS MODEL

Legrand's development is driven by the technological and social changes that are having a lasting and profound impact on buildings. These include digitalization, longer life expectancy, urbanization, solutions helping to reduce energy consumption, efforts to combat global warming and the introduction of new technologies and approaches, such as voice control.

By harnessing these megatrends, Legrand's purpose is to improve life by transforming spaces where people live, work and meet with electrical, digital infrastructures and connected solutions that are simple, innovative and sustainable. Our approach is built on forging close partnerships with industry players, fostering diversity and inclusiveness within our teams, and enhancing the environmental and social footprint of our operations—with the aim to set the standard for our sector of activity.

To achieve this, the business model is built around robust market positions and on fundamentals that have delivered sustained success over many years:

- a clear and proven strategy formulated around our two key growth drivers: i) organic growth, especially through innovation and the increasing digitalization of our product offering, and ii) external growth through bolt-on acquisitions;
- unwavering attention to customer experience, for both professionals and individuals;
- well-respected financial discipline and a culture of continuous improvement in performance, which we cultivate through multiple manufacturing initiatives;
- commitment of employees, who share a strong culture of accountability, empowerment, simplicity in dealings with others, rapid decision-making and commitment;
- deployment of ambitious CSR roadmaps;
- governance aligned with best practices.

FOR THE BENEFIT OF ALL OUR STAKEHOLDERS AND GLOBAL PRIORITIES

At Legrand, we believe we need to analyze our overall performance in terms of how well we meet the expectations of all our stakeholders. These obviously include our customers and workforce, but also our suppliers, shareholders, public authorities and communities, and we also need to consider natural resources and the environment.

That's why we signed up to the United Nations Global Compact and have pledged to help meet the Sustainable Development Goals for 2030 – These long-term goals help shape our CSR roadmaps, which set out for each year demanding public commitments in areas such as reducing CO_2 and VOC emissions, diversity and improvement in health and safety in the workplace. They also guide the products and solutions we market, which, for example, already cut our customers' CO_2 emissions by close to 2.5 million tons in 2019 alone.

Finally, this integrated report charts our progress with grasping opportunities for value creation in a sustainable, responsible and profitable manner. It is based on the framework drawn up by the International Integrated Reporting Council (IIRC), and it complements other publications.

Benoît Coquart,
Chief Executive Officer

STRATEGIC POSITIONING

An accessible market worth over €110 billion, driven by megatrends

Legrand is a global player in electrical and digital infrastructure for tertiary, residential and industrial buildings.

Social and technological megatrends, and those relating to customer habits, offer the Group long-term growth prospects. Buildings are the central focus of these developments.

SOCIAL MEGATRENDS

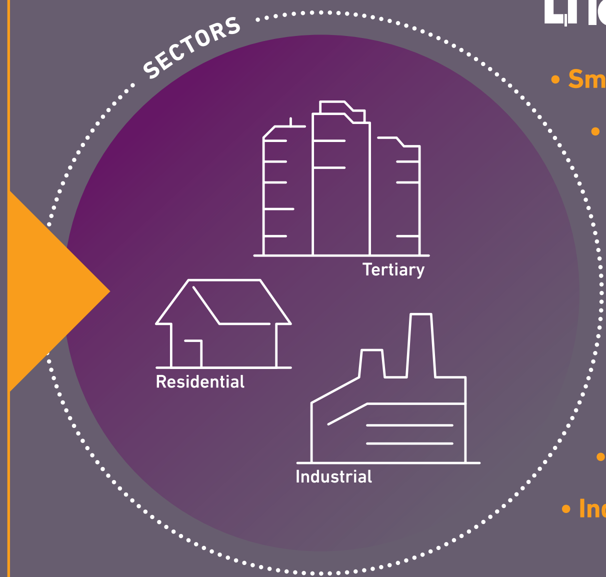
- Growing and aging populations
- Rise of the middle classes in new economies
- Climate change and energy savings
- Health and wellbeing
- Growing urbanization

CUSTOMER-RELATED MEGATRENDS

- Mobility
- Connected living
- E-commerce
- The Internet of me
- Collaborative and remote working
- Personal data protection
- Responsible consumption

TECHNOLOGICAL MEGATRENDS

- Wireless
- Voice control
- Sensors
- Fiber optics
- Big Data and blockchain
- Artificial intelligence



legrand

- **Smart buildings**
- **Connected home**
- **Energy efficiency and sustainable energies**
- **Assisted-living systems**
- **High-performance infrastructure**
- **Smart cities**
- **Industry 4.0**

Around **10%** of the world's population still has no access to electricity.

Buildings are responsible for **36%** of energy consumption*.

The number of people aged over 80 is expected to **triple** between now and 2050 **.

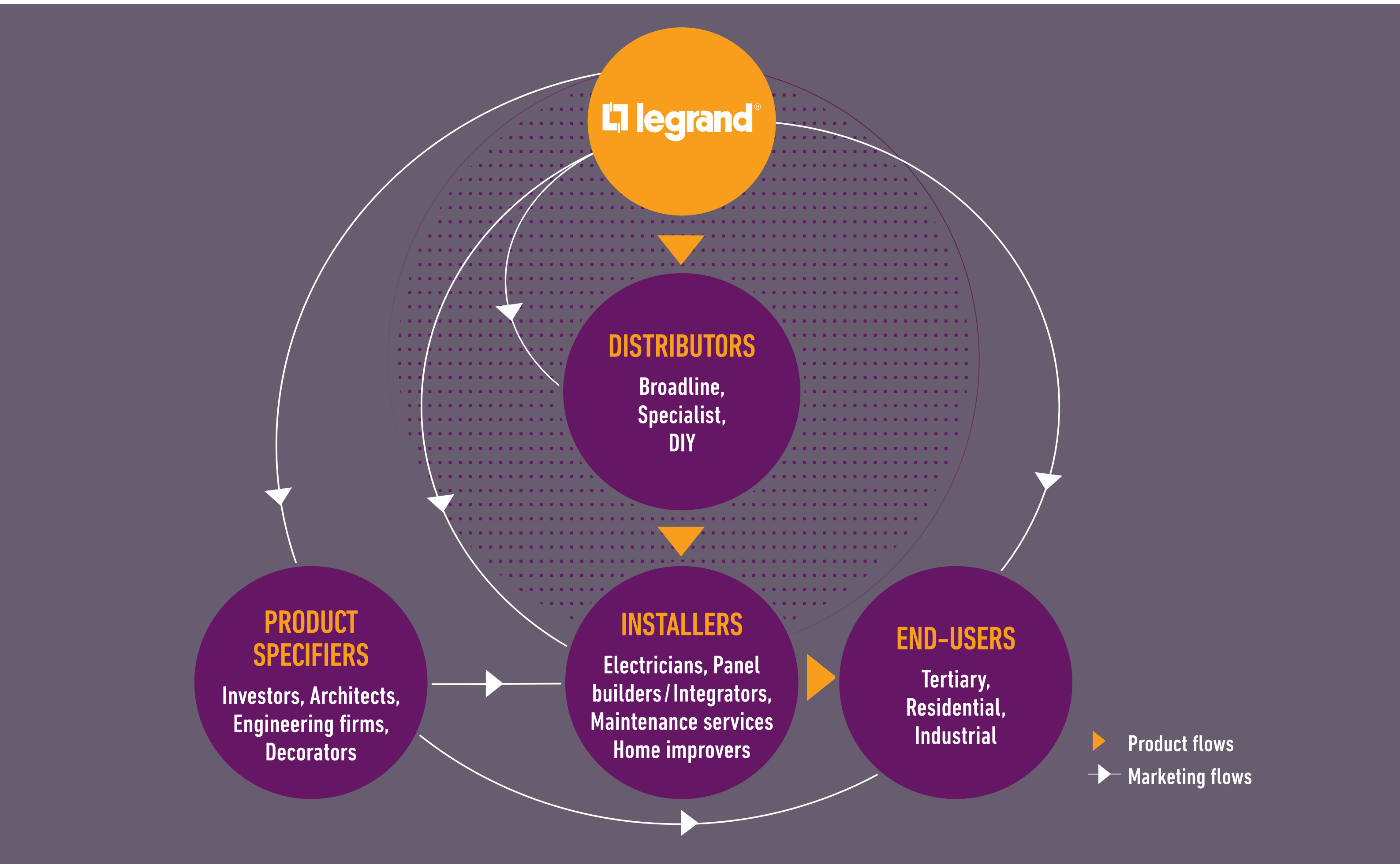
* *Source: International Energy Agency (IEA).* ** *Source: United Nations Organization.*

LEGRAND, THE GLOBAL SPECIALIST IN ELECTRICAL AND DIGITAL BUILDING INFRASTRUCTURES

Present across all parts in the economic chain

The depth of Legrand's offering, geared towards low-voltage applications in tertiary, residential and industrial buildings, makes the Group a global benchmark for all the players in its economic chain:

- **distributors,** to which Legrand sells its products,
- **electrical contractors,** who install Legrand's solutions in buildings,
- **product specifiers** (architects and engineering firms), who recommend the Group's solutions,
- **end-users** (individuals, companies and building managers).



A broad product range

Legrand offers a wide range of more than 300,000 product lines and solutions that are straightforward, innovative and sustainable.

Group solutions are installed in spaces where people live (individual and collective housing, hotels, etc.), work (offices, datacenters, industrial sites etc.) and meet (shops, hospitals, schools and universities etc.).

Worldwide, our catalogs offer more than 100 product categories to:

- **control electrical installations** (switches, user interfaces, etc.);
- **make power available** (domestic and industrial power sockets, USB connectors, etc.);
- **supply power to workstations** (mobile or flush-mounted sockets, floor boxes, etc.);
- **Provide a secure, stable and optimized power supply** (Uninterruptible Power Supply (UPS), transformers, harmonic filters, etc.);
- **protect electrical installations** (residential or power protection panels, circuit-breakers, etc.);
- **ensure the flow of electricity** through buildings (cable management, busbar trunking etc.);
- **secure buildings** (intrusion alarms, access controls, technical alarms, smart locks, etc.);
- **welcome and screen visitors** (audio and video door-entry systems, doorbells, etc.);
- **regulate temperature and sunlight** (thermostats, shutter controls, etc.);
- **provide structured cabling** (cabinets and enclosures, patching racks, copper and fiber-optic connectors, etc.);
- **organize** a datacenter's white-space **infrastructure** (Power Distribution Units (PDU), cabinets and racks, busways, etc.);
- **command lighting control systems** (detectors, lighting control systems, specification-grade architectural lighting for commercial buildings, etc.);
- **distribute audio and video signals** (support systems, video-conferencing solutions, etc.);
- **ensure that people can move around buildings and exit them** safely (emergency lighting, pathway marking solutions, etc.);
- **provide assisted living solutions** (personal alarm systems, sockets for easy unplugging, etc.);
- **measure and control power consumption** (smart electrical panels, eco-meters, load-shedding devices, etc.);
- **recharge electric vehicles** (kits, sockets and recharging stations, etc.);
- **remotely control and manage** all infrastructure and systems in homes and all kinds of smart buildings.

In 2019

Legrand generated over 12% of sales from connected products (Eliot program), of which 63% in non-residential buildings. These solutions with enhanced value in use deliver sustainable benefits to individuals and professionals, contractors and end-users.

An organization structure supporting the Group's strategy and customers

THE GROUP'S ORGANIZATIONAL STRUCTURE IS BASED ON **TWO DISTINCT ROLES:**

THE FRONT OFFICE, is organized by country and consists of sales (in a broad sense) and operational marketing, aimed at meeting the specific needs of each market.

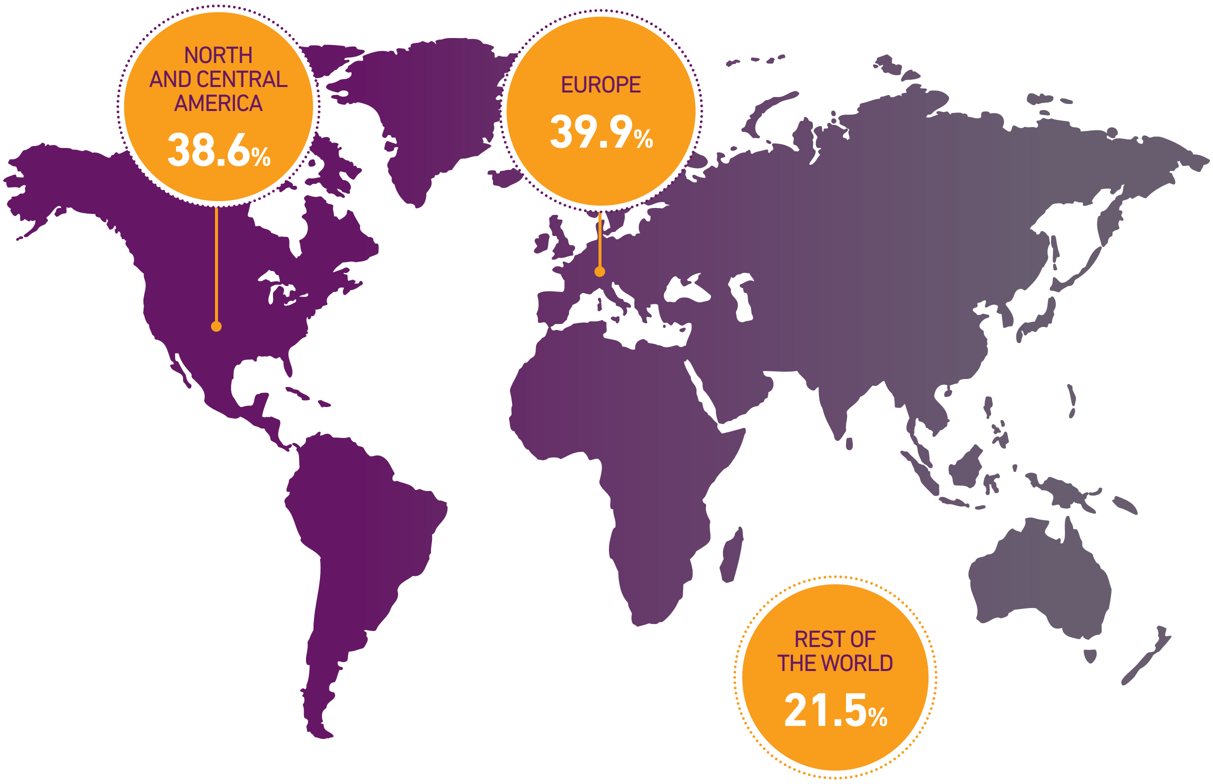
THE BACK OFFICE, brings together activities linked to strategy, industrial operations (innovation, research and development, manufacturing, purchasing and supply chain), and general administration, organized globally.

Global presence

Legrand's products are sold under more than **70 brands** across close to 180 countries.
The Group has sales and manufacturing operations in nearly **90 countries**.

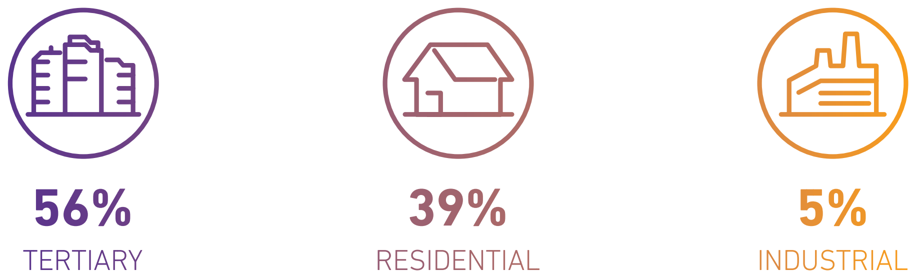
2019 SALES

BY GEOGRAPHICAL REGION (BY DESTINATION)



2019 SALES

BY END-MARKET



INTEGRATED STRATEGY

TWO GROWTH DRIVERS: ORGANIC GROWTH AND ACQUISITIONS

CLOSE TO **5%** OF SALES INVESTED IN R&D ON AVERAGE BETWEEN 2010 AND 2019	APPROXIMATELY **50%** OF INVESTMENTS DEVOTED TO NEW PRODUCTS ON AVERAGE BETWEEN 2010 AND 2019	**10** ACQUISITIONS COMPLETED IN 6 DIFFERENT COUNTRIES BETWEEN 2018 AND 2019	CLOSE TO A FURTHER **€400 million** RELATED TO ACQUISITIONS MADE IN 2018 AND 2019

Organic growth driven by innovation and sales and marketing initiatives

To learn more:
Chapter 2 of the Universal Registration Document

Organic growth is driven by **innovation**, through **regular new product launches** and ongoing **sales and marketing initiatives.**

In addition, Legrand has established **technological and commercial partnerships** to spur on innovation, speed up development and push the entire industry forward.

Investment in innovation has sparked numerous success stories, driven by pioneering technology.

Under the Eliot program, for example, Legrand was the first in the market to introduce:

- **connected user interfaces** (Céliane with Netatmo, Living Now with Netatmo, etc.);
- **smart video door-entry systems** (including the Classe 300x and Classe 100x systems);
- **connected emergency lighting systems**.

External growth underpinned by a strategy of selective targeted acquisitions

Legrand's targeted acquisitions strategy focuses on small- and medium-sized companies, referred to as bolt-on acquisitions, that complement the Group's existing activities, strengthen its positions and expand its accessible market year after year.

The Group has made 173 acquisitions since 1954 and invested an average of €427 million per year between 2010 and 2019.

In 2019, Legrand has acquired more specifically three companies:

- **Universal Electric Corporation,** the undisputed American leader in busways for datacenters;
- **Jobo Smartech,** the Chinese leader in connected hotel-room management systems (lighting, ambient temperature, etc.);
- **Connectrac,** an innovative US company specializing in over-floor power and data distribution.

FOCUS ON ELIOT PROGRAM

Since 2015, Legrand has accelerated investments in developing internet of things solutions under the Eliot program.

- NEW TARGETS FOR 2022

Double-digit organic growth in sales of connected products between 2018 and 2022, or sales of over €1 billion.

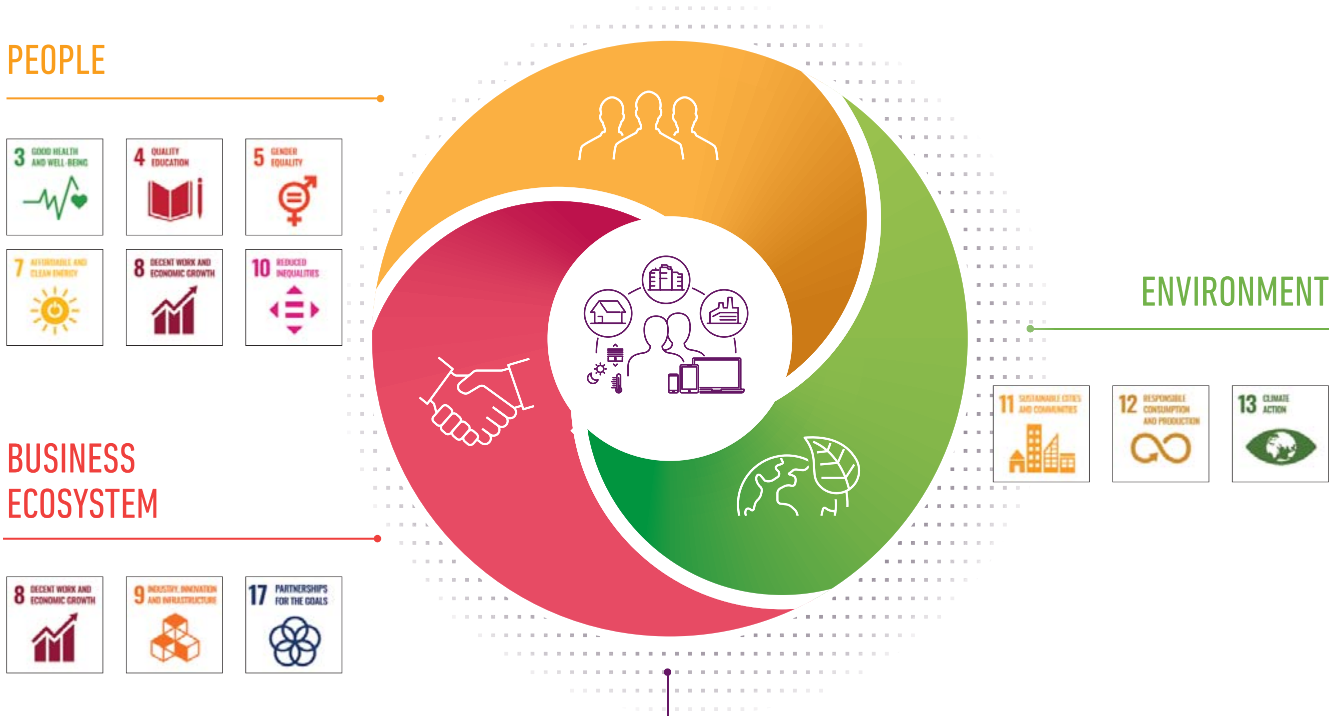
- WORKS WITH LEGRAND

This portal enables third parties (start-ups, large groups, manufacturers, IoT platforms, etc.) to connect to Legrand solutions so they can offer new services and features. Since 2018, more than 330 applications have been developed by over 1,100 partners.

eliot™ SMARTLY ON

WORKS WITH legrand®

PROFITABLE AND SUSTAINABLE GROWTH, CONTRIBUTING TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS (SDGs)



LEGRAND PRODUCTS AND SOLUTIONS CONTRIBUTE TO THE SDGs

- Products and solutions afford the broadest possible **access to reliable and sustainable electrical installations** (SDG 7 - Affordable and clean energy).

- Products are generally **manufactured as close as possible to the markets** where they are sold, and so they contribute to the **development of local economies.** (SDG 9 - Industry, innovation and infrastructure).

- Our extensive range of energy efficiency solutions catering to every type of building helps our customers **reduce their carbon footprint** (SDG 13 - Climate action).

- Most of our products are **eco-friendly by design** and provide users with **transparent environmental information** (SDG 12 - Responsible consumption and production).

PROFITABLE AND SUSTAINABLE GROWTH, IN A LOGIC OF PROGRESS FOR THE WHOLE STAKEHOLDERS AND THE PLANET

1 A CSR program embedded in the business model and aligned with global priorities

Legrand's Corporate Social Responsibility spans the environmental, ethical and societal aspects of our operations and growth plans around the world.

It is where our business activities and strategy intersect with the global challenges we face. It represents a commitment by our whole organization: all subsidiaries and entities are stakeholders in the CSR strategy, and they implement it globally.

2 A CSR program aligned with international standards:

- the 10 Principles of the United Nations Global Compact;
- The United Nations Sustainable Development Goals (SDGs) for 2030;
- the Universal Declaration of Human Rights;
- the Declaration of the International Labour Organization (ILO);
- the GRI (Global Reporting Initiative) and ISO 26000 standards.

Legrand has also joined the Science Based Targets initiative (backed by the WWF, the United Nations Global Compact, the World Resources Institute and the Carbon Disclosure Project).

3 A CSR program developed jointly with stakeholders

Risks and priorities arising from the business model are identified through a materiality survey of stakeholders and also through our risk mapping efforts.

4 A longstanding CSR program

Multi-year CSR roadmaps set out the priorities and targets for the Group and each subsidiary. The Sustainable Development function was created in 2004 and the first published CSR roadmap dates back to 2007.

Broad involvement in extra-financial performance

- **Strategy and Social Responsibility Committee: it is made up of six members of the Board of Directors and contributes to consistency between the CSR priorities and Group strategy.**
- **Compensation criteria: non-financial performance has a significant influence over the compensation of Group executives and decision-makers (CEO, members of the Executive Committee, country managers, functional managers, etc.).**

To learn more:
Chapter 4 of the Universal Registration Document

10 KEY CHALLENGES FOR 2021

BUSINESS ECOSYSTEM

All along the value chain, Legrand aims to address the expectations of business stakeholders, suppliers, users and partners, in order to ensure progress for all in strict compliance with ethical rules.

- **PROVIDE SUSTAINABLE SOLUTIONS**
- **ENSURE SUSTAINABLE PURCHASING**
- **ACT ETHICALLY**

PEOPLE

All over the world, Legrand is committed to ensuring the greatest respect for human rights, diversity, safety, wellbeing, health and talent among its employees and communities.

- **RESPECT HUMAN RIGHTS AND COMMUNITIES**
- **PROMOTE HEALTH, SAFETY AND WELL-BEING AT WORK**
- **DEVELOP SKILLS**
- **PROMOTE EQUAL OPPORTUNITIES AND DIVERSITY**

ENVIRONMENT

It is Legrand's responsibility to limit the environmental impact of its activities, and leading the way forward to a low-carbon society.

- **LIMIT GREENHOUSE GAS EMISSIONS**
- **INNOVATE FOR CIRCULAR ECONOMY**
- COV **COMBAT POLLUTION**

3 AMBITIONS FOR 2030

INCREASE THE SHARE OF SUSTAINABLE INCOME

Derive 80% of the Group's sales from sustainable products.

STRENGTHEN THE POSITION OF WOMEN AT LEGRAND

Ensure that women hold at least one-third of the Group's key roles. Reach gender parity in the workforce.

CONTINUE REDUCING THE CARBON FOOTPRINT

Achieve a 30% reduction in CO_2 emissions directly related to the Group's activities (target validated by Science Based Targets).

INTEGRATED PERFORMANCE

LEGRAND'S MEDIUM-TERM VALUE-CREATING MODEL

Confident in the soundness of its model and its ability to fuel lasting profitable growth, Legrand confirmed in 2019 its medium-term model:

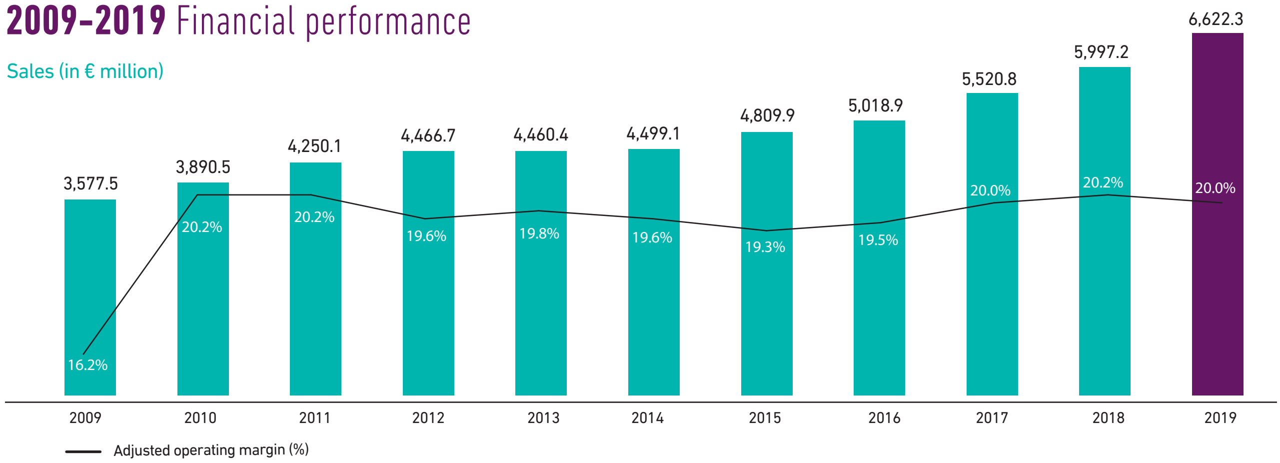
- assuming a buoyant economic backdrop and excluding exchange-rate effects, the Group intends to achieve annual growth in sales and adjusted operating profit of around +10%;
- assuming a lackluster or unfavorable economic backdrop, Legrand will focus on protecting its model, profitability and generation of free cash flow.

Over a full economic cycle, and excluding any major economic slowdown, this model would result in average annual total growth in sales above that of the Group's reference markets, adjusted operating margin averaging around 20% of sales, normalized free cash flow ranging on average between 13% and 14% of sales, and an attractive dividend.

Legrand also intends to continue rolling out an ambitious approach to CSR, driven by demanding roadmaps.

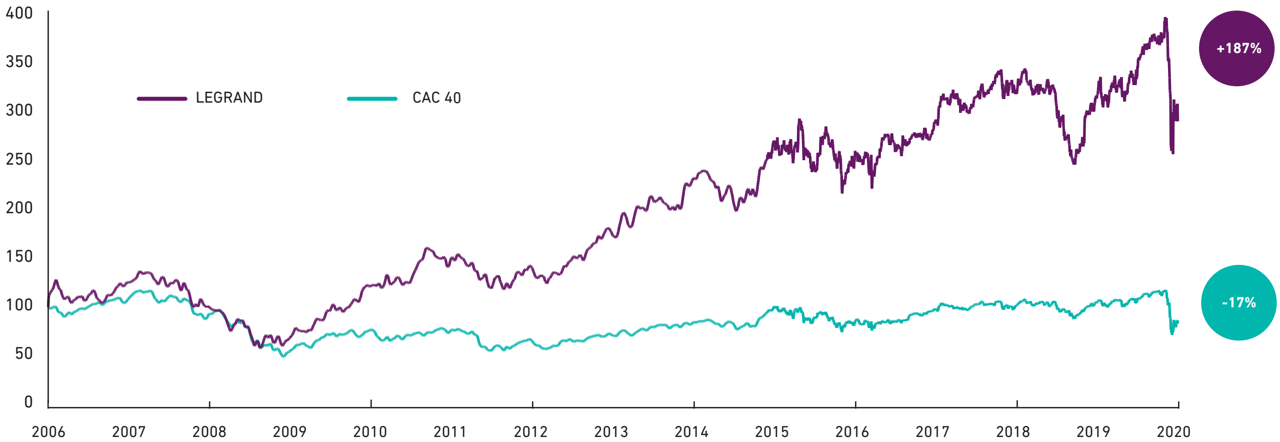
2009-2019 Financial performance

Sales (in € million)



Share price **performance**

Between April 6, 2006 and April 15, 2020 (index 100 in 2006)



CSR highlights and performance since 2004

4TH ROADMAP

Achievement rate of 113% at year-end 2019

2021
2019

2019
Publication of the “Diversity and Inclusion policy”
Ratification of the “Women Empowerment Principles”
Launch of the “Learning with Legrand” platform
“Climate change” steering committee

3RD ROADMAP

Achievement rate of 122%

2018
2014

2018
Legrand is the sixth CAC 40 group to have its climate strategy validated by the Science Based Target initiative

2017
Launch of the “Serenity On” global social protection program

2016
Commitment to the “Energy Productivity Global Alliance”

2015
Certification by an external auditor
Integration of CSR performance criteria in compensation packages

2014
Creation of the Legrand Foundation

2ND ROADMAP

Achievement rate of 86%

2013
2011

2013
Creation of the Elle@Legrand women’s network

2012
4th French company to receive the “Responsible Supplier Relationship” accreditation
Launch of the compliance program

1ST ROADMAP

2010
2007

2007
Partnership with the NGO “Électriciens sans frontières”

2006
Joined the UN Global Compact

2004

Creation of a Sustainable development function

BUSINESS MODEL

PROFITABLE, SUSTAINABLE, VALUE-CREATING GROWTH

2019 data

HUMAN CAPITAL

- Around **39,000** employees
- Over **2,600** people working in R&D in more than 20 countries
- Loyal and committed teams

INDUSTRIAL CAPITAL

- More than **130** manufacturing and logistics sites in 31 countries
- **81**% of sites ISO 9001-certified
- **91**% of sites ISO 14001-certified

FINANCIAL CAPITAL

- Solid balance sheet structure
- Net debt equal to **1.6x** EBITDA
- Investment-grade credit rating

INTELLECTUAL CAPITAL

- About **3,500** patents
- Over **70** trademarks
- More than **300,000** product references

SOCIAL CAPITAL

- **60**% of purchases from suppliers that have embraced Global Compact principles
- Corporate sponsorship (Électriciens sans frontières, Fondation Agir Contre l'Exclusion), technological alliances, commercial partnerships

NATURAL CAPITAL

- Land
- Raw materials
- Other natural resources

Global presence in electrical and digital building infrastructures, a market driven by megatrends

EXTERNAL GROWTH

47 acquisitions
from 2009 to 2019

€4.3 billion invested

ORGANIC GROWTH

Innovation

- 4.8% of sales invested in R&D in 2019
- More than 40 connected product categories (Eliot)

Commercial excellence

- 96.5% of sales covered by a CRM
- 124 million page views
- Digital initiatives: e-marketing, data analytics
- More than 100 showrooms and concept stores

LEADERSHIP POSITIONS

~ 2/3 of sales
generated by no. 1
or no. 2 market positions

At least one leadership position
in more than 45 countries

Solutions that are
- Reliable
- Accessible

and with significant added-value through their
- Features
- Simplicity
- Comfort
- Security
- Aesthetics

2019 data

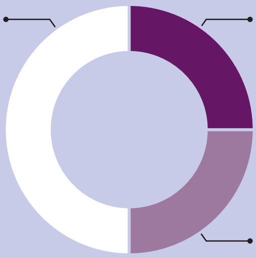
LONG-TERM VALUE CREATION

€ 6.6 billion in sales
including €819 million from connected products

20.0 % adjusted operating margin (as a % of sales)

€ 1,009.8 million of normalized free cash flow

BREAKDOWN OF VALUE ADDED BY STAKEHOLDER (2009-2019)



50%
Employees

25%
Investments in development
- Capital expenditures (5%)
- R&D investments (5%)
- Acquisitions (15%)

25%
Other stakeholders
- Shareholders and lenders (14%)
- Governments and civil society (11%)

BUSINESS ECOSYSTEM

- 60 partnerships since 2014
- Around 1 million customers trained since 2014
- Systematic follow-up and improvement plans for CSR risky suppliers
- Over 4,000 staff members trained in 2019 to Business ethics

PEOPLE

- 61% of countries deploying a Charitable policy towards local communities
- 2.5 million people benefiting from electricity supply projects carried out with Électriciens sans frontières since 2007
- - 16% reduction in the frequency of workplace accidents between 2018 and 2019
- 83% of employees covered by the Serenity On program
- 85% of employees received at least 4 hours' training during the year
- Steady increase in the number of women holding key positions

ENVIRONMENT

- 90% of waste recovered
- 6% reduction in direct CO_2 emissions between 2018 and 2019
- 7 million metric tons of CO_2 emissions avoided through our energy efficiency solutions since 2014
- 62% of sales covered by PEP (Product Environmental Profile)

Legrand, the sixth CAC 40 company to be recognized by the Science Based Target Initiative for its commitment to reducing greenhouse gas emissions

RISK MANAGEMENT

SERVING PERFORMANCE

Group risk mapping

To learn more:
Chapter 3 of the Universal Registration Document

As the Group and its operating environment changes, risk mapping identifies risks and opportunities that are likely to significantly impact the Group's strategy, operations, financial position or reputation, and to mitigate them.

Risk factors may be external (regulatory changes, cybercrime, technological developments, market trends, climate change, natural catastrophes etc.) or internal (equipment or human failure, fraud, non-compliance with regulations, etc.).

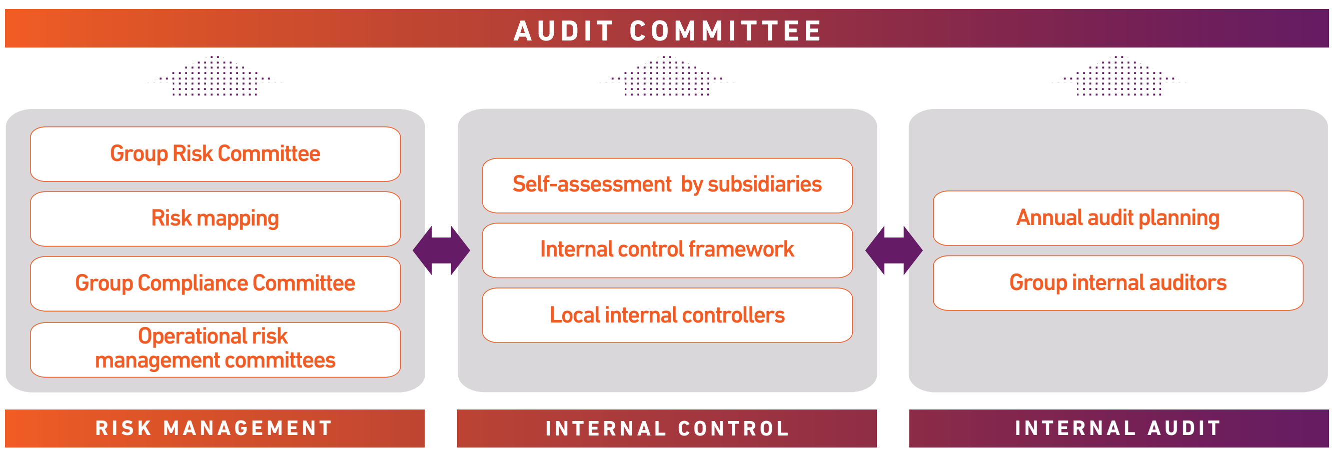
Risk management is an ongoing task for which all Group managers are responsible.

A dedicated governance framework is in place consisting of:

- a risk manager in charge of overseeing the process,
- a risk committee chaired by the Chief Executive Officer,
- operational risk committees in some departments,
- the Audit Committee, charged with assessing the organization and the system's effectiveness.

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

Dedicated governance framework



RISK MANAGEMENT IS A KEY ASPECT OF THE GROUP'S OPERATIONS AND SAFEGUARDING ITS INTEGRATED PERFORMANCE

Risks and opportunities associated with the business model

The risk mapping programs identify the risks and opportunities associated with our business model.

ASPECTS OF THE BUSINESS MODEL	ASSOCIATED RISKS AND OPPORTUNITIES
Organic growth and innovation - Particularly related to the Internet of Things	• Technological disruption and digital transformation • Personal data protection • Failure in launching a major project
Acquisitions	• Detecting acquisition targets, acquiring them and integrating them within Legrand
Leadership positions	• Changes in product standards and regulations • Ability to adjust prices • Product quality and safety • Brand and reputational damage
Human capital	• Attracting and retaining talent • Adapting skills to requirements • Employees engagement
Intellectual capital	• Intellectual property, patent protection, infringement of third-party rights, counterfeiting
Industrial capital	• Raw materials and component shortages • Failure of a strategic supplier • Unavailability of a production, storage or logistics site
Social capital	• Poor practice among suppliers • Environmental impact • Employment practices • Business ethics • Tax
Financial capital	• Financing and liquidity risk • Counterparty risk • Value of brands and goodwill
Natural capital	• Risks related to climate change
Creation of financial value added	• Failure to achieve the expected financial performance • Reliability of accounts and internal control • Foreign currency risk • Customer credit risk
Global presence	• Country risk

GOVERNANCE

CENTRAL TO ALL ISSUES

Board of Directors: independence, diversity and variety of skills

Legand is listed on Euronext Paris and is a member of the CAC 40[1].

Our shareholder base is international, and is mainly located in the United States, France, the United Kingdom and various other European countries. Its free float is 96%. We pay particular attention to our governance, ensuring that it meets the highest standards, not only to comply with legal requirements but to act in the interests of all our stakeholders. We abide by 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**

The Board of Directors exercises the powers vested in it by law to act in the company's interest in all circumstances. The Board's decisions are made within the context of the Group's sustainable development approach. The Board of Directors is thus made up of individuals with varied and complementary profiles. They possess strategic, financial and specific skills such as financial communication, CSR, talent management and marketing.

THE MEMBERS OF THE BOARD OF DIRECTORS ARE AS FOLLOWS[1]:

Gilles SCHNEPP
Chairman of the Board of Directors
French nationality

Olivier BAZIL
Director
French nationality

Isabelle BOCCON-GIBOD
Independent director
French nationality

Christel BORIES
Independent director
French nationality

Angeles GARCIA-POVEDA
Independent director - Lead director
Spanish nationality

Edward A. GILHULY
Independent director
American nationality

Philippe JEULIN
Director representing employees
French nationality

Patrick KOLLER
Independent director
Dual French/German nationality

Michel LANDEL
Independent director
French nationality

Annalisa LOUSTAU ELIA
Independent director
Italian nationality

Éliane ROUYER-CHEVALIER
Independent director
French nationality

PROPORTION OF INDEPENDENT DIRECTORS*	GENDER BALANCE ON THE BOARD OF DIRECTORS*	NATIONALITIES REPRESENTED ON THE BOARD OF DIRECTORS
80%	50% 50%	5

** These figures do not include the director representing employees.*

(1) On the date this Universal Registration Document was registered.

To find learn more:
Chapter 6 of the Universal Registration

7 MEETINGS OF THE BOARD IN 2019	**94%** DIRECTOR ATTENDANCE RATE AT BOARD MEETINGS	**1** MEETING HELD BY DIRECTORS WITHOUT INTERNAL AND EXECUTIVE DIRECTORS	EVALUATION OF THE BOARD AND ITS COMMITTEES CONDUCTED "INTERNALLY" AND INCLUDING AN ASSESSMENT OF THE INDIVIDUAL CONTRIBUTION OF EACH DIRECTORS

Since 2017, Legrand ranked consistently among the top quartile of CAC 40 companies in terms of governance practices according to the "CAC 40 governance" index launched by Euronext in partnership with Vigeo EIRIS.

8 MEETINGS OF THE AUDIT COMMITTEE	**3** MEETINGS OF THE COMPENSATION COMMITTEE	**4** MEETINGS OF THE STRATEGY AND SOCIAL RESPONSIBILITY COMMITTEE	**3** MEETINGS OF THE NOMINATING AND GOVERNANCE COMMITTEE	**98%** DIRECTOR ATTENDANCE RATE AT BOARD SPECIALIZED COMMITTEE MEETINGS	**2** MEETINGS OF THE AD HOC COMMITTEE

The Executive Committee: a multi-disciplinary and experienced team

The Executive Committee is made up of a close-knit nine-member team, with a varied and complementary range of expertise. All its members understand the Group's core business and its development issues.

This Committee brings together representatives from country management teams and country operational support departments. On the date the 2019 Universal Registration Document was filed, the Executive Committee, which included three women, was made up as follows:

Name	Duties	Year of arrival
Mr. Benoît COQUART	Chief Executive Officer	1997
Ms. Karine ALQUIER-CARO	Executive VP Purchasing	2001
Ms. Bénédicte BAHIER	Executive VP Human Resources	2007
Mr. Antoine BUREL	Deputy Chief Executive Officer, Executive VP Group Operations	1993
Mr. Jean-Luc CARTET	Executive VP Asia-Pacific, Middle East & Africa and South America	1992
Ms. Gloria GLANG	Executive VP Strategy and Development	2019
Mr. Franck LEMERY	Chief Financial Officer	1994
Mr. John SELLDORFF	President and Chief Executive Officer of Legrand North & Central America	2002
Mr. Frédéric XERRI	Executive VP Europe	1993

2

GROUP OVERVIEW

2.1 - LEGRAND AND ITS BUSINESS

2.1.1 - Overview

2.1.1.1 A BUSINESS MODEL CREATING VALUE OVER THE LONG TERM

The Group offers a wide range of more than 300,000 products and solutions for three main sectors, i.e. commercial, residential and industrial, which accounted for 56%, 39% and 5% of 2019 sales respectively.

The Group's solutions are known for their quality, reliability, availability and ease of installation, as well as for their numerous functionalities, and so are specified, sold and installed year after year by participants in its economic chain. They improve life by transforming spaces where people live (individual and collective housing, hotels etc.), work (offices, datacenters, industrial sites etc.) and meet (shops, hospitals, schools and universities etc.).

More specifically, the Group offers more than 100 product families that enable users to:

- control electrical installations (switches, user interfaces, wiring devices with integrated voice command etc.);
- make power available in all types of buildings (domestic and industrial power sockets, USB connectors etc.);
- supply power to workstations (mobile or flush-mounted sockets, floor boxes etc.);
- provide a secure, stable and optimized power supply (UPS[1] systems, transformers, harmonic filters etc.);
- protect electrical installations (residential or power protection panels, circuit-breakers, residual current circuit-breakers etc.);
- ensure the flow of electricity through buildings (cable management for ceilings, floors or walls, busbar trunking etc.);
- secure buildings (intrusion alarms, access control, technical alarms, smart locks etc.);
- welcome and screen visitors (audio and video door-entry systems, doorbells etc.);
- regulate temperature and sunlight (thermostats, shutter controls etc.);
- provide structured cabling within buildings (cabinets and enclosures, patching racks, copper and fiber-optic connectors etc.);
- organize a datacenter's white-space infrastructure (PDUs[2], cabinets and racks, busways[3] etc.);
- command lighting control systems (detectors, lighting control systems, specification-grade architectural lighting for commercial buildings etc.);
- distribute audio and video signals (support systems, video-conferencing solutions etc.);
- ensure that people can move around buildings and exit them safely (emergency lighting, pathway marking solutions etc.);
- provide assisted living solutions (personal alarm systems, sockets for easy unplugging etc.);
- measure and control power consumption within a building (smart electrical panels, eco-meters, load-shedding devices etc.);
- recharge electric vehicles (kits, sockets and recharging stations etc.); and
- remotely control and manage all infrastructure and systems in homes and all kinds of smart buildings.

This comprehensive offering, designed to cover numerous applications, makes Legrand a global standard among all players in its economic chain: the distributors to which Legrand sells its products, the electrical contractors that install Legrand's solutions in buildings, product specifiers (architects and engineering firms) and end-users (individuals, companies and 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) that offer enhanced value in use for installers, building managers and end-users- and supported by steady geographical expansion as well as numerous marketing and sales initiatives, particularly using digital tools with the digitization of customer relations, commercial data, communication and the gradual deployment of a data analytics program.

External growth is Legrand's second growth driver, with the acquisition of companies that have leading positions in their markets.

Another feature of Legrand's business model is high free cash flow generation, enabling the Group to finance most of

1 Uninterruptible Power Supplies.

2 PDU: Power Distribution Unit.

3 Busways: power supply systems involving sets of metallic bars or "busbars".

its growth and offer an attractive dividend, while maintaining a solid balance sheet position.

Finally, the Group's business model embeds a long-standing commitment to CSR that is constantly updated (see Chapter 4 of this universal registration document for more information on Legrand's CSR approach).

Legrand is continually strengthening its profitable, sustainable and highly cash-generative growth profile. As a result, thanks to the soundness and ongoing improvement of its business model, the Group finances its growth over the long term and thus creates value for all its stakeholders, while continuing to offer products that help protect the environment.

The Group is listed on Euronext Paris and is a constituent of the CAC 40 index as of the date on which this universal registration document is 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 around 39,000 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 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, operations (innovation, R&D, manufacturing, purchasing and supply chain), and general administration (Back Office), organized globally.

The Group has solid, long term growth drivers: geographical expansion, growth in sales of smart products through its Eliot program, and macrotrends.

Geographically, around 85% of its sales were generated outside France in 2019. Around 35% came from the United States, the Group's leading country in terms of sales.

Legrand also strongly believes that new technologies, particularly digital ones, significantly increase the value in use of its products and systems. Through its Eliot program, launched in 2015, the Group has decided to step up its development in this area by investing in innovation – with the introduction of numerous connected solutions – and acquisitions, particularly Netatmo in 2018. In addition, the Group has forged a large number of technological and commercial partnerships with leading players in digital technology, research centers and startups. In particular, in 2019 Legrand adopted the target of generating more than €1 billion of sales from connected products by 2022[1].

Finally, macrotrends are offering long-term growth opportunities for the Group and specifically reflect:

- social changes related to growing and ageing populations, the need to decarbonize buildings and the increasing desire to reduce energy consumption, the development of lifestyles that are increasingly flexible and focused on wellbeing, urbanization, and the development of new economies and particularly their middle classes;
- changes related to end-customer habits, with rapid growth in e-commerce and rising demand for products that are easy to use, connected and eco-responsible, while ensuring the protection of personal data; and
- technological change, particularly related to digital technology and the Internet of Things, driven by growth in wireless data transmission, fiber-optic networks, big data, mobile and voice control apps and artificial intelligence.

These developments are underpinning the deployment of increasingly sophisticated electrical and digital infrastructure in buildings, and putting Legrand – as a specialist in this area – at the heart of these macrotrends, particularly those relating to the development of the Internet of Things, energy transition, assisted living and efforts to combat climate change.

2.1.1.2 NUMEROUS GROWTH OPPORTUNITIES

Legrand has numerous growth opportunities, based on its own momentum and that of the market for electrical and digital building infrastructure.

The Group is developing first and foremost in terms of its geographical presence, products and distribution channels.

2.1.1.2.1 International development[2]

Strengthening the Group's presence in the United States

Due to its ongoing innovation efforts along with 17 acquisitions in the last 10 years, the United States – which accounted for around 35% of Legrand's 2019 sales – has been the Group's number one country in terms of sales since 2015. In particular, Legrand has built solid leading positions in the last few years in audio-video (AV) infrastructure and power with the acquisitions of Milestone in 2017 and Middle Atlantic Products in 2011, in intelligent PDUs[3] with the acquisitions of Server Technology in 2017 and Raritan in 2015, in busways (power supply systems involving sets of metallic bars or "busbars") for datacenters with the acquisition of Universal Electric in 2019 and in specification-grade lighting for commercial buildings with the acquisitions of Focal Point in 2020, Kenall in 2018, Finelite and OCL in 2017 and Pinnacle in 2016. These positions supplement the Group's long-standing leading positions in the United States in user interfaces, cable management (in which Legrand

1 At constant scope and exchange rates compared with 2018. For more information, readers are invited to read the press release published on 12 June 2019.

2 For more information about market data and Legrand's competitive position, readers are invited to refer to the note on page 4 of this universal registration document.

3 PDU: Power Distribution Unit.

strengthened its position in 2019 with the acquisition of Connectrac[1]) and high-energy-efficiency lighting control.

Presence in new economies

New economies (Latin America, Central America, Eastern Europe, Turkey, Asia excluding South Korea, Pacific excluding Australia, Africa and the Middle East) offer long term growth potential. Around 10% of the world's population does not yet have access to electricity, and a middle-class boom is expected in many countries – for instance, according to the OECD, Asia will have around 3 billion middle-class citizens by 2030, five times more than in Europe – driving demand especially for higher value-added products. As a result, Legrand believes that in the long term, its market offers attractive growth potential as electricity generation and distribution infrastructures gradually develop.

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 27% of the Group's sales in 2019, the most significant country being India with around 5% of total Group sales.

2.1.1.2.2 Development of connected solutions and new technologies

Supported by the rise of technologies that make it easier to exchange digital information and the emergence of new demand because of changing lifestyles and working habits (urbanization, video-conferencing, remote working, increased use of smartphones, remote controls for the home etc.), connected solutions are continuing to grow.

Eliot: the connected objects program

The Eliot program, launched in July 2015, aims to speed up deployment of the Internet of Things within the Group's offering.

Between 2014 and 2018, sales of connected products grew in total at an average annual rate of 28%. Over the same period, the program was rolled out across numerous countries and the number of connected product families doubled to 40[2] at the end of 2018. As a result, Legrand achieved the Eliot program's 2020 targets[3] two years early in 2018.

The Eliot program accelerated with the 2018 acquisition of Netatmo, a French leading company in connected objects for smart homes, with which Legrand had already successfully co-developed several smart-home management solutions such as Céliane with Netatmo and Living Now with Netatmo, which were very well received in the market.

Having achieved rapid sales growth since it was created in 2011, Netatmo has enhanced Legrand's offering in new product categories and is increasing the Group's development capabilities with the expertise of its 130 engineers specializing in artificial intelligence, user experience and software product integration.

Bolstered by this acquisition, Legrand set ambitious new targets[4] in June 2019:

- double-digit annual organic growth in sales for connected products from 2018 to 2022; and
- over one billion euros in sales generated by connected products in 2022, excluding acquisitions and exchange-rate effects.

In 2019, sales from connected products amounted to €819 million, representing a 29% increase compared with 2018 and an organic sales growth of 10%. This solid performance was in line with the Group's stated targets[5], and shows the program's ongoing momentum, driven in particular by the launch of new products (Classe 100x video door-entry system, Valena Next with Netatmo, Mosaic and Plexo with Netatmo sockets and switches, emergency lighting and Reach Digital assisted living alarm systems) in many countries for both commercial and residential buildings, which accounted for approximately 63% and 37% of connected product sales respectively in 2019.

In addition, Legrand recently acquired Jobo Smartech, the Chinese leader in connected hotel-room management systems (lighting, ambient temperature, etc.), whose ranges ideally round out those of Legrand in China's dynamic hotel segment.

Increased investment and partnerships focusing on new digital technologies

New technologies, particularly digital ones, significantly increase the value in use and ease of installation of Legrand's products for both consumer and professional users.

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

- R&D investments that are increasingly focused on new technologies, for example with the number of R&D staff members assigned to software rising by a factor of almost five between 2010 and 2019 and now accounting for more than 15% of the Group's R&D staff;
- the signing of collaborative agreements, strategic partnerships and many technological alliances, particularly as part of the "Works with Legrand" program. Through that program, Legrand has formed numerous partnerships, including with Apple, Google, Microsoft and Alexa™, with which the Group has developed the first connected switch with built-in voice assistant. The program also includes startups like mySmartJarvis and Roomchecking in France, and Lumenetix in the United States;
- the development of product ranges addressing new usages, such as improving workspace management with smart detectors in partnership with Microsoft Office 365,

1 *Connectrac is an innovative US company specializing in over-floor power and data distribution.*

2 *Including Netatmo, not included in 2018 sales figures.*

3 *In 2015, Legrand set itself the target of doubling the number of its connected product families, from 20 in 2014 to 40 in 2020 and achieving double-digit average annual total growth in sales for connected products between 2014 and 2020.*

4 *Excluding any major economic downturn.*

5 *For more details, readers are invited to read the press release of 12 June 2019.*

integrating artificial intelligence into connected face-recognition door entry systems in China, and developing connected emergency lighting allowing remote surveillance and enhanced maintenance; and

- involvement in many technology alliances, such as Open Connectivity Foundation, ZigBee Alliance, Thread Group or the Wireless Power Consortium, to ensure the interoperability of its range with that of other companies and to take part in defining the standards of tomorrow. These alliances are especially important since 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 is also adding to its offering in areas that fit well with its long-standing activities, that have business models very similar to its own and that show promising prospects, particularly in digital infrastructure. In the last five years, for example, along with Netatmo and Jobo Smartech in connected products, Legrand has:

- acquired 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;
- acquired Server Technology Inc. (a leading North American player in the smart PDU[1] segment), Shenzhen Clever Electronic (a leading Chinese player in the same segment), Raritan (which also has solid positions in North America in the smart PDU[1] segment but also specializes in KVM[2] switches), Fluxpower, Primetech and Gemnet (specializing in UPS[3] systems), AFCO Systems Group (US specialist in Voice-Data-Image cabinets) and Universal Electric Corporation, in 2019, undisputed leader in busways[4] for datacenters in the United States, as well as entering into a joint venture with Modulan (German specialist in custom cabinets) also in the datacenter field;
- acquired Jontek (a frontrunner in the assisted living sector in the United Kingdom);
- acquired IME, a leading Italian player and European specialist in measuring electrical installation parameters, in the highly promising energy efficiency segment; and
- entered into a joint-venture with Borri, an Italian company specializing in three-phase UPS[3] systems.

2.1.1.2.3 Addressing major social changes

As society develops and new needs emerge, Legrand is continuing to develop its corresponding offering. Accordingly, the Group offers a wide range of solutions to help users limit energy consumption, to increase wellbeing both at home and at work, and to accompany the development of digital technology while providing the best user experience.

Accompanying increasingly digital lifestyles

Breakthroughs in digital technology have led to sweeping changes in the day-to-day use of electrical equipment. Smartphones, tablets, televisions, computers, lighting, sound systems, household appliances, cars and more are becoming increasingly interactive, intuitive, mobile and connected.

These technological developments have helped to create new ways of living. In the last few decades, the sharing of content on social media, remote working, video-conferencing and multi-site meetings, and the remote management of commercial and residential building systems have developed rapidly, significantly increasing the flow of data within buildings. As a result, between 2018 and 2022, the number of connected objects per person is expected to almost double[5] and, at the same time, the number of smart devices in commercial buildings is likely to more than triple[6].

These developments make it necessary to reinforce and enhance buildings' electrical and digital infrastructure, which the Group's products help to achieve.

Increasing energy efficiency

Buildings currently account for around 35% of total worldwide energy consumption[7].

Given issues related to climate change and the depletion of natural resources, new regulations are being introduced on a regular basis – for example in the European Union and in the United States with energy codes such as Title 24 in California – and there is growing demand for products that are environmentally-friendly and reduce greenhouse gas emissions. As a result, Legrand is seeing growing demand in all its markets for products and systems that reduce energy consumption and improve the quality of electricity.

The Group is meeting that demand by offering a range of products and solutions for measuring consumption and controlling the quality of energy. Legrand also offers eco-meters, which measure all types of energy and allow users to consult the resulting information (including on mobile devices), and load-shedding devices that control energy consumption and temporarily break the supply of power to non-priority circuits.

The Group also operates in lighting management, shutter control, home automation, standby mode control of water-heater and space-heating, as well as the improvement and control of electricity quality (source inverting, reactive energy compensation, highly energy-efficient transformation, surge protection, and uninterrupted power supplies).

1 PDU: Power Distribution Unit.

2 KVM: Keyboard, Video and Mouse.

3 Uninterruptible Power Supplies.

4 Busways: power supply systems involving sets of metallic bars or "busbars".

5 Source: Rethink Research.

6 Source: Berg Insight.

7 Source: International Energy Agency.

Readers are invited to refer to section 4.4.1.2 of this universal registration document for further information on the energy efficiency business.

Increasing wellbeing within buildings and optimizing their use

As well as distributing and protecting electrical and digital installations within buildings, Legrand's products and solutions also increase users' wellbeing. The Group's products are well known for having high-end functionality, for being easy to use both locally and remotely through connectivity, and for having high esthetic and ergonomic standards. In residential buildings, the Group is continuously developing large numbers of simple products that allow all functions within the home to be managed interactively, such as:

- electrical controls, with recently launched ranges of connected user interfaces such as Céliane with Netatmo, dooxie, Living Now, Valena Next with Netatmo, Radiant and Yiyuan;
- power consumption monitoring, particularly with the help of metering devices;
- access control with new smart video door-entry systems such as Bticino's Classe 300x and 100x products, along with face-recognition door-entry systems sold in China; and
- comfort, with connected thermostats and audio/video distribution solutions.

Legrand also offers numerous innovations for commercial buildings, including products that:

- optimize the installation, implementation and performance of digital infrastructure, as well as reducing its footprint, particularly within datacenters, with its LCS3 high-performance structured cabling system;
- manage lighting control systems, for example Wattstopper's Digital Lighting Management products which operate on digital networks, specification-grade architectural lighting and products for critical applications in commercial buildings (Focal Point, Finelite, Pinnacle Architectural Lighting, Kenall and OCL); and
- make it easier to secure living spaces, with the help of emergency lighting (including new connected products recently launched in France and Australia, whose features include targeted and simplified maintenance), illuminated security pathway marking, along with fire alarms and systems for controlling access at strategic points.

The Group is playing a role in the rise of new forms of mobility by supporting the development of electric vehicles. For several years now, Legrand has been offering charging solutions for various uses such as sockets and stations, including connected devices that allow users to program charging time slots and can be installed in individual garages but also in the car parks of residential and commercial buildings.

Supporting assisted living

According to the UN, the number of people in the world who are over 80 is expected to almost triple by 2050 from its 2019 level. As a result, population ageing poses a major challenge, in terms of both the economy and social 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 frontrunners 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, which joined the Group in February 2014 and whose portfolio includes smart terminals for remote assistance; and
- Jontek, specializing in management solutions for assisted living platforms in the United Kingdom, which joined the Group in May 2016.

Legrand thus ranks second in Europe for assisted living and first or second in the major European markets, particularly France, the United Kingdom, Spain and Germany.

In addition, the roll-out of connectivity within the Group's offering, as part of the Eliot program, is also helping to make people more independent with products such as video door-entry systems and the increasing integration of voice command and control.

2.1.1.2.4 Development of new distribution channels by the electrical sector

Due to changes in technology and the way it is used, new opportunities are emerging in activities such as Audio-Video (AV), Voice-Data-Image (VDI), IT and datacenters. Legrand is building strong positions in these new business areas. In 2017 it acquired Milestone AV Technologies, a leading AV power and infrastructure player in the United States and Server Technology Inc., North American frontrunner in smart PDUs[1] for datacenters. In 2018, it acquired Shenzhen Clever Electronic, the Chinese leader of smart PDUs[1] for datacenters and in 2019 Universal Electric Corporation, the undisputed US leader in busways for datacenters.

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 and specialists in Audio-Video applications and maintenance.

E-commerce provides an excellent showcase for the Group's know-how, for example enabling end-users and project owners (architects and engineering offices) to get a complete picture of the 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 take place through the generalist distributors, which

1 PDU: Power Distribution Unit.

remain the Group's main distribution channel.

Legrand is helping to grow the online sales of its distributor partners, particularly through ongoing provision of improved digital marketing content, faster provision of commercial reference materials in ETIM[1] format, growth in video tutorials on YouTube© and its active contribution to the rise of BIM[2].

2.1.1.3 OFFERINGS AND APPLICATIONS[3]

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, which 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;
- the existence of an installed base comprising several billion products; and
- the need to offer customers an extensive range of innovative, multifunctional products and systems.

Legrand offers a catalogue of more than 300,000 products to its clients, across more than 100 product families, and regularly updates its product range by adding innovative features, for example based on new technologies such as the Internet of Things.

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

The Group's products are also 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 solutions are designed for both the residential and commercial sectors, including offices, hotels, retail outlets and public buildings, and have a broad range of applications, some of which are presented below.

Controlling and accessing electrical installations

The Group offers products to control electrical installations, to supply power within all types of buildings and to manage smart homes and buildings, as well as controlling connected applications within buildings via WiFi.

In this area, Legrand sells user interfaces comprising control functions (lighting, shutters, heating, etc.) and connection functions (sockets for power, Voice Data Image communication, USB charging etc.).

Thanks to new technologies and in particular the Internet of Things, user interfaces, mainly wall mounted, are changing, becoming more flexible and mobile and adapting to changes in user lifestyles and needs. They are 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 (usual switches and sockets with various designs and features, but also other user interfaces such as motion sensors, temperature control, sound system control, etc.), and increasingly include new technologies (electronics, connectivity etc.). Legrand considers itself the world leader in control and connection interfaces. It is one of the few manufacturers whose offering complies with most of the electrical standards in use around the world.

2

Supplying power to workstations

Workplaces represent a large proportion of overall electricity and data flows, and so the Group offers solutions covering the use and management of these flows in offices, through:

- mobile or built-in office modules that provide access to power and IT networks, as well as allowing mobile phones to be recharged;
- cable management products for individual offices or meeting rooms, comprising floor boxes, columns and underfloor systems; and
- audio-video systems, particularly for meeting rooms, which include screen mounts, AV enclosures and video-conferencing cameras.

Protecting and optimizing electrical installations

Maintaining a secure, stable and optimized power supply is crucial, particularly for critical buildings like datacenters and hospitals, transport infrastructure, and power generation and storage sites.

Legrand helps its clients and users in these areas with power protection and distribution solutions including:

- 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 and busbars. These products protect people and property from major electrical risks (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 in this area, and that it ranks among the top five players in the European and South American energy distribution product markets.

1 ETIM: Electro-Technical Information Model.

2 BIM: Building Information Modeling.

3 For more information about market data and Legrand's competitive position, readers are invited to refer to the note on page 4 of this universal registration document.

- UPS systems (Uninterruptible Power Supplies), which complement the Group's energy distribution and energy efficiency offering, particularly for buildings with extensive digital infrastructure. Legrand's offering includes modular UPS systems as well as conventional UPS systems.
- capacitor banks that supply reactive energy on demand and manage harmonics.
- other systems that ensure the quality of energy, particularly in commercial buildings, with transformers (which optimize power consumption in particular) and harmonic filters.

Distributing power

Legrand offers cable management solutions designed to prevent any accidental contact between electrical wires and cables and other electrical or mechanical equipment, as well as any exposure of these wires and cables that could be hazardous for end-users.

In this area, Legrand sells:

- trunking and ducting;
- cable support or routing systems and wire-mesh cable management systems;
- floor boxes and electrical cable junction boxes; and
- various other items that allow the secure distribution of power and information within buildings.

Cable management systems are made of either plastic or metal, and enable power and data cables to be laid either in the ground (beneath the floor), around the edge of a room and in the ceiling.

Legrand believes that it is the world leader in the cable management market, and it strengthened its position in 2019 with the acquisition of Connectrac, an innovative US company specializing in over-floor power and data distribution for commercial buildings, in both the newbuild and refurbishment segments.

Securing buildings

The Group also helps secure living spaces, for example with its anti-intrusion and technical alarms, along with solutions for welcoming and screening visitors such as audio and video door-entry systems and doorbells, including certain connected products that can possibly be managed remotely using apps (Classe 300x and Classe 100x door-entry systems, Netatmo connected doorbell etc.).

Legrand's products also ensure that people can move around buildings and exit them safely with the help of lighting and access control systems.

Managing lighting and the atmospheric environment within buildings

The growing need for energy efficiency has driven developments in the Group's offering in terms of managing lighting (artificial and natural) and controlling the atmospheric environment within rooms. In this area, the Group offers:

- electric lighting management systems, particularly for commercial buildings with Digital Lighting Management, and specification-grade lighting solutions for commercial buildings;
- shutter and roller shades controls to manage natural light in commercial buildings;
- thermostats that control temperature and measure humidity in the home, a range that was boosted by the addition of Smarther with Netatmo, presented in CES 2020 in Las Vegas, which is compatible with Netatmo's smart thermostatic valves; and
- smart weather stations and connected sensors that measure indoor air quality, sold under the Netatmo brand.

Readers are invited to refer to section 4.4.1.2 of this universal registration document for further information on the energy efficiency business.

Distributing data flows

At a time of rapidly increasing information flows, Legrand's offering features products that distribute data within buildings. They include 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 one of the leaders in VDI applications (excluding cables, active products and WiFi) and has been very successful in this field, in particular with the 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.

The Group's solutions also carry audio and video signals within buildings with an extended range of AV infrastructure and power solutions, in which Legrand considers itself to be frontrunner in the United States thanks to the number-one positions of Milestone in screen mounts for the commercial (Chief) and residential (Sanus) segments and projection screens (Da-Lite), and of Middle Atlantic Products in AV enclosures. Legrand also strengthened its positions in over-floor data distribution solutions in 2019 with the acquisition of Connectrac.

Legrand also organizes datacenters' white-space infrastructure and offers:

- enclosures and racks that contain servers and help organize cable networks;
- Power Distribution Units, including smart units, that supply and optimize the power supply for patching racks; and
- busways, which ensure the flow of electricity through sets of metallic bars or "busbars" and which allow a high degree of flexibility in organizing the power supply.

2.1.2 - History

The main stages in Legrand's development have been as follows.

- 1865: a porcelain tableware factory is set up on Route de Lyon in Limoges;
- 1904: the porcelain factory is acquired by Frédéric Legrand, alongside Charles Alary and Jean Joquel, and later becomes the F. Legrand & Cie company;
- 1946: Legrand is acquired 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, 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 US 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 \$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 m^2 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 universal registration document);
- 2002: finalization of the "demerger" from Schneider Electric. Legrand is acquired by a consortium consisting mainly of Wendel and KKR;
- 2003: delisting;
- 2004: creation of the sustainable development function;
- 2006: Legrand is listed on Euronext Paris; Legrand joins the Global Compact;
- 2007: first CSR roadmap; 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 credit 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 third CSR roadmap for 2014-2018; all industrial back office functions are combined under the management of the Operations 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.
- 2018: Legrand achieves its 2020 Eliot targets and steps up development of the program dedicated to connected objects with the acquisition of Netatmo.
- 2019: the fourth CSR roadmap is published for the 2019-2021 period, new targets for the Eliot program are set for 2022 and Legrand's total sales exceed €6 billion.

2.2 - A PROFITABLE GROWTH STRATEGY BASED ON DEVELOPING LEADING POSITIONS

In the medium term, excluding the effects of economic cycles, Legrand's strategy consists of maintaining its profitable and sustainable growth. Driven by technological and social megatrends, the Group is thus looking to expand its businesses internationally into connected solutions, new technologies and new distribution channels developed by the electrical sector. Legrand is relying on two growth drivers to strengthen its leadership positions worldwide year after year: organic growth fueled by innovation and a strategy of making bolt-on 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 in respect of its stakeholders (see Chapter 4 of this universal registration document for more information about Legrand's CSR approach). Thanks to the soundness and continuous improvement of its business model, Legrand is growing while maintaining a solid financial position, strengthening its profitable growth profile and thus creating value over the long term for all its stakeholders.

2.2.1 - Legrand, a market leader[1] with a unique position

2.2.1.1 A GLOBAL PLAYER SPECIALIZING IN ELECTRICAL AND DIGITAL BUILDING INFRASTRUCTURE

Legrand specializes in developing, manufacturing and marketing 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 that 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 universal registration document for more details).

2.2.1.2 A LEADER WITH LARGE MARKET SHARES

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

More generally, Legrand also ranks first or second in one or more product families in many key countries, such as:

- user interface in several countries in Europe (France, Italy, Hungary, Russia etc.), 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 (Malaysia);
- Audio-Video infrastructures in the United States and Canada;
- emergency lighting in Australia, France, New Zealand and Peru;
- structured VDI cabling in Colombia, the United States, Italy and Russia;
- UPS systems, particularly in Brazil and Turkey;
- modular protection in Algeria, Chile, Colombia and France.

Legrand's total sales of products that rank first or second in their respective markets represented around two thirds of Group sales in 2019. The Group believes that this frontrunning competitive position makes it a standard-setter for distributors, electrical installers, product specifiers and end-users in its field, 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 decision-makers when it comes to choosing products, have trusted the Group's brands, products and systems for many years, given their safety, reliability and ease of installation and use.

Legrand also believes that its offering is one of the most comprehensive in the market (for more information about the

1 For more information about market data and Legrand's competitive position, readers are invited to refer to the note on page 4 of this universal registration document.

Group's offering and its applications, readers are invited to refer to section 2.1.1.3 of this universal registration document invited to refer to section 2.1.1.3 of this universal registration document.

Legrand markets its products:

- both to professional customers and end-users, under generalist brands such as Legrand[1] and Bticino[2], which are world renowned and among the best recognized on the market; and
- under an extensive portfolio of more than 70 brands, either specialist, such as Cablofil or Netatmo, or very well-known local brands.

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

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

Legrand's brands and trademarks are protected in most of the markets where the Group operates. The protection granted to Legrand's brands is based on their registration and/or use. Legrand's brands are registered with domestic, European and international agencies for varying periods, usually every ten years, subject to laws making ongoing protection conditional on continuing use of the brands.

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

2.2.1.4 A BALANCED MARKET POSITION

Trends in the market for electrical and digital building infrastructure are naturally dependent on economic conditions. However, this market is resilient to the economic cycle 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 48% of its sales were generated by the renovation market in 2019, while the new-build market accounted for around 52% of its sales in 2019;
- 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 56% of its 2019 sales, which is itself composed of many vertical segments in which business trends can differ and that includes buildings like datacenters, hotels, offices and retail outlets, and also public buildings like schools or hospitals; the residential sector (39% of its 2019 sales); and the industrial sector (5% of its 2019 sales), each of which has its own growth trend;
- the market is characterized by business flows 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 resilient, and is less sensitive to the impact of economic cycles than other markets such as the medium and high-voltage or infrastructure markets;
- in addition, certain areas (connected solutions, digital infrastructure, energy efficiency, assisted living etc.), are driven more by technological developments related to end-customer habits and social developments than by the construction market;
- finally, a diversified geographical presence limits the Group's dependence on the specific economic performance of one or more 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 profitable growth in its market share and sales by relying on two growth drivers: organic growth, which is driven in particular by innovation and the regular launch of new products offering enhanced value in use, and bolt-on 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 its market shares is based on various initiatives, particularly innovation, with the launch of new products that offer enhanced value in use and commercial initiatives in the digital area (e-

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1 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%.

2 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%.

marketing, data analytics, etc.) as well as in the physical area such as opening new showrooms and concept stores.

2.2.2.1.1 Innovation at the heart of Legrand's business model

Over the medium to long term, and on average, Legrand spends 4% to 5% of its sales[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, security and confidentiality of personal data, remote control, voice control etc.);
- 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 product lines to work together in an integrated system; and
- esthetics and design.

Know-how recognized for its innovation

Legrand has long-standing and widely acknowledged experience in terms of innovation and the development of new products that create value for its economic chain. This know-how is demonstrated in particular by its Eliot program. The Group 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, such as:

- 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, and Living Now incorporating Alexa™, winner at the CES Innovations Awards 2019 in the Smart Home category;
- Classe 300x and Classe 100x door-entry systems and the face-recognition connected door-entry system launched in China;
- the Drivia with Netatmo smart electrical panel unveiled in CES 2020, which allows an electrical installation's power consumption to be managed and controlled remotely using the Home + Control app, which won two 2020 CES Innovation Awards in the "Sustainability, Eco-Design & Smart Energy" and "Tech for a Better World" categories;
- connected emergency lighting systems, sold in particular in France and Australia, which allow users to see the status of installed lights at all times and to maintain them as effectively as possible;
- the My Home residential automation offering, allowing users to manage lighting, security, heating and audio/video distribution in residential buildings at the same time, in a simple and user-friendly way using their voice;
- eco-meters allowing users to measure and monitor the main types of power consumption using mobile devices;
- connected smart thermostats, including the Group's latest Smarther with Netatmo range;
- numerous control products including several communication technologies such as Zigbee.

The Group is continuing the global roll-out of its connected user interfaces, which are now sold in more than 30 countries, including 28 new countries in 2019. Legrand is also focusing its efforts on low-end product ranges, enabling it to meet all the requirements of its markets, for example launching the Rivia range of user interfaces in Vietnam and the RX3 C-Curve modular circuit-breaker in India in 2019.

In addition, Legrand 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 power consumption, and a range of solar cell equipment protection devices (for more information, readers are invited to refer to section 2.1.1.2.3 "Increasing energy efficiency" and section 4.4.1.2 of this universal registration document).

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

Effective management of research and development activities

Research and development is the responsibility of the Operations Department, which decides globally on allocating projects to the various teams around the world and is assisted in its task by the Strategy and Development Department. Legrand's approach to innovation is therefore promoted and coordinated by dedicated teams that also define broad technological guidelines and ensure that they are applied consistently within the Group (see section 2.3.2 of this universal registration document). A significant portion of Legrand's research and development work is carried out in France, Italy, the United States, China and other countries, as closely as possible to its markets. In 2019, more than 2,600 employees in more than 20 countries were employed in research and development, and more than a quarter of them in new economies.

More specifically, the number of R&D staff members dedicated to software rose by a factor of almost five between 2010 and 2019. As a result, those staff members accounted for more than 15% of the Group's R&D teams at end-2019.

This global organizational structure enables the Group to optimize its research and development by designing products that share the same platform. It allows it to streamline the number of components and reduce manufacturing costs, as well as pooling development costs

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

and thus dedicating more resources to businesses driven by megatrends like digital systems and connected solutions. 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's offering. For a given electronic function, such as presence detection or NFC[1], a technological brick brings together all engineering information, associated software and firmware, protocols for testing and qualifying, and manufacturing processes. Technological bricks are made available to the whole Group and can thus be used by several development teams. 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 around 3,500 active patents in some 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 in assessing its business development prospects.

The Group's patents cover more than 1,400 different systems and technologies. The average life of patents in the Group's portfolio is more than ten 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 via 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;
- innovative marketing and sales tools that complement the numerous showrooms that 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, and 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 making bolt-on acquisitions[2] 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 market3

The Group's accessible market, which Legrand values at more than €110 billion compared with around €60 billion in 2009, 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 around 6% of its global accessible market in 2019, Legrand is a benchmark in its industry. Market fragmentation is due in part to differences in standards and applicable technical norms and in 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 installations 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. This high level of fragmentation offers solid prospects for acquisitions over the long term, with almost 3,000 small and medium-sized companies operating in the market.

2.2.2.2.2 Recognized experience in growth through targeted acquisitions

In the fragmented market in which Legrand operates, the Group has demonstrated its ability to identify and make mostly bolt-on[4] acquisitions of companies with leading market positions.

In this respect, Legrand's country teams, which are very familiar with local market players, have an ongoing role of identifying potential targets. Of the approximately 3,000 small and medium-sized companies operating in the Group's accessible market, 300 are actively monitored on an ongoing basis.

A dedicated Corporate Development unit is then 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 docking the acquired company into 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

1 Near Field Communication.

2 Companies that complement the Group's existing business activities.

3 For more information about market data and Legrand's competitive position, readers are invited to refer to the note on page 4 of this universal registration document.

4 Companies that complement the Group's existing business activities.

acquired and docked 173 companies into its scope of consolidation since 1954. In 2018 and 2019, Legrand carried out 10 acquisitions, enabling it to strengthen its positions in France (Netatmo and Debflex), the United States (Universal Electric Corporation, Kenall and Connectrac), China (Shenzhen Clever Electronic and Jobo Smartech), Germany (Modulan), New Zealand (Trical) and the United Arab Emirates (Gemnet) (see section 2.1.1.2.1 of this universal registration document).

2.2.2.2.3 Financial discipline

The pace of acquisitions takes into account various factors including 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 existing business activities and:

- increase its local market share; and/or
- broaden its range of products; and/or
- boost its presence in high-potential markets; and
- are carried out on average, in compliance with its financial 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.

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 commoditization, and by highly fragmented business flows from hundreds of thousands of clients. Electrical installers, product specifiers and end-users pay considerable attention to products' technical features. 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 end-users (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 industries are seeing secular deflation, with prices of their products steadily eroded, Legrand's market is displaying a different overall trend. In particular, end-user price sensitivity 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 through ease and speed of installation.

In addition, Legrand has developed 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, overall inflation experienced by the Group, and market conditions. More generally, all the Group's management and finance staff have been trained in, and made aware of, price management. Historically, Legrand's average selling prices have increased every year over the last 25 years.

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

The Group's ambition is to continue strengthening its commercial positions: in 2019, around two thirds of sales were generated from products in which it ranked first or second in its market. 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 model 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 (i.e. operating income 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 universal registration document) to constantly improve its competitiveness. Thus, by applying best practices at its production facilities and within operational and back-office functions (product marketing, innovation, R&D, purchasing, manufacturing and supply chain), as well as the concepts of product platforms and technology platforms (see section 2.2.2.1.1 of this universal 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 help finance 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 universal registration document).

The Group's adjusted operating margin amounted to 16% on average between 2003 and 2009, and nearly 20% on average between 2010 and 2019.

2.2.3.2 A STRONG BALANCE SHEET STRUCTURE BUILT ON HIGH FREE CASH FLOW GENERATION

By combining a high level of profitability and tight control over 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 has thus equaled more than 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 to fund growth or refinancing transactions. For instance, between 2017 and 2019 the Group launched four successful bond issues for a total amount of €2.2 billion, including €1.0 billion to finance the acquisition of Milestone AV Technologies. In early 2020, the Group announced that it had signed a new agreement to amend and extend its €900 million multi-currency credit facility by 5.5 years; it is now due to expire in December 2026 and features improved terms, including a margin that is now adjusted each year on the basis of the CSR roadmap achievement rate, confirming the Group's commitment in this area. In June 2019, Standard and Poor's confirmed its A- credit rating on Legrand.

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, over long term, to maintain an average 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 significant 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 on the basis of three pillars:

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

2.2.3.3.1 Composite key performance indicators

Three key performance indicators are measured for each country manager.

Firstly, development of the Group's business, via local market shares of each family of products that drive profitability, the deployment of international marketing programs, and steps to strengthen the Group's presence in new distribution channels. Secondly, economic income (after or before income tax depending on countries), defined as adjusted operating income less the cost of capital employed. Finally, CSR performance, measured by the achievement rate of priorities set out in the roadmap.

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

Legrand monitors its performance very closely using the following tools:

- once a year, the Group signs a Financial Performance Contract with each country manager and his/her team for the coming year. Annual budgets for each Group entity are produced, including a basic scenario for sales and economic margin (economic profit as a percentage of sales), a scenario involving less favorable market conditions including detailed adjustment plans, and a scenario involving more favorable market conditions. The country manager and his/her team are fully accountable for fulfilling the contract and therefore for realizing the appropriate scenario given the operating environment;
- quarterly performance reviews take place with managers from the Group's main countries. This is an opportunity during the course of the year to assess achievement of the Financial Performance Contract and if necessary choose a different scenario depending on whether business is better than, not as good as, or in line with the scenario initially chosen;
- comprehensive monthly reports are used to provide a detailed analysis of the consolidated Group's performance and that of each country, to confirm that their performance is in line with the latest approved scenario.

2.2.3.3.3 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 almost 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 a high level of accountability for local managers, who are incentivized to create long-term value. The Group has also set up long-term performance-linked profit-sharing plans that benefited more than 2,300 people in 2019, to drive value creation over the long term and increase the management team's loyalty to the Group (see sections 4.4.3.3, 7.2 and 7.3 of this universal registration document).

The Group's key managers have a performance share plan (see section 6.2 of this universal registration document). This plan, with a four-year vesting period, depends on future performance conditions and gives key managers a greater interest in creating value over the long term.

In addition, the Group's current and former senior management and employees held 3.66% of the Company's share capital as at December 31, 2019.

2.2.3.4 MEDIUM-TERM MODEL

The depth of Legrand's offering, the ongoing and controlled investment to ensure profitable and sustainable growth, and the rapid development of an accessible market worth more than €110 billion driven by a number of macrotrends, mean that Legrand has a sustainable growth outlook.

Legrand is thus confident in the soundness of its model and its ability to fuel lasting profitable growth and has confirmed its medium-term model in 2019:

- assuming a buoyant economic backdrop and excluding exchange-rate effects, the Group intends to achieve annual growth in sales and adjusted operating profit of around +10%;
- assuming a lackluster or unfavorable economic backdrop, Legrand will focus on protecting its model, profitability and generation of free cash flow.

Over a full economic cycle, and excluding any major economic slowdown, this model would result in average annual total growth in sales above that of the Group's reference markets, adjusted operating margin averaging around 20% of sales [1], normalized free cash flow ranging on average between 13% and 14% of sales[1] and an attractive dividend.

Legrand also intends to continue rolling out an ambitious approach to CSR, driven by demanding roadmaps.

2.3 - AN ORGANIZATION SERVING BOTH THE GROUP'S STRATEGY AND ITS CUSTOMERS

Legrand has manufacturing and marketing sites and subsidiaries in nearly 90 countries. The Group'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 General 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, research and development, manufacturing, purchasing and the supply chain, and the head office departments (Strategy and Development, Finance, Information Systems 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 its commercial coverage of all its markets by prioritizing areas with high long-term growth potential, such as new economies, connected solutions, new digital technologies, energy efficiency and assisted living.

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 genuine entrepreneurs.

1 Without major acquisition and taking into account the implementation of IFRS 16 standard.

2.3.1.2 AN ECONOMIC CHAIN SUITED TO FLOW BUSINESS

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 deal with electrical and digital devices and equipment. These can be generalist distributors – which make up the main distribution channel for Legrand products because they offer 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 2019. 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 whose business activity is 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, which in turn sell the products to the electrical installers responsible for installing them in end-users' buildings. This is mainly a flow-driven business, as electricians may come to buy products from 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 the Legrand total in 2019 (see section 4.6.2.2 of this universal 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 its products easier to access and use 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.

2.3.1.3.1 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 its catalog easier to access and use 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 non-priority finished products are held in inventory, but also that flexible and reactive production enable it to fill its distributors' orders quickly. For example, 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 Pass & Seymour, 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;
- *the creation of 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 2019, sales to Sonepar and Rexel accounted for more than 17% 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 2019. Legrand's other main clients include Graybar, CED, Adeo, Anixter, Best Buy, Wesco, Amazon, Comoli Ferrari, Wurth, Comet, Yess Electric and Megawatt.

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.

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

Regarding its "pull" strategy, Legrand believes that demand for its products is mostly determined by requirements that 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, business software applications and a large amount of information in digital format to help clients with their digital communication, as well as ensuring reliable and rapid availability of its products.

The Group 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 more than 20 training centers around the world for electrical industry players. Around 1 million customers have received training since 2014. 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 80 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 2019, the Innoval centers received 8,500 visits from customers, while nearly 5,000 trainees attended courses. In addition, Legrand offers local training programs in many countries, including the United States, France, Italy, India, China, Brazil, the United Kingdom, Russia and Morocco.

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

The Group also offers various software applications specifically designed to provide day-to-day 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 systems); and entire electrical installations can be designed quickly using illiPro, intended for the residential and tertiary markets, which allows users to select products room by room.

Legrand 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 products. Legrand also offers online configurators in France and the United States in particular. The Group continuously enhances its digital marketing content for its distributor customers, specifiers and end-users (rich content) – with information about approximately 80,000 products already available in ETIM (Electro-Technical Information Model) format – 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 apps for tablets and smart phones (including for instance the e-catalogue for iPhone, the Home + Control app for the Group's connected offerings such as Céliane with Netatmo connected user interfaces, and apps related to My Home residential systems solutions), which make it easier to find information concerning products, configure and cost an electrical installation and co-ordinate numerous functions remotely.

Legrand promotes its products via marketing initiatives that are 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 online, especially through its corporate website www.legrandgroup.com and websites in local languages in most countries where the Group operates. In 2019, the Group's websites generated more than 124 million-page views, while Legrand's YouTube© videos were viewed over 60 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 giving access to customized solutions drawn from Legrand's product portfolio at the third level.

In order to support end-users' interest in 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 meet demand from customers who want to renovate or improve their electrical installation, but also to communicate with the general public by offering esthetically and 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 resources to the business.

In 2014, Legrand set up an Operations Department that brings together its entire operational Back Office (product marketing, innovation, R&D, purchasing, manufacturing and supply chain) under a single roof, with three priorities:

- boosting innovation in the Group's strategic business areas;
- monitoring productivity more closely; and
- improving supply chain and purchasing efficiency by bringing them closer to operations.

2.3.2.1 INDUSTRIAL ORGANIZATION AND PRODUCT DEVELOPMENT

To take into account the close relationship between manufacturing and the technology used, Legrand's manufacturing and product development activities are organized by application domain, which pool specific industrial process and product manufacturing expertise and are aligned with the local structure of the Group's markets.

The Operations Department is in charge of the Group's industrial organization and product development, and its aims include:

- handling product marketing and develop new products;
- defining and implementing industrial plans, in line with commercial development;
- ensuring the best customer service rate and optimal product quality;
- improving cost prices on an ongoing basis; and
- controlling capital employed and in particular capital expenditure and inventories.

Legrand also has the ongoing goal of improving the Group's industrial performance and reducing capital employed by:

- factoring these criteria into the product design phase, specifically through the deployment of product platforms and technology platforms (see section 2.2.2.1.1 of this universal registration document). Product platforms enable the Group to achieve 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 also being developed in other product categories such as digital infrastructure, emergency lighting, UPS[1] systems and cable management systems. Using technology platforms makes it possible to pool investments in engineering and to enhance product quality by sharing experience. More than 65% of the Group's sales were covered by platforms in 2019;
- 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 recently overhauled "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 in almost all production units through the "Legrand Way" program, aimed at overall operational excellence (productivity, capital employed, quality, customer service, etc.). The program's deployment rate across industrial sites rose by 2 points between 2018 and 2019.

At the same time, the Group is making targeted investments to digitize its manufacturing processes, with the eventual aim of allocating up to 10% of its new products and manufacturing investments to Industry 4.0 production projects, with 40 PoCs[2] being tested in 2019 and 70 already operational at the Group level. Through these initiatives, based on three pillars (Connected Factory, Data Analytics and Automated Tasks), Legrand is:

- 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
- implementing solutions that assist intelligent production such as AGVs[3], Cobots[4] and augmented reality, which are already being used in some plants.

These initiatives come as part of an overall industrial excellence approach.

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 approach involving local manufacturing close to markets is mainly reflected by the fact that the revenue base and cost base are broadly balanced in the various currencies. The Group is therefore actively strengthening its presence and locating its production in markets that offer long-term development opportunities, such as China, India, Russia and Turkey.

1 Uninterruptible Power Supplies.

2 POC: Proof of Concept.

3 AGV: Automated Guided Vehicle.

4 Cobot: collaborative robot.

Working closely with the Strategy and Development Department, the Group's Operations Department is leading initiatives to:

- promote and coordinate the innovation process within the Group;
- define major technology roadmaps and ensure the consistency of the technologies used within the Group;
- help ensure that all the Group's offerings are compatible and organized into consistent systems.

2.3.2.2 PURCHASING

For more than fifteen years now, Legrand has been implementing a centralized purchasing policy to optimize its procurement, reduce input costs and roll out common methods across the Group, particularly regarding the management of supplier risks and responsible purchasing.

The Group's purchasing organization coordinates a network of internal and external stakeholders to help create value for the Group. It features:

- a structure adapted to its suppliers' organizational structure, which enables Legrand to negotiate with them on an equal footing (locally or by geographical area), thereby generating economies of scale, and also to ensure that they comply with the Group's CSR commitments;
- a purchasing management approach, overseen by teams of users, buyers and experts, that aims to optimize the value of the Group's purchases by factoring costs, gradually extended to life cycle costs, into its procurement selection criteria; and
- involving buyers in the early stages of all projects – new product development, logistics arrangements, capital expenditure, services etc. – in order to make both financial and extra-financial savings, for example through reduced energy consumption, and to target future suppliers and partners, particularly in terms of innovation.

Through this organization, purchasing is optimized and secured, and creates sustainable value for the Group.

2.3.2.3 LOGISTICS AND SUPPLY CHAIN

Legrand's objective in terms of supply chain is to deliver products within the timeframes demanded by clients while optimizing transport and warehousing costs and inventory levels.

To that end, procurement, production and distribution cycles are studied from the new product design phase, to opt for solutions that optimize the quality of service for the customer (product availability) as well as costs, while minimizing the environmental footprint of the various flows.

In addition, the Group's logistics facilities form a network of local, regional and central storage and distribution centers, enable it to serve the market in a way suited to its product ranges and specific geographical requirements.

This approach is based on dedicated tools and processes for planning and execution:

- distribution sites are connected to a 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 planning tools based on the Manufacturing Resource Planning concept. S&OP (Sales & Operations Planning) compares demand with capacity in order to define production plans, allowing client requirements and procurement targets to be met;
- operational best practice among the functions contributing to supply-chain performance is recorded and shared through the "Legrand Way" repository. For example, "pull" (just-in-time) restocking systems are being rolled out across the value chain, covering procurement and outsourcing, manufacturing and inter-site flows.

At the same time, Legrand is continuing to digitize its supply chain, through:

- end-to-end collaboration solutions that allow greater communication about all flows and faster and more accurate responses to customer requests;
- data analytics, to improve both inventory levels and customer service.

This system has enabled Legrand to reduce the ratio of inventory value to consolidated sales, from close to 15% on average between 1990 and 2014 to a over 13% on average between 2015 and 2019, and to guarantee a high-quality service for its distributors in terms of availability and flexibility, speed and adaptability.

2.4 - OTHER INFORMATION

2.4.1 - Suppliers and raw materials

Legrand does not depend on any single supplier for the purchase of the 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 2019, the main raw materials used to manufacture Legrand products were as follows.

- 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 that are incorporated into its products.

The table below sets out the Group's raw material and component purchases as a percentage of Group sales for the 2018 and 2019 financial years:

(% of consolidated sales)	**2019**	**2018**
Raw materials	8.9%	9.3%
Components	23.6%	23.6%
Total	**32.5%**	**32.9%**

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. At the closing date of annual accounts, and to the best of the Company's knowledge, there are no significant non-provisioned charges relating to the Group's sites.

2.4.3 - Information by geographic region

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

Please refer to section 5.4.1.1 of this universal 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 universal registration document for a breakdown of the Group's average headcount by geographic region and by category (Front Office and Back Office). Since 1 January 2019, in line with the new front office organization, the Group has organized its financial reporting into three regions[1] (Europe including France, Italy and countries previously covered by the Rest of Europe region, North and Central America, and Rest of the World) as opposed to five regions previously. Sales by destination and weighted average headcounts in those regions in 2019 were as follows:

- for Europe, €2,639.3 million and more than 14,700 people;
- for North and Central America, €2,559.2 million and almost 7,200 people; and
- for the Rest of the World, €1,423.8 million and almost 17,100 people.

By aligning its organization more closely with its markets in this way, the Group intends to improve coverage of its international clients, speed up development in fast-growing verticals, roll out its international programs more extensively and promote the sharing of best practice.

1 For more information about changes to the Group's front office, please refer to page 8 of the 2018 annual results press release published on February 14, 2019.

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, Africa and Asia. Legrand's main direct competitors include the following.

- 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 that 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), Rittal and nVent (envelopes and racks for datacenters) and Vertiv (former Emerson Network Power, racks for datacenters and UPS systems); 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, Havells in India and Chint in China.

INTERNAL CONTROL AND RISK MANAGEMENT

3

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 system.

The Group defines the roles and responsibilities of the various participants, establishes 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 of their acquisition.

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

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 that are widely circulated among its teams. They include 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 governed 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);
- an organizational and hierarchical structure that provides a clear definition of responsibilities and powers;
- management policies and procedures available on the Group's intranet, applicable to all its subsidiaries;
- IT tools and access to information systems determined according to each person's role, in compliance with the rules regarding segregation of duties.

The reporting structures that exist for all the Group's major business processes relevant and reliable information to be gathered and circulated at various levels of the business, and ensure that the Group's different organizational levels (regions, subsidiaries and head office departments) use the same terminology. Examples include the annual budget process, 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 monitoring of the risk management and internal control system. The main tools it uses include risk mapping, the internal control framework, the self-assessment process, audits and action plan monitoring. Assigning these tasks to a single department ensures a consistent methodology and the continual adjustment of audit procedures to internal control risk areas, as well as rapid adjustment of the internal control framework to address weaknesses detected during audits.

For roughly fifteen Group countries, including the largest contributors in terms of business (United States, France, Italy, India, China, Brazil, Russia, Spain, United Kingdom, Mexico, 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, around 30 staff members were dedicated to internal controls at the end of 2019.

The manager in charge of this function at Group level has direct access to the Chair of the Audit Committee, with whom he/she confers independently when preparing for Audit Committee meetings.

The manager in charge of this function at Group level reports directly to the Chief Executive Officer, ensuring that he/she enjoys the required authority at the internal level.

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

- 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 managing the Group's risk-mapping exercises;
- 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 finance managers of the Company's various subsidiaries, who play an ongoing role in organizing the control environment and ensuring compliance with procedures;
- managers at all levels of the organization, who are responsible for managing the internal control system in their particular area.

The integrated report contains a summary diagram presenting the existing governance structure for 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 those relating to 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, that:

- 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 wide-ranging and 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 General Management are achieved;
- guarantee the proper functioning of the internal procedures, especially those that contribute to the protection and safeguarding of assets;
- provide assurance regarding 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 activities (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 that is mandatory for all entities and supported by a dedicated tool.

The self-assessment process covers matters concerning the internal control environment and 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 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 according to 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 2019 self-assessment campaign showed that the Group's entities achieved an overall compliance rate of 91% in respect of the internal control system's minimum requirements, as opposed to 89% in 2018. The Group considers that this is a satisfactory compliance rate. Targeted support is provided to help all entities reach this level, and cross-functional initiatives are launched as and when required. In 2019, specific actions were carried out to continue strengthening rules for managing IT access and Group Internal Control procedures in areas such as bank account management, reviews of balance-sheet items and efforts 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 system and risk controls.

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 Group's strategic objectives, to keep them at an acceptable level.

It seeks to be comprehensive, to cover all the Company's activities, processes and assets.

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

- 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
- encourage Group employees to buy into a shared vision regarding major risks, 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 is jointly determined using data gathered during meetings and workshops with the Group's senior executives ("top-down" approach), supplemented by contributions from Group subsidiaries and functional departments ("bottom-up" approach), business experts and external benchmarking.

The risk universe is regularly compared with available benchmarks.

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 (KRIs or 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 risks: measures to reduce, transfer or accept risks are applied. 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 allowing the methodology to be documented, ensuring closer involvement of the players, and facilitating co-ordination and reporting.

Governance takes place through 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

3.4 - INTERNAL AUDIT SYSTEM

3.4.1 - Definition and objectives of internal audit

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

3.4.2 - Audit planning, implementation and follow-up action

An audit plan is drawn up each year, applying the following rules:

- the rotation of audits across all the Group's reporting entities and functional departments;
- audits of the Group's new acquisitions within a year of the Group acquiring them or investing in them;
- follow-up audits on the action plans put in place by operational entities, if the situation requires it;
- audits of 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 General Management, the audit plan is presented annually to the Audit Committee.

Every audit assignment results in a report. Those reports are submitted to General Management. A summary of them is presented quarterly to the Audit Committee.

The recommendations expressed in the audit reports directly address the risks inherent in the identified internal control weaknesses, 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

3.5.1 - Objectives

Internal controls applied in the accounting and finance areas must meet the following objectives:

- 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, and of information disclosed to the markets.

3.5.2 - Main contributors

- General Management, in connection with setting up organizing the Group's internal control system and preparing 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 in the accounting and finance areas;
- the Statutory Auditors who, through their external audit work, express an independent opinion on the published consolidated financial statements.

3.5.3 - 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 in 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 companies. They are appointed by the Group's Finance Department, to ensure consistently outstanding levels of expertise.

GROUP FINANCE CONTROL

Group Finance Control, which 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 outturn and estimates. This work is based on rules for the preparation of financial reports and the budget, which 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 an analytical review and an income statement with analyses, to allow 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 General Management.

Accounting data are consolidated by a dedicated team using the consolidation reports submitted through a software application deployed across all Group subsidiaries. Consolidated financial statements are prepared on a monthly basis (except at the end of July) in accordance 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 Group's 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 as well as 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 system and network protection and access arrangements.

The very nature of data processing activities, in an environment that is subject to frequent change 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

As of the date this document was registered, the risks described below are those identified by the Group as possibly having a material adverse impact on its business, image, financial position, results or ability to achieve its objectives. Other risks that are not identified, that are emerging or that appear non-material at the same date, may also have an adverse effect on the Group.

All the identified risk factors, supplemented through monitoring of emerging new risks, are analyzed on a regular basis as part of the risk management process outlined in section 3.3 of this document.

All risks are assessed according to the probability of their occurrence and their potential impact (based on a scale with four levels, i.e. minor, moderate, material and major). They are then prioritized based on an assessment of how effectively they are controlled, again based on a scale with four levels ("Priority 1", "Priority 2", "Keep on watch" and "Business as usual").

As a result, the approach involves measuring net risks. Risk factors are analyzed by taking into account potential risks in Legrand's business model and risk mitigation arrangements. The approach differs from that used in relation to Corporate Social Responsibility (CSR), which refers to gross risks. As a result, most CSR risks are not covered in this risk factors chapter.

The table below summarizes the key net risk factors, organized into four categories: strategic risks, operational risks, reputational risks and financial risks.

Details are only provided in relation to "Priority 1" and "Priority 2" risk factors, which could have a major or material impact. In each of the four categories, the table below ranks the risk factors in decreasing order of priority and impact.

Health risks – coronavirus pandemic (Covid-19)

The Group is fully engaged in addressing the deterioration in the global public health and economic situation as a result of Covid-19's rapid spread in many countries.

The Group is regularly and pro-actively coordinating the efforts of all of its subsidiaries and sites in all countries in which it operates, in order to pursue its priorities in dealing with the crisis.

The Group's main priority is to protect the health and safety of its staff members, including by rigorously applying the recommendations of the authorities at the local level and the World Health Organization. The Group is taking steps to provide the best possible service to its customers, whose activities are essential for the economy to run smoothly. It is also actively working to protect its profitability and cash flow.

At the date of this universal registration document, and given the subdued and uncertain context, the Group has suspended its 2020 targets (see section 5.12).

The main risk factors associated with the Covid-19 pandemic ("Availability of raw materials and components" and "Employment practices") are described in this document.

Risk factors (net risks)	Potential risks in Legrand's business model	Main risk mitigation arrangements	Impact / Priority	Ref.
Strategic risks				**3.6.1**
Technological disruption and digital transformation	■ Being disconnected from users' new expectations ■ Failing to deal with changes in the economic chain ■ Missing out on a technological development	■ Chief Digital Officer and digital acceleration program ■ Eliot program ■ Strategic partnerships	Material / Priority 2	3.6.1.1
Risks related to pricing power	■ Being unable to adjust selling prices based on changes in costs	■ Increasing product value-added through innovation and marketing efforts. ■ Monthly analysis of the price effect in each country (on sales and operating margin) ■ Pricing teams in regions	Material / Priority 2	3.6.1.2
Risks related to external growth	■ Being unable to carry out transactions ■ Failing to integrate acquired companies, technologies or products ■ Failing to manage acquired entities effectively	■ Dedicated acquisitions team ■ Rigorous due diligence and selection process ■ Contractual clauses ■ A proven integration process based on multidisciplinary expertise	Material / Priority 2	3.6.1.3
Operational risks				**3.6.2**
Cybersecurity, continuity and performance of information systems	■ Increased exposure caused by the large number of sites around the world ■ Increased exposure caused by the development of connected products ■ Failure of IT systems	■ Security masterplan ■ Specific governance ■ Centralized infrastructure management ■ 24/7 monitoring of critical applications ■ Single hotline covering the whole world ■ Audit of systems in place	Material / Priority 1	3.6.2.1
Talent, skills and well-being at work management	■ Departure of key staff members ■ Being unable to recruit, integrate, train, motivate, promote or retain new talent ■ Employee dissatisfaction	■ Talent management process ■ Incentives and retention mechanisms for key employees ■ Onboarding of new employees ■ Quantitative and qualitative indicators via dedicated reporting	Material / Priority 2	3.6.2.2
Failure in launching a new product	■ Late arrival in the market ■ Industrial failure ■ Commercial failure	■ "Creation of the Product Offering" process ■ Monitoring and validation meetings with General Management ■ Analysis of project risk and sharing of indicators	Material / Priority 2	3.6.2.3
Availability of raw materials and components	■ Shortages of certain materials and components used in making the Group's products ■ Disruption to the supply chain because of the Covid-19 crisis	■ Development of a system for managing shortages at both corporate and local levels (identification of suppliers at risk, thousands of letters sent as part of efforts to manage the Covid-19 crisis) ■ Excess inventory or substitution plan ■ Early booking of transportation capacity	Material / Priority 2	3.6.2.4
Reputational risks				**3.6.3**
Protection of personal data	■ Increased exposure because of the increase in personal data volumes (Internet of Things and deployment of information systems) – Issues arising from the Eliot project ■ Financial penalties for failing to meet regulatory obligations	■ Data Privacy Officer and network of Data Privacy Representatives ■ Application of the Privacy by Design principle for Eliot products ■ Security audits and intrusion tests ■ Systematic Privacy Impact Assessment for connected products	Material / Priority 2	3.6.3.1

Brand and reputational damage	■ Criticality of brands and leadership positions in the Group's business model ■ Increased exposure to fake news or negative messages because of new technologies and growing interaction via social media	■ Dedicated team in charge of monitoring social media ■ Detection and reaction procedures	Material / Priority 2	3.6.3.2
Product quality and safety	■ Potential risks related to the use of electricity ■ Failing to comply with standards ■ Counterfeiting risk	■ Quality policy ■ ISO 9001 certification for production sites ■ Product supervision process ■ Qualification of products by certified laboratories ■ Customer dissatisfaction management process ■ Satisfaction survey ■ Product recall management procedure	Material / Priority 2	3.6.3.3
Employment practices	■ Increased complexity arising from Legrand's international presence and very large number of sites ■ Breaches of the principles of health and safety at work, particularly in the context of the Covid-19 crisis ■ Reduced availability of staff members and reduced operational capacity because of the Covid-19 crisis ■ Serious environment damage ■ Failure to respect the human rights and fundamental freedoms of employees of the Group and/or subcontractors	■ Head of Occupational Health & Safety (OHS) and network of correspondents ■ Prevention policy based on international standards and government recommendations relating to Covid-19 ■ Legrand's Charter on Human Rights ■ Mapping of risks regarding human rights at work ■ Responsible purchasing approach	Material / Priority 2	3.6.3.4 Issues no.6 and no.7 on the CSR roadmap
Financial risks	**None**			**3.6.4**

3.6.1 - Strategic risks

3.6.1.1 DISRUPTIVE TECHNOLOGY AND DIGITAL TRANSFORMATION

Risk factors

Against the background of the digitization of the economy and the rapid development of digital solutions, the Group may:

- be unable to enter new high growth markets;
- be threatened in some of its traditional market segments should its products fail to meet new user expectations (connected objects, voice control, maintenance and services, solutions ensuring a constant connection with consumers, changes in utility);
- be unable to deal with changes in the economic chain: new specifiers, vertical integration, e-commerce and disintermediation;
- be unable to take advantage of big data processing.

Main ways of addressing risks

To address these new challenges, the following initiatives are in place:

- a digital acceleration program, led by the Chief Digital Officer and monitored directly by the Executive Committee, aimed at improving the customer experience, the employee experience and operational excellence through the contribution of new technology. This program has led to the launch of several initiatives that will enable the Group to limit identified risks and develop growth opportunities.
- an Innovation and Systems Department, works cross-functionally with the Group's various Strategic Business Units (SBUs), and monitors system architectures, interoperability, technology trends, standardization and intellectual property. Using that work, Innovation and Systems Department produces Group guidance, particularly as regards innovation. The innovation program is organized around four key themes (energy efficiency, the Internet of Systems and artificial intelligence, installation trends and new technologies).

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

3.6.1.2 RISKS RELATED TO PRICING POWER

Risk factors

Legrand's ability to adjust its selling prices to its costs could be affected by the following factors: development of new distribution channels and particularly e-commerce, rising market shares of retailer own brands, competition from inexpensive products made in low-cost countries, or competition from counterfeit products.

Main ways of addressing risks

The Group therefore engages in ongoing and sustained efforts in terms of market intelligence, brand positioning, active management of the product mix, research and development, marketing and the development of new distribution channels, in order to increase the added value of its products and the attractiveness of its offering while keeping a tight rein on costs and maintaining or growing its market share (see section 2.2.2.1 of this universal registration document).

To monitor any deviation, the Group analyses the impact of prices on its sales and operating margin every month. Inflation figures are also produced by each country and analyzed.

Pricing teams exist within regions to define multi-channel pricing strategies.

3.6.1.3 EXTERNAL GROWTH

Risk factors

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 acquisitions with strong market positions or new technologies 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 and other synergies. It could also experience problems integrating acquired businesses, including possible incompatibilities regarding systems, procedures (particularly accounting systems and controls) policies and business cultures, 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.

Main ways of addressing risks

A dedicated acquisitions team in the Strategy and Development Department works closely with country managers to identify appropriate targets, and coordinates the acquisition process with the finance, legal, industrial, logistics and marketing departments at head office (see section 2.2.2.2 of this universal 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.

The acquired company is then integrated into the Group's financial reporting system and integrated more broadly into the Group in accordance with dedicated processes overseen by a multidisciplinary steering committee chaired by General 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.

3.6.2 - Operational risks

3.6.2.1 CYBERSECURITY, CONTINUITY AND PERFORMANCE OF INFORMATION SYSTEMS

Risk factors

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 program) potentially exposes the Group to specific risks related to cybercrime and data security.

The failure of systems (networks, cloud, infrastructure and applications) used by the Group (either directly or via service providers) or security breaches 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 stakeholders.

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

Main ways of addressing risks

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

Legrand is deploying 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.);

- making security an integral part in IT projects through a specific methodology;
- an employee cybersecurity awareness program;
- a structured incident handling process involving a Computer Emergency Response Team (CERT) and a Managed Service Security Provider (MSSP);
- a legal, regulatory and standards monitoring system;
- a specific program dedicated to personal data security and processing for Eliot connected objects and the related cloud.

Critical applications are covered by a 24/7 maintenance system and quality indicators are monitored to measure application performance.

A single support hotline is available in all countries and for all employees.

Relationships with outsourced IT service providers are also governed by contracts that include continuity and security clauses and by a governance arrangement designed for this purpose.

IT audits are carried out by external consultants or internally by the internal audit team.

In the event of any damage, an insurance policy covers damage to hardware, business interruption and data recovery or reconstitution costs. Cyber risk insurance is also taken out.

3.6.2.2 MANAGING TALENT, SKILLS AND WELL-BEING AT WORK

Risk factors

Key staff members are defined as those that have expertise, extensive experience or an important managerial role. 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 lead to a loss of know-how or product or market expertise, weaker relationships with distributor customers and the possibility of Legrand's competitors obtaining sensitive information.

The Group's internal and external development is also partly dependent on its ability to hire, train, motivate, promote and retain new talent in all regions in which it operates.

Well-being at work makes employees more engaged and therefore more effective in their activities. Employee dissatisfaction could cause them to become disengaged and therefore less effective, and in the most serious cases could lead to strikes or resignations.

Main ways of addressing risks

Legrand has a Human Resources policy to attract, retain and develop the expertise, talents and skills it requires to conduct its business worldwide. The human resources function is present in all countries, either at the local or regional level.

In particular, Legrand has rolled out programs to motivate and retain its key staff, and skills and talent management is one of the priorities of the Group's CSR roadmap.

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 arrangements.

Internal communication 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 Dialeg intranet and local Dialeg intranets, and the online magazine.

3.6.2.3 FAILURE IN LAUNCHING A NEW PRODUCT

Risk factor

Legrand is a manufacturer that regularly carries out major project launches, which require heavy investment in terms of time and resources. These large-scale projects could end in failure, due to production problems, late arrival in the market or a lack of commercial success. Such failures could result in a loss of sales, asset write-downs and loss of market share.

Main ways of addressing risks

To prevent those risks, the following arrangements are in place:

- a "Creation of the Product Offering" process is defined, comprising key stages (validation "milestones") allowing the Group to detect project anomalies or drift. Each Strategic Business Unit (SBU) carries out a monthly review of its project portfolio as part of this process;
- Monthly Marketing Meetings (MMMs) are attended by sales teams, SBUs and Management. Product projects are validated and monitored in these MMMs. Monitoring indicators and project risk analyses are shared in those meetings as regards significant projects;
- Best practice in marketing and R&D is collated within the Legrand Way.

3.6.2.4 AVAILABILITY OF RAW MATERIALS AND COMPONENTS

Risk factor

Certain materials and components used in making the Group's products may sometimes be in short supply. This is the case for certain metals, plastics and electronic components, for example. For the purchases concerned, Legrand could see prices or supply times increase, or may be unable to source supplies at all.

Main ways of addressing risks

A specific procedure has been adopted to manage the risk of shortages at the Group level. Each country must identify its specific risks and action plans are coordinated with central teams.

For example, action plans involve identifying suppliers at risk, adopting an excess inventory or substitution strategy, or working on estimated supply times and forecasts.

This procedure has been activated to help address the Covid-19 crisis

3.6.3 - Reputational and compliance risks

3.6.3.1 PROTECTION OF PERSONAL DATA

Risk factors

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 utility, 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) in May 2018, the Group's obligations regarding data processing and protection will increase, and it could be fined for failing to meet those obligations.

Main ways of addressing risks

The Group has established a program involving specific governance, a dedicated team (a Data Privacy Officer and a network of Data Privacy Representatives in the Group's countries) and several working groups.

Legrand applies the Privacy by Design principle, based on the ISO 27001 standard, when developing connected objects as part of the Eliot program.

Security audits and regular intrusion tests are carried out by Legrand or by leading cybersecurity companies. These are conducted by simulating hacking throughout the process from development to marketing.

Legrand also implements PIAs (Privacy Impact Assessments) across all its connected products, 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.

3.6.3.2 BRAND AND REPUTATIONAL DAMAGE

Risk factors

New technologies and growing communication via social media are increasing the risks to the Legrand Group's image. They are leading to a much higher risk of the Group being exposed to criticism, fake news and negative messages, and they are speeding up the spread of such messages.

This could damage the Group's image among its stakeholders (employees, shareholders, customers, suppliers etc.)

Main ways of addressing risks

For risk-prevention purposes, a charter regarding individuals' use of social media has been drawn up for the Group's staff members.

Monitoring, detection and response systems are also in place.

- The Group's digital footprint is monitored by a Digital Dashboard, which logs websites and pages related to the Group's activities.
- Dedicated teams are in place within the Strategy Department, in charge of overseeing and monitoring activity on social media.
- Response procedures are in place for addressing identified risks.

3.6.3.3 PRODUCT QUALITY AND SAFETY

See section 4.2.1.1 "Protect the health and safety of users".

3.6.3.4 EMPLOYMENT PRACTICES

Risk factors

With commercial and industrial sites in nearly 90 countries, around 39,000 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 complied with, for employees of the Group and/or its subcontractors.

In addition to the ethical concerns this raises, regulations are also changing, for example with French act 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 duty of care 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 risks, non-compliance with these principles could have a major impact on the Group's image with its stakeholders.

Main ways of addressing risks

The Group has already taken steps to prevent and limit these risks, since "Respecting human rights" and "Guaranteeing occupational health and safety" are two of the issues covered by the 2019-2021 CSR roadmap (see sections 4.3.1 and 4.3.2 respectively).

The Group's response as regards the duty of care plan is described in section 4.5 "Duty of care".

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

3.6.4 - Financial risks

None of the financial risks monitored by the Group are presented in the 2019 risk factors because they have been assigned a “Keep on watch” or “Business as usual” priority due to the risk mitigation methods used by the Group.

However, two risks could have a material impact and are therefore mentioned specifically.

The risk of failing to achieve the expected financial performance is addressed in section 2.2.3.3.

The risk relating to the reliability of accounts and internal control weaknesses is covered in sections 3.2 and 3.4.

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.

Insurance programs are arranged with highly 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 business interruption, and product liability.

Legrand is continuing its practice of maintaining global insurance programs where practicable, increasing coverage where necessary, reducing insurance costs through (i) prevention and risk protection methods and (ii) self-insurance.

Legrand believes that the coverage offered by these insurance programs is adequate in scope, amounts insured and coverage limits. 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, property damage and consequential loss arising during production or after product delivery, as well as damage arising from accidental pollution. More specifically, it covers the costs of product removal/reinstallation, withdrawals or recalls.

3.7.2 - Property damage and business interruption insurance

Subject to the usual excesses, exclusions and limits, the Group’s property/casualty and business interruption insurance program covers direct damage to 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 resulting business interruption.

In addition to this insurance program, 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-functional 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 AND DECLARATION OF EXTRA FINANCIAL PERFORMANCE

4

4.1 - THE GROUP'S CSR STRATEGY

In addition to reading this Chapter 4, please refer to the latest information, data and examples at:

https://legrandgroup.com/en/our-responsibility/csr-home

4.1.1 - Longstanding commitment

Legrand CSR initiatives through the years

1996: first ISO14001 certifications.

2004: creation of a Sustainable Development function, publication of a Global Charter of Prevention and an Ethics Charter.

2006: signature of the Global Compact.

2007: launch of the first CSR Roadmap, partnership with Electriciens Sans Frontières.

2009: publication of the Charter of Fundamental Principles.

2011: launch of the second CSR Roadmap, calculation of the first Group-wide carbon footprint.

2012: Responsible Supplier Relationships accreditation obtained.

2013: creation of the Elle@Legrand women's network.

2014: launch of the third CSR Roadmap, creation of the Legrand Foundation, membership of the Global Compact Advanced Group.

2015: voluntary CSR performance audit by an independent third party.

2016: membership of the Energy Productivity Global Alliance.

2017: launch of the Serenity On global employee welfare program.

2018: validation of climate targets by the Science Based Targets initiative, publication of the Charter of Human Rights.

2019: renewed Group commitment regarding climate change through the French Climate Business Pledge, publication of the fourth CSR Roadmap, publication of the Diversity and Inclusion policy.

4.1.2 - Integration with the business model

As a global group that takes responsibility within its ecosystem, Legrand is fully committed to addressing major workforce-related and environmental issues and is always ready to listen to its stakeholders.

The Group's CSR strategy is fully integrated with its business model (presented in section 1 of the integrated report included in this universal registration document) and supports its sustainable, profitable growth model.

Legrand's CSR strategy fosters all the various types of capital used in its business model, i.e. human, intellectual, social, environmental and industrial.

The holistic approach consists of identifying the social, workforce-related and environmental risks specific to the Group's business model, and responding to them appropriately by adopting policies and targets.

All Group entities and subsidiaries are involved in deploying the CSR strategy, and are committed to implementing it worldwide.

4.1.3 - Multi-year CSR Roadmaps

Since 2007, Legrand has defined and coordinated its CSR strategy through multi-year roadmaps, built around the key priorities of this strategy and their performance indicators.

The three preceding roadmaps covered the periods 2007-2010, 2011-2013 and 2014-2018.

Legrand's CSR strategy and its fourth roadmap for 2019-2021 are based on the following guiding principles:

- the achievements of previous roadmaps, to maintain Legrand's longstanding commitments;
- new subjects emerging from developments in the Group's businesses and the economic, workforce-related, social and environmental context in which they operate;
- dialogue with internal and external stakeholders and the risk management system, to define materiality issues and priority risks;
- compliance with regulatory and legislative requirements and standards concerning CSR ("hard law" and "soft law").

4.1.4 - Compliance with standards and reference texts

4.1.4.1 INTERNATIONAL STANDARDS

Legrand is committed to complying with the following external reference texts:

- the Universal Declaration of Human Rights;
- the Declaration of the International Labour Organization (ILO); the Global Reporting Initiative (GRI) and ISO 26000 guidelines (see cross-reference tables in sections 4.6.5 and 4.6.9 respectively);
- the Ten Principles of the United Nations Global Compact (see cross-reference table in section 4.6.6);
- the United Nations Sustainable Development Goals (2030) (see cross reference table in section 4.6.8).

FOCUS: Global Compact Advanced Group

The Legrand Group signed up to the United Nations Global Compact in 2006. Since then it has made constant efforts to ensure progress in following the 10 principles in areas relating to human rights, labor, environment and anti-corruption.

Those consistent efforts and commitment to the Global Compact led to Legrand's inclusion in the Global Compact Advanced Group launched in 2014. This Group is composed of companies who display the highest standards of CSR reporting.

The United Nations Global Compact has around 14,000 members, including 10,500 companies (small and medium-sized enterprises and large corporations). Around 8% of the world's companies carry out CoP (Communication on Progress) according to the GC Advanced level.

The Group also strives to comply with the following regulatory obligations regarding ESG (environmental, social and governance) risks:

- French Act no. 2016-1691 of December 9, 2016 on the fight against corruption (the "Sapin II" act);
- French Act no. 2017-399 of March 27, 2017 on the duty of care of parent companies and ordering companies;
- French Act no. 2018-493 of June 20, 2018 on personal data protection;
- obligations relating to the publication of extra-financial information set out in articles R. 225-105-2, A. 225-1 and following of the French Commercial Code, as amended by French Act no. 2018-898 of October 23, 2018 (transposing European directive 2014/95/EU);
- statutory provisions provided for by article L. 225-102-4 of the French Commercial Code (duty of care plan).

One of the Group's Statutory Auditors, Deloitte & Associés, issues an opinion about whether the Declaration of Extra-Financial Performance meets the relevant requirements and is accurate.

4.1.4.2 INTERNAL CHARTERS AND POLICIES

Legrand has also developed its own standards and guidelines through the years. All employees are expected to observe the following:

- the **Charter of Fundamental Principles,** which lays down rules on how to behave and conduct business, incorporating the principles of combating corruption and respecting human rights. The text has been translated into 10 languages and is also accompanied by a practical guide;
- the **Fair Competition Charter,** which defines rules on complying with competition law;
- the **Guide to Good Business Practice**, whose central focus is on preventing corruption and fraud. Other matters relating to conflicts of interest, lobbying, political contributions and compliance with international trade rules (compliance with sanctions, combating money laundering and the 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: complying with national legislation and regulations, making safety an integral part of operating policies, and harmonizing prevention strategies;
- the **Charter of Human Rights**, which details the rules that the Group requires its own businesses and suppliers to adopt and follow;
- the **Environment Policy**, which sets out the requirements and fundamental aspects of the Group's environmental strategy;
- the **Quality Policy**, which sets out Legrand's guiding principles regarding the quality of its products;
- the **Purchasing Policy**, which establishes the principles of sustainable, balanced and mutually beneficial supplier relations;
- the **Diversity and Inclusion Policy**, which contains guidelines covering the following five areas: gender diversity, inclusivity towards people with disabilities, intergenerational collaboration, social and cultural diversity and inclusion of LGBT+ people.

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

They can be viewed in the resources center : https://www.legrandgroup.com/en/our-responsibility/csr-resource-center

4.1.5 - Dialogue with stakeholders and involvement with CSR networks

Dialogue with stakeholders

Legrand's CSR strategy is based on:

- its historic involvement with participants in the electrical sector;
- its culture of employee-management dialogue;
- its interaction with local communities;
- its willingness to listen to stakeholders' expectations so that it can respond accordingly.

Legrand identifies eight priority stakeholder groups:

- its customers and users of its products and solutions, whether they are distributors, specifiers, installers or end-users;
- its employees and trade unions;
- its suppliers and subcontractors;
- the scientific community, industry and the educational sector;
- the financial and extra-financial community (including investors, banks and rating agencies);
- shareholders;
- civil society;
- NGOs and charitable organizations.

Legrand has mapped its stakeholders in detail, identifying their expectations, the Group's responses and forms of dialogue.

This map is available at https://www.legrandgroup.com/en/mapping-group-stakeholders

Involvement with CSR networks

Legrand is involved in studies, surveys and round-tables, both within and outside the industry, which represent important sources of information and opportunities to share best practice.

The Group is also a member of the CSR and circular economy committees set up within professional bodies (GIMELEC, FIEEC, etc.), the Club des Directeurs du Développement Durable (C3D), the Institut du Capitalisme Responsable and French Global Compact Advanced Club.

Locally, Legrand's teams take part in studies, working groups and committees regarding CSR topics in their countries.

4.1.6 - CSR organization and governance

CSR organization

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: the Group's Legal, Human Resources and Purchasing departments, along with Health and Safety, Environment and Quality experts. These functional departments coordinate networks of around 300 representatives within the Group's subsidiaries who work directly on the different areas comprising the CSR strategy.

CSR governance bodies

CSR steering committee

- This committee consists of all nine members of the Executive Committee.
- It meets two or three times per year.
- It directs and validates the CSR strategy and monitors how initiatives are implemented.

Strategy and social responsibility committee

- This committee consists of six directors, of whom four are independent.
- It meets once per year.
- It checks that the Group's strategy and CSR approach are consistent,

and reports on its work to the Board of Directors.

4.1.7 - CSR and compensation

Since 2016, CSR criteria have been factored into compensation system.

Bonuses

- 10% of the variable compensation of the **top management** (Chief Executive Officer, Executive Committee members and Country General Managers) is linked to CSR performance.

Long term incentive (LTI) plans

- One quarter of the LTI criteria for all **Executive Committee members** are linked to CSR performance.
- For **other key positions**, one third of the LTI criteria are linked to CSR performance.

4.1.8 - Main extra-financial risks and opportunities

The main risks and opportunities in workforce-related, social and environmental terms for stakeholders and for the Group are identified and ranked in terms of importance through two complementary approaches:

- the risk map, which is presented by the Group Risk Manager to the Risk Committee;
- the materiality analysis, which is presented by the Vice-President of CSR to the CSR Steering Committee.

The Group's Social Responsibility Department brings these two approaches together to identify the main issues, risks and opportunities relating to the Legrand's business model.

The related summary is set out below.

It works with other departments to establish policies for addressing them.

Risk map

The risk map identifies and ranks the priority risks that have a major or material impact on the Group either directly (strategic, operational or financial risks) or indirectly (reputational or compliance risks). Analyses of these risks and issues are updated every two to three years and reviewed annually to ensure their relevance.

The Group's risk mapping approach and results are presented in Chapter 3 of the universal registration document.

Materiality matrix

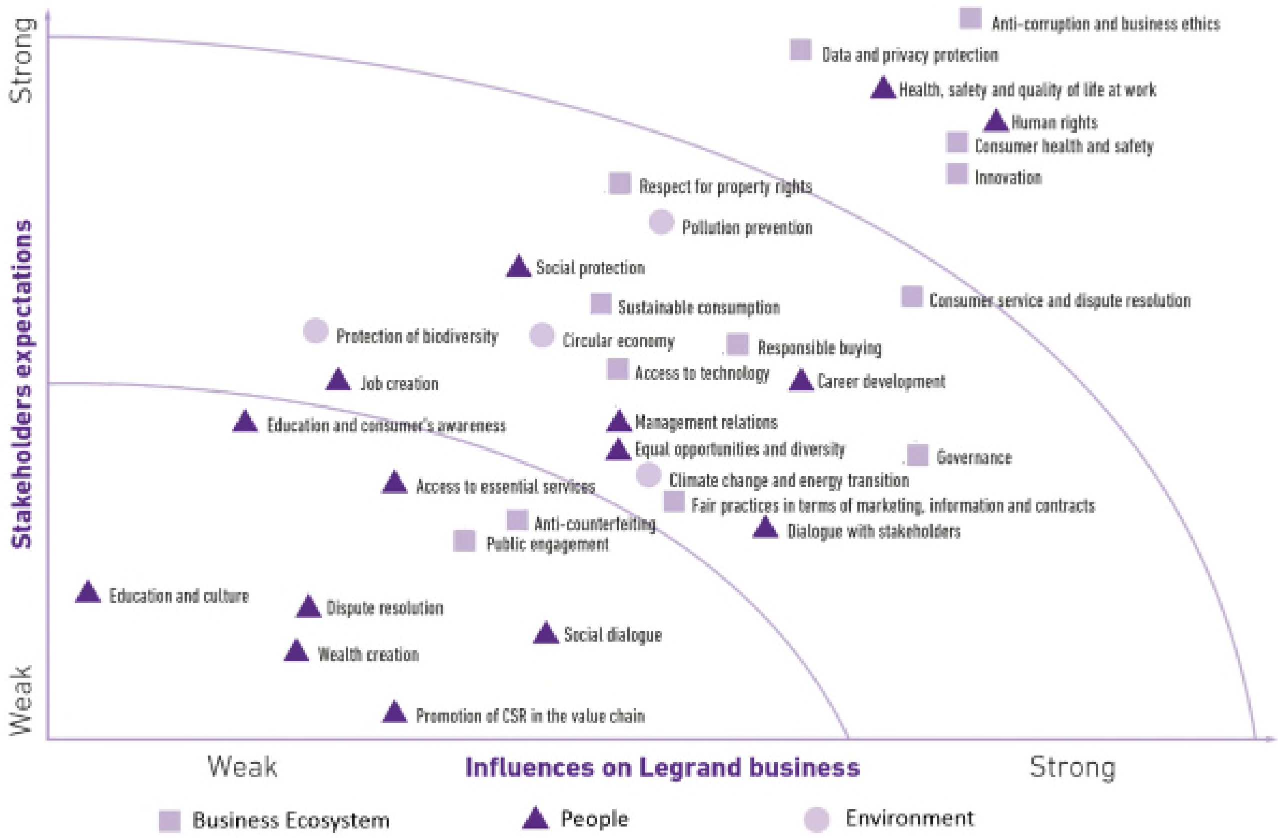
This identifies the priority issues for which stakeholders have high expectations and which have a major influence on Legrand's business.

Methodology

Key issues have been selected in view of the CSR approaches of various institutions (including the UN Sustainable Development Goals, OECD and Global Compact), applicable standards (including ISO 26000), and the existing practices of companies in Legrand's business ecosystem (suppliers, distributors, real estate developers). This effort to determine material issues for people and the environment led to identification of 33 issues that were the subject of consultation.

A questionnaire was made available for all internal and external stakeholders in 9 languages. Nearly 3,700 responses were received from 70 countries, with a representative distribution across all stakeholders.

The complete details of the survey are available on its website at https://www.legrandgroup.com/en/our-responsibility/csr-strategy/stakeholders-and-materiality



Summary of the main extra-financial risks and issues

Summarizing the two approaches, the priority risks and issues in terms of the business model are assessed as follows:

- **Materiality**: high, medium or low – this refers to gross materiality before the implementation of policies, procedures or controls aiming to limit impacts for stakeholders.
- **Risk impact**: major, significant or moderate – this refers to the gross impact, assessed before the implementation of policies, procedures or controls aiming to reduce risk for the Group.

Risks related to the Business Ecosystem	Materiality	Impact	Reference
Risks related to consumer health and safety, in connection with the quality of products, particularly electrical safety products.	high	significant	CSR priority no. 1: Protect the health and safety of users
Risk of not meeting customer expectations, particularly in terms of innovation in products and services	high	significant	CSR priority no. 2: Stimulate innovation through partnerships
Risk of irresponsible sourcing practices	medium	significant	CSR priorities no. 3 and no. 4: Ensure responsible purchasing
Risk of corruption or non-compliance with business ethics in the conduct of operations, particularly in connection with Legrand's presence in countries with a high corruption index score.	high	significant	CSR priorities no. 5 and no. 6: Act ethically
Risk of tax evasion, in connection with the Group's international presence.	not assessed	moderate	Section 4.2.3.4 - Responsible taxation

Risk of non-compliance with data protection and privacy rules, in connection with the sale of connected objects.	high	significant	Section 3.6.3.1 in the "risk management" chapter.
Efforts to combat counterfeiting, in connection with sustained growth in new economies.	low	significant	Section 4.2.1.5
Respect for property rights, in connection with our major investments in intellectual capital.	medium	significant	Section 4.2.1.6
Workforce-related risks	**Materiality**	**Impact**	**Reference**
Risk of non-compliance with human rights and fundamental rights at work, in connection with the Group's manufacturing operations around the world.	high	significant	CSR priority no. 7: comply with the Group's commitment to human rights
Risks related to health, safety and quality of life at work, in connection with Legrand employees around the world.	high	significant	CSR priority no. 9: deploy best practice regarding health and safety at work
Risks related to respect for diversity, in connection with Legrand employees around the world.	medium	moderate	CSR priority no. 12: encourage diversity at work
Risks related to the development of skills, in connection with Legrand employees	medium	significant	CSR priority no. 11: develop the skills and talents of all staff members
Risks related to attracting and retaining talented people, in connection with Legrand employees around the world.	not assessed	significant	CSR priority no. 10: strengthen the commitment of Group employees
Workforce-related risks within the supply chain.	high	moderate	CSR priorities no. 3 and no. 4: Ensure responsible purchasing
Risks related to ensuring welfare benefits for Legrand employees around the world.	medium	moderate	CSR priority no. 10: strengthen the commitment of Group employees
Management-employee dialogue, in connection with Legrand employees around the world	low	moderate	Section 4.3.1.3 Ensure union representation and management-employee dialogue
Environmental risks	**Materiality**	**Impact**	**References**
Risks related to pollution caused by the Group's operations or those of its suppliers, in connection with its manufacturing and tertiary sites around the world.	medium	moderate	Priority 18: reduce volatile organic compound (VOC) emissions
Risks related to the impact of Legrand activities and products on global warming, in connection with its activities around the world and the products and services it sells.	medium	moderate	Priority 13: reduce the Group's carbon footprint Priority 14: avoid CO_2 emissions through our energy efficiency offering
Risks related to the preservation of natural resources and biodiversity, in connection with the Group's activities around the world and the products and services it sells.	medium	moderate	Priority 15: integrate circular economy principles Priority 16: Provide environmental information on Legrand products

N.B.:

Issues relating to combating food waste and food insecurity, promoting animal welfare and promoting a responsible, fair and sustainable diet have been excluded from the scope of the analysis because they are considered to be too remote from the Group's business activities.

The risk of non-compliance with data protection and privacy rules, in connection with the sale of connected objects, which is an extra-financial risk but is also regarded by the Group as an operational risk, is covered in chapter 3 "Internal control and risk management".

4.1.9 - CSR Roadmap: 18 priorities for 2019-2021

In 2019, Legrand published its **fourth CSR Roadmap**, which sets out its CSR priorities for the period 2019-2021.

It reflects the Group's desire to support efforts to develop buildings in a way that represents progress for staff members, society and the planet. This aim is shown in the way the roadmap is structured, in its duration and in the priority issues selected:

- to make the Group more agile and responsive in this domain, the 2019-2021 roadmap covers a **three-year period**;
- it covers **three key areas**: the Business Ecosystem, People and the Environment;
- it comprises 10 key challenges and 18 priorities, achievement of which will be measured annually using **22 indicators**;
- It actively contributes to the Group's achievement of the **Sustainable Development Goals** (SDGs) defined by the United Nations in 2015.

4

Challenges and priorities for 2021

BUSINESS ECOSYSTEM

All along the value chain, Legrand aims to address the expectations of business stakeholders, suppliers, users and partners, in order to ensure progress for all in strict compliance with ethical rules.

PROVIDE SUSTAINABLE SOLUTIONS

- Protect the health and safety of users
- Stimulate innovation through partnerships

ENSURE SUSTAINABLE PURCHASING

- Raise awareness and provide training about responsible purchasing
- Measure the progress of suppliers identified as at-risk in CSR terms

ACT ETHICALLY

- Continue to train employees and raise their awareness about business ethics
- Monitor the application of the compliance program

PEOPLE

All over the world, Legrand is committed to ensuring the greatest respect for human rights, diversity, safety, wellbeing, health and talent among its employees and communities.

RESPECT HUMAN RIGHTS AND COMMUNITIES

- Comply with the Group's commitment to human rights
- Contribute to communities

PROMOTE HEALTH, SAFETY AND WELL-BEING AT WORK

- Deploy best practice on health and safety at work
- Strengthen the commitment of Group employees

DEVELOP SKILLS

- Develop the skills and talents of all employees

PROMOTE EQUAL OPPORTUNITIES AND DIVERSITY

- Encourage diversity at work

ENVIRONMENT

It is Legrand's responsibility to limit the environmental impact of its activities, particularly by reducing CO_2 emissions.

LIMIT GREENHOUSE GAZ EMISSIONS

- Reduce the Group's carbon footprint
- Avoid CO_2 emissions through the Group's energy efficiency offers

INNOVATE FOR CIRCULAR ECONOMY

- Integrate circular economy principles into the development of new products
- Provide environmental information on the Group's products
- Ensure waste recovery

COMBAT POLLUTION

- Reduce Volatile Organic Compound (VOC) emissions

4.1.10 - Three ambitions for 2030

Along with the challenges set out in the 2019-2021 CSR Roadmap, to provide a set direction for its longer-term approach, Legrand has adopted three targets to be achieved by 2030:

- **Increasing the share of sustainable income**: Legrand intends to pursue its sustainable growth model. This involves factoring eco-design into its products and adopting circular economy principles. It also means selling solutions that enable customers to improve their responsible consumption, especially through improved energy efficiency.

  By 2030, Legrand wants 80% of its revenue to come from these sustainable activities.

  This commitment contributes to the achievement of three Sustainable Development Goals: SDG7 (Affordable and clean energy), SDG11 (Sustainable cities and communities) and SDG12 (Responsible consumption and production).

- **Giving women a more prominent role in the Group** Legrand wants to help all staff members pursue their development commensurate with their commitment and capabilities, without any regard to gender, and to ensure, over time, that the Group's practices are among the best in the industry. Gender equality in the workforce is a source of wealth and is therefore a priority of Legrand's workforce policy. The Group intends to give women more prominent roles in its activities.

  It has set a target of achieving gender parity in the workforce, and having at least a third of Group key roles occupied by women by 2030.

  This commitment contributes to the achievement of SDG 5 (Gender equality).

- **Continuing the reduction of the Group's energy footprint:** by joining the Science Based Targets initiative (backed by the WWF, the United Nations Global Compact, the World Resources Institute and the Carbon Disclosure Project), Legrand has publicly committed to targets for reducing greenhouse gas emissions. It has moved from an energy performance target to a CO_2 emissions reduction target.

  The Group has thus made a commitment to reduce its greenhouse gas emissions directly arising from its energy consumption (scopes 1 and 2) by 30% by 2030 compared with 2016 and by 75% by 2050.

  This commitment contributes to the achievement of SDG13 (Climate action).

4.1.11 - Recognized CSR performance

To promote transparency and openness, particularly for investors and shareholders, Legrand regularly responds to ESG assessments and rating processes.

The Group's extra-financial achievements are recognized, in France and abroad, in particular by its inclusion in certain ESG indices compiled by independent agencies.

In 2019, Legrand achieved the following ratings:

- CDP Climate Change: A-list
- DJSI: score of 80
- MSCI: ESG rating AA
- Ecovadis: Gold status
- ISS Oekom Corporate Rating: Prime Status
- Sustainalytics: low risk

The Group is a constituent of the following indices:

- FTSE4Good
- ESI Excellence Europe and Excellence Global
- Vigeo Eiris: Eurozone 120, Europe 120

For ease of access to information, a special section of the website for CSR analysts is available at

https://www.legrandgroup.com/en/our-responsibility/csr-performance

4.1.12 - Integration of newly acquired entities

The Group's acquisitions are included within business-line systems (procedures and reporting processes) at the earliest opportunity. This process is completed within a period of maximum 24 months from the date of acquisition.

Integration of new firms within the Group CSR performance structure starts from the third year, with the various indicators being integrated up to the sixth year.

Year 1 Year of acquisition	Year 2	Year 3	Year 4	Year 5	Year 6
Integration process 24 months max		HR indicators Compliance program	Quality indicators Partnerships Sustainable purchasing Health and safety Charity strategy Energy efficiency Product Environmental Profiles	Environmental performance Eco-design (level 1)	ISO 14001 Eco-design (levels 2 and 3)

4.1.13 - Performance measurement

CSR performance is measured through 22 indicators. These indicators are deployed and monitored at two levels:

Local level

A CSR scorecard is produced annually for each scope (subsidiary, region, entity, functional department), which allows performance to be tracked over time.

Each priority is ranked on four levels ("Insufficient", "Under deployment", "Effective", "Excellent").

By the end of 2019, more than 70 scorecards had been produced, representing all Group activities:

- 58% of the 55 countries and entities assessed were ranked "Effective" (score between 3 and 3.5 on a scale of 1 to 4, where 4 is the best score);
- 42% were ranked "Under deployment" (score between 2 and 3).

Consolidated Group level

Overall CSR performance is based on the consolidated results of all Group entities. It is presented below.

An independent third-party organization issues an opinion about whether the Declaration of Extra-Financial Performance meets the relevant requirements and is accurate (see opinion in section 4.7).

4.1.14 - 2019 extra-financial performance

In 2019, the overall achievement rate for CSR targets is 113%.

OVERALL ACHIEVEMENT RATE	113%

BUSINESS ECOSYSTEM	2019	2020	2021	Reference
PROVIDE SUSTAINABLE SOLUTIONS				
1 - Protect the health and safety of users	98%			4.2.1.1
2 - Stimulate innovation through partnerships	150%			4.2.1.2
ENSURE SUSTAINABLE PROCUREMENT				
3 - Raise awareness and provide training about responsible purchasing				
3A - Provide training about responsible purchasing	126%			4.2.2
3B - Implement a "life cycle cost" approach in purchasing processes	113%			4.2.2.1
4 - Measure the progress of suppliers identified as risk in terms of CSR	135%			4.2.2.2
ACT ETHICALLY				
5 - Continue to train staff members in business ethics	138%			4.2.3.1
6 - Monitor the application of the compliance program	97%			4.2.3.2
% achievement	**123%**			

PEOPLE	2019	2020	2021	Reference
RESPECT HUMAN RIGHTS AND COMMUNITIES				
7 - Comply with the Group's commitment to human rights	100%			4.3.1.1
8 - Contribute to communities	111%			4.3.1.2
PROMOTE HEALTH, SAFETY AND WELL-BEING AT WORK				
9 - Deploy best practice regarding health and safety at work				4.3.2.1.
9A - Reduce the frequency of accidents (with or without lost time)	228%			4.3.2.1.1
9B - Roll out the Legrand Way program	145%			4.3.2.1.2.
10 - Strengthen the commitment of Group employees				4.3.2.2
10A - Roll out the Serenity On program	110%			4.3.2.2.1
10B - Measure and improve commitment	100%			4.3.2.2.2
DEVELOP SKILLS				
11 - Develop the talents and skills of staff members				4.3.3
11A - Provide training	100%			4.3.3.1
11B - Carry out annual performance appraisals	103%			4.3.3.2
PROMOTE EQUAL OPPORTUNITIES AND DIVERSITY				
12 - Encourage diversity at work	46%			4.3.4
% achievement	**108%**			

4

ENVIRONMENT	2019	2020	2021	Reference
LIMIT GREENHOUSE GAS EMISSIONS				
13 - Reduce the Group's carbon footprint (scope 1 & 2 direct emissions)	103%			4.4.1.1
14 - Avoid CO_2 emissions through the Group's energy efficiency offering	113%			4.4.1.2
INNOVATE FOR A CIRCULAR ECONOMY				
15 - Integrate circular economy principles into the development of new products	109%			4.4.2.1
16 - Provide environmental information on products	94%			4.4.2.2
17 - Recover waste	100%			4.4.2.3
COMBAT POLLUTION				
18 - Reduce emissions of volatile organic compounds	127%			4.4.3
% achievement	**108%**			

4.2 - INTERACT ETHICALLY WITHIN THE BUSINESS ECOSYSTEM

As a major player in electrical and digital building infrastructure, Legrand produces and sells a range of more than 300,000 product lines in almost 90 countries.

All along its value chain, the Group is determined to set an example by offering sustainable solutions to its customers, ensuring sustainable purchasing and complying strictly with ethical rules in its relations with all business partners.

4.2.1 - Provide sustainable solutions

According to a United Nations report, the world's population is expected to exceed 10 billion by 2100. Population growth is likely to put increasing stress on limited resources, which could have an adverse impact on human health, safety and the environment.

Sustainable products are those that have an improved environmental, social and economic impact.

Legrand is determined to develop solutions that are sustainable and socially meaningful, and is committed to ensuring user well-being and safety by striving for product quality and actively combating counterfeiting. Legrand is also stimulating innovation within its industry by developing partnerships with various types of entity (suppliers, startups, the scientific and academic community and civil society).

In addition, the Group seeks to respect and make the most of the intellectual capital within industry by defending its intellectual property and respecting that of other participants.

Finally, Legrand intends to continue training people involved in the electrical and digital industry, and also to listen to and ensure the satisfaction of its customers.

The environmental impact of Legrand products is discussed in relation to the circular economy in section 4.3.2.

4.2.1.1 PRIORITY NO. 1: PROTECT THE HEALTH AND SAFETY OF USERS

In the event of safety defects, products may affect the buyer, the installer as well as direct and indirect users. Despite thorough testing, there is still a risk that faulty products could reach the market. These errors and defects could cause personal injury and/or damage to property. Such accidents could result in warranty and product liability claims, loss of revenue, costs associated with product recalls or harm to the Group's reputation for safety and quality.

It is the Group's mission to make and supply products that are safe to use and meet the highest standards, and to ensure well-being of its users. Legrand is also committed to providing customers with the information they need to use its products safely and to maintain them.

Legrand, though its numerous well-known brands, is globally renowned for its high-quality products. As a result, this approach is also very important in terms of upholding the Group's brand image.

Legrand's quality policy

The Group's quality policy, managed by the Group's Operations Department, is deployed in each country. The policy sets out the Group's commitments in terms of meeting regulatory requirements. It also defines the organizational structure, as well as the ways in which processes are controlled, measured and monitored. Streamlined management systems (which are ISO-certified) help to reduce and prevent risks.

The Group's quality policy can be viewed online at https://www.legrandgroup.com/en/our-responsibility/csr-resource-center

The Group's quality policy is essentially implemented through:

ISO 9001 certification by independent bodies, based on quality management systems in place at each of the Group's sites. At the end of 2019, 81% of sites were certified;

- **product accreditation by certified laboratories**, carried out before products are brought to market;
- **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);
- **additional tests, called "surveillance plans",** to ensure that basic product performance remains consistent with initial quality and certification standards throughout the manufacturing and marketing phases. After products have been introduced into the market, independent, random checks are carried out on products either internally or by an external provider. This monitoring plan includes a list of products to be assessed, procedures for testing and analyzing them, and progress reporting;
- **the customer dissatisfaction management process** ranks instances of dissatisfaction according to various 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.
- **the product risk management procedure** is applicable to all the Group's finished products. It includes rules for the fast-track internal response to potentially critical situations.

In the most sensitive cases, product withdrawal or recall actions may be launched.

For trade products, the same qualification and quality control processes are implemented by the Group's operational quality function, with support from the Purchasing Department.

Various **performance indicators** are closely monitored at the country and operational department levels:

- the number of recorded customer complaints associated with a low, medium or high risk;
- the internal and external cost arising due to defects in manufactured products.

Any divergence from these indicators is systematically analyzed and gives rise to action plans.

2019 target and achievements

Legrand aims to ensure that 100% of its revenue is covered by the product risk management procedure defined by the Group's Quality Department, applicable to all brands and markets.

For new acquisitions, this procedure must be deployed at the latest in the year following the year of the acquisition, i.e. within a period of up to 24 months from the date of acquisition. As a result, the percentage below does not include 2018 and 2019 acquisitions.

In 2019, 97.5% of revenue was covered by the product risk management procedure, up from 92% in 2018. This represents eight Group entities that partially apply the Group procedure.

Priority no. 1		2019	2020	2021
% of revenue covered by the product risk management procedure	Results	97.5%	-%	-%
	Targets	100.0%	100.0%	100.0%
	% achievement	97.5%		

4.2.1.2 PRIORITY NO. 2: STIMULATE INNOVATION THROUGH PARTNERSHIPS

The risk of not meeting customer expectations, particularly in terms of innovation in our products and services, is described in section 3.6.1.1 "Technological disruption and digital transformation". Innovation eventually enhances business value by:

- leading to better products that are suited to new, more sustainable uses;
- allowing the company to stand out in its market;
- increasing productivity and reducing costs.

The determined pursuit of innovation is central to Legrand's business strategy.

The Group firmly believes that stimulating innovation requires partnerships to accelerate the pace of development and help achieve progress across the entire electrical and digital industry.

To achieve that, Legrand works closely with the industrial, scientific and academic communities.

Focus: I.Hub: an internal platform for managing partnerships

To help achieve this objective, the Group has developed, in partnership with a French startup, a collaborative platform to share all information about partnerships set up by the various countries, operations and the Strategy and Development Department:

- identification of potential partners around the world;

- creation of innovation communities by theme;

- improved management of partnerships;

- experience-sharing.

4.2.1.2.1 Partnerships in business clusters

Legrand is a member of business clusters, designed to bring together, in a given region, local businesses, startups, training organizations, research laboratories and universities to develop synergies and cooperation through innovative projects. In France, it is a member of:

- ALPHA RLH, created in 2017 in the Nouvelle Aquitaine region in France, which is a high-tech cluster specializing in the fields of photonics and microwaves;
- the Science and Electrical Energy Systems (S2E2) cluster specializing in electrical energy in the Centre-Val de Loire and Nouvelle-Aquitaine regions. It runs initiatives on topics such as energy efficiency, smart grids, sustainable building and energy storage.

4.2.1.2.2 Partnerships to develop new products and services

Legrand cooperates with startups, SMEs and international players to develop innovative solutions and bring them to market, particularly in the fields of:

- interoperability between ecosystems;
- artificial intelligence;
- technological alliances.

Partnerships to increase interoperability, in order to play a central role within the connected building ecosystem

Connected and interoperable solutions are being developed to deliver sustainable benefits to both individual and business users through strategic partnerships:

- As part of the Works with Legrand program, launched at CES in Las Vegas in 2018. The program enables third parties to connect to the Group's solutions in order to offer new services and functions.
- With Amazon: development of a voice-controlled home management system (switches, sockets, thermostats etc.). This innovation won an award in the smart home category at CES in Las Vegas in 2019.
- With Samsung, development of comprehensive connected solutions for hotel rooms.
- With an American semiconductor manufacturer: the "Advanced Sensors" solution for commercial buildings (presence detectors, occupancy sensors, air quality sensors). This solution was presented at CES in 2019.
- With a global player in connectivity: creation of an ecosystem to allow data to be exchanged via the cloud between the Group's various brands in the US.
- With a Chinese company specializing in connected objects: development of Home System solutions for the Chinese market.

Legrand Artificial Intelligence

Artificial intelligence now has practical applications in buildings. Legrand is integrating the functions of prediction, action, dialogue and visualization into its solutions.

Legrand has anticipated this trend with program of partnerships with players specializing in AI, for example:

- a virtual assistant to provide remote technical support to users;
- augmented reality solutions to assist professional installers with complex systems.

Technological alliances

Legrand is a member of numerous technological alliances in the fields of communication and interoperability, such as:

- Open Connectivity Foundation, to increase interoperability between systems using IP;
- Zigbee Alliance and Thread Group, for wireless sensor networks;
- KNX, for building automation;
- Wireless Power Consortium, for wireless recharging of mobile equipment;
- ZHAGA, for lighting solutions;
- Open Charge Alliance, for recharging electric vehicles.

Partnerships with startups

Legrand is a signatory of the "Open Innovation Alliance", aimed at fostering innovation between large corporations and startups.

In recent years, the Group has extended its startup partnerships and carried out POCs (proofs of concept), some of which have led to innovative solutions being brought to market.

In France, for example, the Group is involved in the French Tech program, particularly as regards energy, health and smart buildings networks.

The Group's numerous discussions and collaborations with startups in various countries include:

- a partnership to provide comprehensive energy management solutions for commercial buildings, combining Legrand's energy measurement products with management software platforms;
- a partnership to develop highly efficient power supplies, based on new semiconductor technologies;
- a partnership to offer easy-to-use recharging solutions for mobile products.

4.2.1.2.3 Partnerships with research laboratories and universities

- Legrand has had a partnership with CEA-Tech since 2017. The aim of this collaboration is to develop autonomous power supply solutions.
- Cooperation is taking place with various universities including laboratories at the University of Ulianovsk in Russia and the University of Nevada in the United States.
- In the UK, a partnership with Aston University started in 2019, aiming to develop the services of tomorrow.

In countries in which the Group has a strong presence, subsidiaries are working with engineering schools and universities to develop the skills of future electrical industry professionals. This includes support for the creation of specialist courses, joint research projects and teaching support from Group experts.

2019 targets and achievements

During the previous 2014-2018 CSR Roadmap, the Group sealed 45 significant partnerships in five years.

The Group is now aiming to form at least 10 partnerships every year, making a total of at least 30 by 2021.

To meet that challenge, the Group has selected 10 priority countries that must initiate at least one partnership annually. Other countries are encouraged to make proactive efforts.

In 2019, the Group formed 15 partnerships that it regards as significant. Most of them are mentioned above.

Priority no. 2		2019	2020	2021
Number of partnerships formed during the year	Results	15	-	-
	Targets	10	10	10
	% achievement	150%		

4.2.1.3 SUPPORT THE DEVELOPMENT OF SKILLS ACROSS ALL PARTICIPANTS IN THE ELECTRICAL INDUSTRY

Because the work done in the electrical and digital industries is becoming increasingly high-tech, technical support is often required in relation to today's high value-added systems. Legrand is committed to training all industry participants to help them develop their skills and adopt best practice in terms of installation. These participants want to have access to training anywhere, at any time and in a wide range of formats.

To meet that requirement, Legrand has set up training centers around the world.

Those centers are a way for distributors, specifiers and electrical installers to keep their skills up to date, consolidate their knowledge and develop their commercial offerings. In particular, they offer:

- hundreds of training courses that give practical experience;
- online and virtual classrooms, which reproduce actual on-site installation conditions (e.g. home automation, wiring of electrical cabinets and fiber-optic cabling; installation of security lighting systems);
- training on current regulations and technical standards;
- tailor-made courses for professionals at each stage of their projects.

By way of illustration, in 2019 more than 8,532 customers and more than 4,955 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 https://www.legrand.fr/pro/formations.

Focus: the Recognition of Prior Learning program in India, aimed at increasing skills levels among electrical installers

This development program, developed by Legrand India, helps electrical installers with few qualifications to become self-sufficient technicians. The program is delivered through a partnership between Legrand India and the Power Sector Skills Council. The Group also provides those taking part with new tools, so that they can work as effectively as possible.

The program enables them to move from being subcontractors to independent contractors and to build a better future for them and their families, while ensuring a higher level of safety and quality in electrical installations.

Between 2,000 and 2,500 electricians, male and female, receive training every year in India under this program.

For more information, a video about the program can be viewed online at https://legrandgroup.com/fr/notre-responsabilite/people/respecter-les-droits-humains-et-les-communautes

4.2.1.4 COMBAT COUNTERFEITING

The Group's international presence and particularly its operations in certain new economies mean that it faces a greater risk of its products being counterfeited.

Given the potential risks associated with the use of electricity, counterfeiting endangers the safety of users.

The Group is therefore involved in an ongoing industry campaign to prevent counterfeiting.

Coordinated by the Group's Intellectual Property Department, which is part of the Group's Legal Department, efforts to combat counterfeiting and to protect consumers take place on two levels:

- through internal anti-counterfeiting mechanisms (see Copytracer, below), and particularly by the SBUs' intellectual property representatives;

- through active participation in the seizure and destruction of counterfeit electrical products, working closely with the customs agencies of the countries concerned. Efforts also take place through global communication strategies via trade unions or industry associations – FFB (Fédération Française du Bâtiment), IGNES (Industries du Génie Numérique Énergétique et Sécuritaire) and BEAMA (British Electrical and Allied Manufacturers' Association) – to raise awareness among all stakeholders, including installers and distributors.

Since 2006, millions of counterfeit electrical devices and dozens of production molds have been seized and destroyed.

Those seizures result from action taken directly by Legrand teams or have resulted from Legrand's involvement in initiatives carried out jointly by members of the electrical industry and customs authorities.

Similarly, efforts to combat counterfeiting online have made it possible to detect and take action against people selling such products on the various e-commerce platforms. As a result of legal action, many sites and thousands of links have been shut down.

Focus: 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).

The 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.

4.2.1.5 RESPECT AND ENSURE RESPECT FOR INTELLECTUAL PROPERTY

The Group's future success depends in part on developing and protecting its intellectual property rights (around 3,500 patents and 70 brands).

In spite of the precautions taken, it is also possible that Legrand may infringe the rights of third parties.

To minimize this risk, Legrand pays particular attention to managing its intellectual property, and relies on a dedicated team. This team, as well as tackling counterfeiting, is in charge of monitoring patents, designs, trademarks and domain names.

It draws on input from intellectual property representatives in France and in key foreign subsidiaries.

Finally, Legrand also uses external consulting firms to assist it in drafting patents and dealing with certain matters in order to protect its rights.

4.2.1.6 ENSURE CUSTOMER SATISFACTION AND FEEDBACK

Focus: Rolling out the "Best of Us" customer experience enhancement program

Satisfying customers, both professionals and consumers, is a long-standing cornerstone of Legrand's strategy. To become and remain a privileged business partner for its customers, the Group's brands and technical solutions need to provide them with rich and unique experiences throughout the business relationship – from initial product advice through to after-sales support.

Legrand therefore has a multi-year program aiming at enhancing the customer experience, called Best of Us.

The purpose of this program is to bring together a set of initiatives designed to enhance the overall experience of customers in terms of satisfaction, service quality, the relevance of tools provided, responsiveness and the way Legrand interacts with them in general.

The first aim is to support Group entities worldwide in setting up a structured process around the customer experience.

The Group defines objectives and monitors a number of quantitative targets, aiming to assess and improve customer satisfaction.

Service rate

The availability of Group products is key to customer satisfaction. As a result, Legrand monitors the service rate of its various subsidiaries to measure the Group's ability to fill customer orders in the desired quantities and timeframes. This service rate is calculated by the Group Supply Chain Department. It is also analyzed by type of customer.

Overall, the 2019 service rate was 91%, close to the target.

CRM tools

The Group has introduced a standard system for enhanced customer relationship management (CRM).

In 2019, 96.5% of the Group's revenue was covered by a CRM tool such as Salesforce.

Monitoring dissatisfaction

Country-based Customer Service Departments have local responsibility for ensuring the satisfaction of their customers. They pass on comments or requests for improvement to the teams in charge of developing the product range, to assist the product improvement process.

Instances of dissatisfaction are recorded in a dedicated software package (SOLUTIO or similar), which provides a direct connection between each subsidiary's after-sales service department and the Group's quality departments.

Satisfaction surveys

Satisfaction surveys are carried out at various levels:

- Multi-criteria surveys are carried out regularly at the country level to measure aspects such as brand perception, quality, price and service among customer panels or focus groups. Entities are encouraged to carry out these surveys annually, which is the case for the majority of subsidiaries that have implemented them, and a Europe-wide survey is currently underway.

- Every year, the Group's key distributors evaluate its performance and services (marketing, technical support, supply chain, distribution policy, cooperation). The Strategy and Development Department 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.

Involving the end user

The value and functional properties of the Group's products are essential for customer satisfaction. Users are involved in the Group's innovation processes through shared creativity workshops, for example based on the UCD (User Centered Design) method.

Based on ISO 13407, this method involves a design approach focusing on the user and how the product is used.

The method is one of the tools included in the Legrand Way Offer Creation.

4.2.2 - Ensuring responsible purchasing

The supply chain is assessed on a multi-regional basis. Legrand has production and/or purchasing units located in countries where environmental and workforce-related standards are less strict than in OECD countries.

For purchased products – both raw materials and processed products – extraction or production may cause environmental damage or pollution, may not ensure acceptable working conditions for employees, or more broadly may not respect the human rights and fundamental freedoms of workers and local communities.

Legrand is aware of its responsibility to ensure that its suppliers comply with environmental and workforce-related standards and to help them make improvements where necessary. In addition, Legrand wants its suppliers to show greater social commitment in their choices, and has decided to:

- give responsible purchasing training to Group employees involved in the procurement process;
- gradually adopt a purchasing approach that takes into account the life cycle cost of the relevant purchases;
- identify risks and improve the situation for suppliers that present risks in terms of CSR.

The Group also remains vigilant regarding its purchases of conflict minerals, its management of hazardous substances and its use of resources that are being depleted.

The Legrand group's purchases

The Group's had around 35,000 suppliers at the end of 2019.

The main items it purchases are mechanical, electrical and electronic components, trade products, metals, plastics and transportation.

Purchases equal around 50% of the Group's revenue. Suppliers are mainly located in the United States, France, Italy and China.

The Group Purchasing Department has a matrix-based organization and reports to the Operations Department, with teams that manage:

- **corporate purchases**: strategic purchases for which the Group has adopted a global approach. At the end of 2019, the Group was working with 450 Group suppliers, covering around 20% of its total purchases;
- **local purchases,** which meet the specific requirements of a site or operational department.

The Purchasing Quality Management System (QMS)

Formally, the Group manages its responsible purchasing strategy with its suppliers via a Purchasing Quality Management System (QMS) that is ISO 9001-certified for the France and Corporate scope, and specifically through:

- Purchasing Specifications: a contractual document containing Legrand's requirements for its suppliers, particularly in relation to environmental and workforce-related matters. The Ten Principles of the Global Compact form a part of the document;
- a Contract or General Terms and Conditions of Purchase, which provide for a supplier mediation process in the event of a dispute. In 2019, the General Terms and Conditions of Purchase were updated to factor in Legrand's new CSR-related expectations and personal data protection;
- 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 of supplier engagement (approval, contract formation, visits and audits, and risk and incident management) thus incorporates the Group's responsible purchasing rules.

Focus: Legrand in Italy has achieved an advanced level of maturity with respect to the ISO 20400 standard

In 2018, Legrand's purchasing operations in Italy adopted a process of assessing their maturity with respect to ISO 20400 responsible purchasing guidelines, with the support of Bureau Veritas. The plans of action implemented in 2019 following the analysis in 2018 allowed the Italian team to achieve an advanced level of maturity in terms of responsible purchasing in an audit by Bureau Veritas in December 2019.

The responsible purchasing approach

Principles

For several years, Legrand has had a responsible purchasing strategy, which is applied strictly at all levels of the organization and in its relationships with stakeholders.

This responsible purchasing strategy is based on the principle that the Group's ethical, environmental and social rules also apply to its suppliers and subcontractors.

Because Legrand is a signatory of the Global Compact, the Group's suppliers are also encouraged to comply with the Global Compact's principles. As a result, 60% of purchases from the Group's panel are from suppliers that embrace these principles.

Focus: Legrand in France recognized for its supplier relations and responsible purchasing

In 2009, Legrand – through the CNA (French National Purchasing Council) – helped draft the "Responsible Supplier Relationships" Charter and was one of its first signatories. In 2012, Legrand was one of the first four companies in France to receive this certification, which was renewed in 2015 and again in 2019 after audits by Afnor, an approved organization.

2019-2021 CSR Roadmap commitments were taken into account in this latest "supplier relations and responsible purchasing" assessment, which is now based on the ISO 20400 standard.

Organization

Within the Group Purchasing Department, the head of sustainable purchasing ensures that these rules are followed and implemented via a network of responsible purchasing correspondents in countries that have a purchasing department (around 30).

Reporting

Group reporting regarding purchasing is carried out by the person responsible for overseeing purchasing performance. Since 2019, responsible purchasing performance indicators have been included in Group's purchasing reports.

Responsible purchasing indicators are monitored on a quarterly basis by the Purchasing Department and presented to the Operations Department and General Management.

4.2.2.1 PRIORITY NO. 3: RAISE AWARENESS AND PROVIDE TRAINING ABOUT RESPONSIBLE PURCHASING

Legrand is aiming to build a culture of responsible purchasing as a way for its teams and suppliers to add value.

- **Through training**, all individuals involved in the procurement process, particularly purchasers and internal stakeholders who are in touch with suppliers in any way must understand the principles behind the effort to create a sustainable purchasing culture and how to play their part.
- By promoting a **Life Cycle Cost (LCC)** approach, which will help to select suppliers by taking into account the impact of purchases on the environment and society in general. This means progressively considering all costs associated with goods and services throughout their lifetime (acquisition, use, end of life, cost/benefit of risks and opportunities, environmental/social cost of externalities).

These objectives (training and LCC) must be fully achieved in 30 countries by 2021. Those 30 countries or territories represent 98% of the Group's purchases.

The implementation timetable by country (or territory) is as follows:

- 2019: Australia, Brazil, United States, France, the International Purchasing Office in Hong Kong, India, Italy, New Zealand.
- 2020: Saudi Arabia, Chile, China, Colombia, Hungary, Malaysia, Mexico, Netherlands, Poland, United Kingdom, Russia, Thailand, Turkey.
- 2021: Germany, Austria, Egypt, Spain, Indonesia, South Korea, Portugal, Singapore, Taiwan.

4.2.2.1.1 Priority 3A: Provide training about responsible purchasing

To ensure that training about responsible purchasing is deployed widely within the Group, a dedicated e-learning module was adopted in 2019.

The main staff members involved in the purchasing process are now required to take this responsible purchasing module. At the same time, specific training sessions may be organized at the local level.

2019 target and achievements

The aim is to train at least 1,000 staff members between 2019 and 2021 using the e-learning module. i.e. 400 in 2019, 300 in 2020 and 300 in 2021.

Additional training programs may be organized, for example in Italy, where the Group's entity has adopted an ISO 20400 approach. As part of that initiative, a four-hour classroom-based training session was delivered by Bureau Veritas in spring 2019.

Overall, 503 staff members in a dozen countries have received training:

- 384 have taken the e-learning module, mainly in France, India, the United States, Brazil, Australia, New Zealand Russia;
- 119 Italian staff members have taken the ISO 20400 training program.

Priority 3A		2019	2020	2021
Number of staff members receiving responsible purchasing training	Results	503	-	-
	Targets	400	300	300
	% achievement	126%		

4.2.2.1.2 Priority 3B: Implementation of a "Life Cycle Cost" approach in purchasing processes

Legrand also selects its suppliers on the basis of how its purchases affect the environment and society in general.

To that end, the Group has set up a Life Cycle Cost (LCC) matrix: this is used to compare supplier offerings by factoring in CSR criteria, which account for 17.5% of a supplier's overall score.

Three CSR issues are assessed: the supplier's control over CSR risks, its ability to reduce CO_2 emissions and its CSR commitments.

2019: targets and achievements

The LCC-based assessment must be completed in 30 countries by 2021, according to the following timetable:

- 8 countries in 2019
- 21 countries in 2020
- 30 countries in 2021

In 2019, the eight territories initially targeted (Australia, Brazil, France, Hong Kong, India, Italy, New Zealand the United States) along with Taiwan started the process.

A country hits its target when it produces the required number of LCC matrices according to the Group's methodology.

Overall, 59 LCC matrices were produced in 2019. The main contributing countries were France and the United States, which produced 25 and 15 matrices respectively.

Priority 3B		2019	2020	2021
Number of countries that have implemented a purchasing approach factoring in Life Cycle Cost	Results	9	-	-
	Targets	8	21	30
	% achievement	113%		

4.2.2.2 PRIORITY NO. 4: MEASURE THE PROGRESS OF SUPPLIERS THAT PRESENT RISKS IN TERMS OF CSR

Mapping suppliers that present risks

Since 2014, Legrand has adopted an approach involving extensive assessment of and support for suppliers regarding CSR matters.

Between 2014 and 2018, the risk-based approach focused on suppliers using chemicals (for example, surface treatment subcontractors and battery manufacturers) and ones based in countries exposed to CSR risks (particularly workforce-related risks) economically dependent on Legrand. Overall, this concerned 200 suppliers.

In 2018, a new risk map was produced with the help of Ecovadis, which specializes in assessing CSR practices in supply chains. This enabled Legrand to identify certain categories of purchases that present risks "in theory", based on the following criteria:

- the purchasing category's CSR risk, taking into account environmental, workforce-related, ethical and supply-chain risks (70% of the total CSR risk);
- purchasing risk, taking into account factors including the volume of purchases and the brand's exposure (30% of the total CSR risk).

21 categories of purchases to be addressed as a priority have been identified for the 2019-2021 period, along with the five identified during the previous CSR Roadmap period (2014-2018).

By prioritizing those 21 categories by purchasing amount, Legrand identified a new group of around 500 suppliers to be assessed during the 2019-2021 period.

Monitoring and supporting higher-risk suppliers in terms of CSR risks

The suppliers identified using the risk mapping process are referred to as "higher-risk suppliers" and are systematically managed within the following risk management system:

- **A documentary audit resulting in a CSR scorecard,** taking the form of a detailed questionnaire covering four key areas:
  - respect for human rights and fundamental freedoms (including respect for the eight fundamental conventions of the ILO);
  - the health and safety of staff members;
  - management of environmental matters;
  - the supplier's responsible purchasing approach (including the identification of its own suppliers that present CSR risks).

Evidence is required to illustrate the responses and a points-based system is used to assess the supplier's CSR level, formalized through a CSR scorecard.

The maximum score is 100 points:

- score over 55: supplier compliant;
- score between 35 and 55: supplier presenting risks;
- score below 35: supplier critical.

For suppliers identified as "presenting risks" and "critical", an improvement plan must be put in place.

- **A on-site audit**: this is organized following the documentary audit, usually by a two-person team consisting of a purchaser and a QSE (Quality, Safety, Environment) expert.

In 2019, 72 CSR audits were performed at suppliers' sites, mainly in Colombia, China, Brazil, Italy and India.

- **A formal action plan**: this is drawn up and sent to suppliers found to be deviating from Legrand's standards.
- **Centralized monitoring:** progress with action plans and critical situations are shared periodically between the Group's country purchasing managers and the head of sustainable purchasing.

From 2019 onwards, as part of the program to digitalize the purchasing function and roll out the "Supplier Value Management" platform (see Focus), the monitoring process is gradually being centralized within the tool.

- **Reporting**: a quarterly review is carried out by the Purchasing Management Committee and the CSR Purchasing Steering Committee, and data are also shared twice-yearly with the Group Risk Committee.

Where a supplier has not sought to make any improvements, it may be phased out of the supplier portfolio.

Focus: Digitalization of purchasing and monitoring of suppliers' CSR performance

In 2019, the Supplier Value Management (SVM) platform was rolled out within Group purchasing to oversee supplier performance, monitor expenditure and manage contracts.

The system of CSR scorecards and the corresponding action plans is integrated into this platform, to ensure that responsible purchasing is deployed in a consistent and sustainable way within the Group. Suppliers fill in the CSR questionnaire online, as well providing the relevant evidence, ensuring the accuracy of their answers.

In 2019, the platform was used mainly by the France, Italy and Corporate purchasing teams, and training sessions were organized in the United States, India, China, Brazil, the Netherlands, Hungary and Egypt.

2019 target and achievements

Until 2019, the aim was to work with higher-risk suppliers to help them make progress, particularly by defining improvement plans with them. At the same time, the Group devised its approach to overseeing higher-risk suppliers in terms of CSR between 2014 and 2018.

For 2019-2021, the objective is more ambitious, and the new indicator aims to measure progress achieved by suppliers and the positive impact of agreed action plans.

The target is for 100% of suppliers presenting risks in CSR terms to have shown an improvement in their situation by 2021. They are deemed to have shown an improvement when their CSR scorecard has improved following the action plan.

Around 500 CSR scorecards should be produced between 2019 and 2021, with the aim of improving the situation of suppliers found to present risks.

Measurement indicators

In 2019, the aim was to complete at least 200 CSR scorecards.

From 2020 onwards, the aim is to measure the improvement in the situation of suppliers presenting risks according to the following schedule:

- 2020: improvement achieved by 50% of suppliers presenting risks
- 2021: improvement achieved by 100% of suppliers presenting risks

Results:

269 CSR scorecards were completed:

- 177 suppliers were found to be compliant in CSR terms (66%);
- 82 were found to present risks in CSR terms (30%) and action plans are being prepared;
- 10 were found to be critical in CSR terms (4%) and action plans are being prepared.

Priority no. 4		2019	2020	2021
2019: number of scorecards completed	Results	269	-	-
	Targets	200	50%*	100%**
	% achievement	**135%**		

* 2020: % of suppliers presenting risks showing an improvement
** 2021: % of suppliers presenting risks showing an improvement

4.2.2.3 BE VIGILANT REGARDING MINERALS FROM CONFLICT ZONES

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. They are also known collectively as 3TG for "Tin, Tantalum, Tungsten, Gold".

Given the nature of its business, Legrand is never in a position where it has to purchase minerals directly. However, as a responsible company, 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.

This position was confirmed in November 2015 with the publication of Legrand's Conflict Minerals Policy.

The risk assessment identified 25 categories of purchases – mainly purchases of electronic components, metals and contacts – potentially exposed to the risk of minerals originating from conflict zones, since they contain one or more of the 3TG minerals.

Despite the volume of information to be processed, Legrand has undertaken to obtain information from its most exposed suppliers to ensure that the metals used originate from sources that are free from conflict minerals. All relevant Group suppliers have been consulted.

As part of implementing the SVM platform, the potentially exposed suppliers are being identified and invited to send undertakings not to source materials from conflict zones (conflict minerals policy or completed CFSI CMRT template).

By the end of 2019, 22 suppliers had sent this information via the platform, and investigations had confirmed that they used conflict-free sources.

At the same time, a campaign to raise awareness of Legrand's conflict minerals policy was carried out among the purchasing managers of Legrand entities around the world, and the Group works hard to answer its customers' queries on this matter.

Legrand North and Central America subsidiary (LNCA) is also committed to meeting the requirements arising under 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. As a consequence, LNCA requires the suppliers concerned to pledge to be, or become, "conflict-free" 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, visit : https://www.legrandgroup.com/en/our-responsibility/business-ecosystem/ensuring-sustainable-procurement

4.2.2.4 MANAGE THE PRESENCE OF HAZARDOUS SUBSTANCES

A panel of experts from the central materials laboratory works with designers and buyers to identify the types of materials and items purchased with a high probability of containing regulated substances, particularly those governed by RoHS and REACH. The aim is to prioritize the constructive consultation of the suppliers concerned. The corresponding compliance documents are managed in the SVM purchasing platform.

As regards REACH, specific monitoring is carried out regarding the "SVHC (substances of very high concern) candidate list for authorization", so that substitution programs can be adopted if necessary with the suppliers concerned.

4.2.3 - Act ethically

Risk of corruption and failure to respect 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 efforts to combat money laundering and terrorist financing. 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 its project-based activities (as opposed to sales flow activities), the Group faces a risk of non-compliance with these laws and regulations.

Group General Management's commitment

One of the basic tenets of Legrand's social responsibility is to abide by ethical principles.

As a result, General Management is closely involved in ensuring compliance with business ethics. Accordingly, it plays an active role in enforcing the Group's Compliance Program and works to ensure that it is properly applied through dedicated governance efforts.

General Management has also affirmed its strong commitment to business ethics by adhering to the main universal principles and the international reference documents, including: the guiding principles of the OECD on combating bribery of foreign public officials in international business transactions, along with the guiding principles of the OECD for multinational companies; the United Nations Convention against Corruption; European competition directives, all national competition and anti-corruption legislation and the Universal Declaration of Human Rights and additional compacts.

General Management's commitment also covers all Group employees.

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 through the signature of a letter pledging compliance with rules on business ethics. The letter is relayed by countries and functional departments 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 deploying the program's initiatives at the local level, thus ensuring that the right messages are conveyed within the organization.

Organization of business ethics within the Group

Business ethics is the responsibility of the Group Legal and Compliance Department. Legrand's Legal Department has a network of country Compliance Officers tasked with ensuring that the compliance program is fully in place.

The Group's business ethics approach closely involves General Management and the Group's various departments, which thus contribute to strengthening the established rules and to developing awareness, training and monitoring activities.

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.

Risk is managed by the Group Audit and Internal Control Department. 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.

Business ethics guidelines and charters

Legrand's commitments and rules regarding business ethics are enshrined in its guidelines and charters.

- **the Guide to Good Business Practices** illustrates how Legrand views and conducts business; it sets out the values shared by the Group's employees. It therefore reflects General Management's commitment 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. The Guide defines and illustrates situations and behaviors that could constitute corruption or fraud and that must be prohibited. 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.
- 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**; these are annexed to its rules of procedure and enforceable against Group employees, which must comply with the rules they contain. The Charter of Fundamental Principles is supplemented by a system of sanctions if the rules are breached.

All Group guides and charters apply to all Group employees and are adopted wherever it operates, including outside France, without prejudicing the application of stricter laws where relevant. All employees must adhere to these rules, particularly if they are in contact with customers, suppliers or business partners. All these documents can be found at

https://www.legrandgroup.com/fr/notre-responsabilite/business-ecosystem/agir-de-facon-ethique

Group Compliance Program

The Compliance Program, set up in 2012, is based on the regulatory and legislative framework, best practice rules defined by Legrand, and an analysis of the risks relating to business ethics for the Group. The program was strengthened in 2017 following the principles of France's Sapin II act, which is applicable to all countries.

The program is based on **four topics**:

- compliance with competition rules;
- efforts to combat bribery and influence peddling;
- prevention of conflicts of interest and management of fraud risks;
- compliance with international embargoes and sanctions and the prevention of money laundering and terrorist financing.

The Compliance Program has five phases:

Phase 1. Strong commitment from the Group's General Management

This is supported by local Departments which sign 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. Country Compliance Officers are responsible for overseeing the program and report to the Country Compliance Committees on the achievement of targets.

Phase 2. Analysis of the Group's compliance risks

Compliance risk mapping provides insights into the factors that could affect the Group's business and performance, and enables it 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. Legrand has identified compliance risks within the four pillars of the program, namely competition, anti-corruption, fraud, and embargoes and money laundering. The compliance risk map is evaluated regularly and updated on the basis of changes in the business or in the regulatory or economic environment.

Phase 3. Clear control policies and mechanisms

These are designed to meet the Legrand's requirements and are applied locally. They are supplemented by practical guides tailored to local contexts and intended to define the Group's rules and tools.

Phase 4. Training and communication

The program is promoted via a communication plan. The Group's messages and tools are translated into local languages and circulated among employees. The Group provides training through e-learning platforms and classroom-based sessions for the employees concerned.

Phase 5. Supervision and audit

Each Group subsidiary undergoes a self-assessment of its internal control system which includes checks on compliance with business ethics. In addition, business ethics are included in the internal audit programs.

Ethical business rules also apply to the Group's 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.

Whistleblowing

Legrand has introduced a mechanism for receiving alerts from its employees and stakeholders concerning the existence of conduct or situations contrary to its charters and guidelines. The 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.

In 2019, fewer than 10 ethics 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.

Focus: The Legrand group's whistleblowing portal

The Group's new whistleblowing platform meets the requirements of France's Sapin II act and duty-of-care act. It allows all Group employees and stakeholders to report ethics breaches. It can therefore be accessed internally and externally.

Disclosures are made via the legrand.signalement.net website, which is available in English and in French.

This system complements the Group's other whistleblowing channels (line management; Human Resources Department; ethics correspondents; compliance officers; Group Internal Audit; Group Management Control etc.).

The following alert categories are covered:

- Bribery and influence peddling
- Child labor
- Discrimination and harassment at work
- Competition law
- Money laundering
- Fraud
- Forced labor
- Freedom of association and union rights
- Decent working conditions
- Occupational health and safety
- Environmental protection

Statutory provisions relating to whistleblowers cover all disclosures.

Litigation

No legal action relating to breaches of competition law or failures to comply with business ethics regulations is currently underway.

As regards the case relating to the application of the UN's "Oil for Food" program, the Paris Appeal Court found against Legrand SNC on February 15, 2019, overturning the first-instance judgment, and found it guilty of active bribery of a foreign public official. A suspended fine of €30,000 was also levied on Legrand SNC. The Paris Appeal Court stated that this judgment would not be entered on Legrand SNC's criminal record and, in accordance with French law, this means that Legrand SNC can continue bidding on public procurement contracts.

4.2.3.1 PRIORITY NO. 5: CONTINUE TRAINING STAFF MEMBERS IN BUSINESS ETHICS

Communication and training

In order to raise awareness of the ethical behavior 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. The information and materials are translated into local languages.

Each year, the Group provides training for exposed staff in charge of at-risk processes: Managers, Country Heads, Departments, Chief Financial Officers and other people dealing with third parties (sales, purchasing, etc.). They are the main contributors to efforts to prevent and detect 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 methods 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 practice, the behaviors to be adopted, the role and responsibilities of each person when faced with corruption or fraud, and the applicable sanctions where appropriate.

Training is available via e-learning and is provided in classroom or online training modules in local languages.

2019 target and achievements

The Group has set a new target of training at least 3,000 personnel on this topic annually between 2019 and 2021.

In 2019, 4,151 people completed compliance training courses, either via e-learning or classroom-based modules.

Since the Compliance Program was launched, more than 10,000 people have completed compliance training:

- 2,500 before 2014
- 3,377 during the 2014-2018 CSR Roadmap
- 4,151 in 2019

Priority no. 5		2019	2020	2021
Number of staff members completing business ethics training	Results	4,151	-	-
	Targets	3,000	3,000	3,000
	% achievement	138%		

4.2.3.2 PRIORITY NO. 6: MONITOR THE APPLICATION OF THE COMPLIANCE PROGRAM

The effectiveness of a compliance program depends on the extent to which it is followed. As a result, its application must be closely monitored. Legrand intends to ensure that the compliance program is implemented effectively across all levels of the Group.

Evaluation of the compliance program

This covers the program's five themes as described above.

Some of these controls are reviewed annually as part of an internal control self-assessment exercise, coordinated and checked by internal audit.

Controls are also tested during on-site internal audits.

Together with training, the internal control of these compliance practices is a crucial tool for Legrand's business ethics. It helps to disseminate and foster a solid understanding of and respect for business ethics.

In 2019, 33 subsidiaries were subject to a full internal audit including a "business ethics" review. Of those audits, six were performed on recently acquired companies.

2019 target and achievements

The Group's aim is to ensure that the compliance program is implemented thoroughly and that it covers 100% of the Group's revenue.

At the end of 2019, the compliance program's rate of deployment within the Group was measured at 96.9% as opposed to 96.3% in 2018.

Those figures exclude acquisitions in 2018 and 2019.

Priority no. 6		2019	2020	2021
% of revenue covered by the effective implementation of the compliance program	Results	96.9%	-	-
	Targets	100.0%	100.0%	100.0%
	% achievement	96,9%		

4.2.3.3 SUPERVISE LOBBYING ACTIVITY

Lobbying does not form part of the Group's strategy.

In 2019, no money was used to fund political parties. This is in accordance with Charter of Good Business Practice, which requires the Group to seek prior approval for these types of contributions.

As a result, in its statement of activity filed with France's High Authority for Transparency in Public Life, the Group did not have anything to disclose in 2018 or 2019.

The Group's main activities in this area comprise joint initiatives with other major market players within professional organizations such as GIMELEC, IGNES, and ASEC.

4.2.3.4 COMMIT TO RESPONSIBLE TAXATION

According to the United Nations, taxes play a vital role in achieving sustainable development objectives and are an essential mechanism for large corporations to contribute to the economies of the countries in which they operate.

Because of Group's international presence and the complexity of the various tax systems around the world, the Group may be exposed to the risk of changes in tax regulations or of having its positions challenged during tax inspections.

Such challenges may give rise to financial costs that are potentially significant and, in some countries, criminal penalties that would damage the Group's image and reputation among its stakeholders.

The Group Tax Department and local experts are committed to refraining from using aggressive tax strategies disconnected from operational reality or artificial tax arrangements.

If necessary, operational teams use the services of tax firms that are internationally renowned or have a very strong local reputation.

The Group Tax Department carries out permanent monitoring of the most significant regulatory developments. It ensures that the Company complies with the applicable rules and laws in the main countries, and checks overall compliance with the Group policy defined in accordance with OECD rules.

The Tax Department has also set up country-by-country reporting in accordance with international recommendations. This enables it to detect any discrepancies in tax expense or in the distribution of earnings.

Each month, the Group tax department checks the overall tax expense borne by Legrand all Group subsidiaries.

Quarterly discussions take place between the Group Tax Department and finance officers in the Group's main countries to review the main tax subjects.

Material tax items and any disputes and regulatory developments relating to tax are examined every quarter with the Finance Department and every year with General Management. The main matters are also shared with the Audit Committee at each quarterly publication.

4.3 - COMMITMENTS TO EMPLOYEES AND COMMUNITIES

With almost 35,000 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 strongly believes that its potential for growth lies in the development of its employees and of communities. Efforts to guarantee observance of human rights, to have a positive impact on local communities, to safeguard the health and safety of employees, to develop skills and commitment among employees, and to foster diversity amongst the workforce are therefore ingrained in the Group's actions.

Fundamental principles

Legrand's human resources management is based on five fundamental aspects:

- attracting, developing and retaining talent, and thus matching the Group's human resources with its future needs;
- encouraging diversity, particularly by encouraging greater female representation in its workforce and ensuring that the Group's HR processes comply with the principles of non-discrimination and equal opportunities;
- getting the best from employees by implementing tailored talent development and performance recognition strategies, thereby fostering employee commitment;
- managing the human resources of the various entities, taking into account business issues and priorities, and ensuring the best possible match between needs and resources;
- supporting organizational change to allow ongoing dialogue within the company, and thus constantly adapting the organization and its people to the issues facing the Group.

Organization

The human resources policy is the responsibility of the Head of Human Resources, who is a member of the Executive Committee. It is managed horizontally, 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 initiatives and priorities contained in the CSR Roadmap;
- providing a functional link with the CSR Department;
- being the sole point of contact for all HR departments within the subsidiaries on topics associated with Legrand's CSR commitments in this area.

For more information on the Group's human resources policy, visit the Careers section of the https://www.legrandgroup.com/en/careers website.

4.3.1 - Respect human rights and communities

4.3.1.1 PRIORITY NO. 7: COMPLY WITH THE GROUP'S COMMITMENT TO HUMAN RIGHTS

The Group's commitment

Respect for human rights is a core value at Legrand.

International and national laws on human rights, and particularly France's duty-of-care act, apply to the Group and its subsidiaries globally.

The Group complies with national regulations in force in the countries in which it operates. Regardless of the local context, Legrand abides by voluntary principles and standards of responsible behavior with regard to human rights and, in particular with:

- the Universal Declaration of Human Rights;
- the International Labour Organization (ILO) Declaration, particularly the eight conventions on 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).

In line with the standards and principles discussed above, the Legrand Human Rights Charter, published in 2017, sets out, in operational terms, the Group's commitments on:

- child labor and young workers;
- forced labor;

- health and safety;
- decent working conditions;
- freedom of association;
- discrimination.

This Charter is publicly accessible on the www.legrandgroup.com website.

It seeks to inform all internal and external stakeholders about the principles and commitments that the Group has adopted for itself and its partners in connection with its activities.

In 2018, the Charter was rolled out to those in charge of subsidiaries and local purchasing and human resource managers. Almost 140 people underwent awareness-raising in relation to human rights themes.

The Group also operates a responsible procurement policy that takes into account the rights of employees working for the Group's suppliers. For more information on the Group's responsible purchasing policy, see section 4.2.2 "Ensure responsible purchasing" of this universal registration document.

Focus: Legrand's public commitments to defend human rights

Legrand has been a member of the "Entreprises pour les Droits de l'Homme" (companies for human rights or EDH) association in France since 2016. EDH acts as a forum for discussion, initiatives and proposals for multinational companies, making human rights an integral part of business policies and practices.

Legrand is a member of the United Nations Global Compact's "Decent Work in Global Supply Chains" action platform.

In 2019, Legrand CEO Benoît Coquard signed the "Call to Action for Business Leadership on Human Rights" led by the World Business Council for Sustainable Development (WBCSD).

Procedure and management

Risk mapping, regular assessment, prevention and mitigation

The duty of care systems in place are described in the "Duty of Care" section in chapter 4.5 of this universal registration document. The systems cover not only Legrand employees but also those working in its supply chain and its level-1 suppliers.

2019 target and achievements

The Group's target is for 100% of its workforce to be covered by a continuous improvement approach on human rights, and thereby to achieve wide-ranging compliance with the Group's commitments in this area.

In practical terms, countries must:

- Complete the Legrand self-assessment in relation to human rights and share it with the Group's senior management team.
- Define their own plan of action if areas for improvement are found.

In 2019, the countries or entities completing the questionnaire covered 99.9% of the workforce.

Special attention is paid to around 20 countries that potentially show the greatest risks.

The list of countries assessed as being most at risk, along with information on any identified discrepancies and action plans in place, is presented in section 4.5 "Duty of Care" in this document.

Priority no. 7:		2019	2020	2021
% of the workforce covered by a continuous improvement approach regarding human rights	Results	99.9%	-	-
	Targets	100.0%	100.0%	100%
	% achievement	**99.9%**		

4.3.1.2 PRIORITY NO. 8: CONTRIBUTE TO COMMUNITIES

The Group believes that it has a responsibility to contribute to the life of the communities in which it operates, not just through its business activities, but also in areas where there is unmet need and where it has credibility.

The focus is on programs and initiatives that have a connection with the Group's business, enabling it to leverage its products, brand employees in order to have the maximum benefit for the community. Sponsorship activities enable the Group to contribute to public-interest initiatives, convey its values, build and develop relationships with partners and raise employee awareness of issues of shared interest, while also being mutually beneficial and enriching experiences for those taking part.

Focus: the "Better Communities" program in the United States

The *Better Communities* program set up by Legrand North and Central America allows employees to take part in volunteering and charitable initiatives within the communities in which they live and work.

Each year, employees have eight hours of paid time off that they can use to contribute to Better Communities events.

Legrand's "Charitable Giving Guide" defines the **three main themes** of sponsorship:

- taking action to ensure suitable housing;
- combating energy poverty;
- promoting equal opportunities in the electrical industry.

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Support is provided in four main ways:

- financial donations;
- products;
- contribution of skills;
- other gifts in kind.

Focus: the Legrand Foundation in France since 2014

The Legrand Foundation for independent living, set up in 2014 under the aegis of the Fondation Agir Contre l'Exclusion (FACE), is a registered non-profit organization.

Its aim is to support those who are excluded, disadvantaged or discriminated against.

It initiates or supports simple, local initiatives that are consistent with Legrand's business activity and geographical footprint and that involve its staff members.

The Foundation also forms medium-term partnerships with existing charities to increase the scope and impact of these initiatives.

The contribution of the Legrand Foundation takes the form of material assistance, voluntary work, contributions of skills and financial support.

Housing that allows people to continue living at home

Assistance for independent living and allowing people to continue living at home have become major issues in society. By 2050, the number of people aged over 80 is expected to triple.

Mindful of this, Legrand is keen to assist ageing or dependent people who are financially insecure. To achieve this, it uses the Group's expertise and its wide range of solutions as a pioneer in the field of assisted living.

Focus: Call for proposals to help people suffering a loss of independence to continue living at home

Each year since 2014, the Legrand Foundation has invited participants in the social economy to take part in a call for proposals aimed at helping people suffering a loss of independence to continue living at home.

At the Silver Economy Expo trade fair for services and technologies aimed at seniors, the ten nominated charities present their proposals to the grand jury. The jury then awards prizes to the charities proposing innovative action to address the day-to-day issues faced by people suffering a loss of independence.

Combating electrical risk and improving access to energy

Because electricity is a crucial factor in a country's development, Legrand considers it its duty to ensure to enable as many people as possible to have sustainable access to electricity.

89% of the world's population has access to electricity, which means that almost 850 million people do not. 11% of European households live in energy poverty and spend a large proportion of their income on energy. In addition, it is estimated that 25% of fires taking place in buildings are electrical in origin. Legrand regards it as its duty to commit to better housing.

The aim is both to allow universal access to electricity and combat energy poverty in line with Sustainable Development Goal (SDG) 7: ensure access to affordable, reliable, sustainable and modern energy for all.

Focus: partnership with Électriciens Sans Frontières

Since 2007, the Group has been a partner of Électriciens Sans Frontières, an international NGO campaigning for wider access to energy and drinking water 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 the Group's premises, and the involvement of employees who offer their skills and become directly involved on the ground or who provide training or technical support.

Legrand offers long-term support for development projects, and occasionally donates aid to emergency humanitarian actions.

Since 2007, Legrand has supported Électriciens Sans Frontières in more than 220 projects to increase access to electricity and provide emergency aid in 40 countries. Joint initiatives with Electriciens Sans Frontières have given 2.5 million access to electricity.

To find out more, visit www.electriciens-sans-frontieres.org.

Promoting equal opportunities in the electrical industry

The electrical industry is suffering from a shortage of labor. One of the main reasons is a lack of proper qualifications and training. To address this problem, Legrand wants to support training initiatives to help people gain skills and have greater access to employment.

To achieve that, Legrand is using:

- its knowledge of training courses for electrical occupations;
- its close relationships with the establishments delivering them;
- the Group's close ties with numerous companies, particularly local firms and small businesses, via its network of installers and specifiers.

The number of people unemployed around the world equals 4.9% of the labor force according to the ILO. Unemployment is highest among people aged under 25 and seniors. Certain groups can also suffer discrimination when trying to find a job.

In response, the Group provides support to young people, older workers and women who are seeking employment. The aim is to make it easier for them to achieve greater social integration and work in the electrical industry through initiatives such as funding training, creating innovative training programs (e.g. via the Nouvelle Aquitaine "production school"), mentoring and organizing "job dating" events.

Focus: Legrand India's UGAM Legrand Scholarship Program

In partnership with the Indo-French Education Trust, Legrand helps deserving Indian students take Masters courses in well respected colleges and universities.

Legrand provides financial support that covers their tuition fees and living expenses. Legrand also offers them internships in France and/or a few days of immersive work experience within the Company.

14 students took part in this program in 2018 and 15 in 2019. The program is continuing in 2020.

2019 target and achievements

Until late 2018, the Group's charitable initiatives mainly took place through the Legrand Foundation in France, and initiatives in other countries were led by local teams in the aforementioned areas of action. In 2018, the total budget allocated to charitable activities was more than €1.25 million, comprising donations of funds, equipment, skills and premises.

To increase the impact of the Group's initiatives still further, the aim for 2021 is to roll out a sponsorship strategy for local communities in 75% of the countries in which the Group operates.

By doing this, Legrand intends to forge long-lasting relationships with NGOs and other such organizations in order to maximize positive impacts for beneficiaries.

In 2019, 33 countries had a charitable policy in place, out of 54 countries identified as capable of adopting one. The total budget allocated to charitable activities amounted to more than €2.85 million in 2019.

Priority no. 8		2019	2020	2021
Number of countries with a charitable policy	Results	61.0%	-	-
	Targets	55.0%	65.0%	75.0%
	% achievement	111%		

4.3.1.3 ENSURE UNION REPRESENTATION AND MANAGEMENT-EMPLOYEE DIALOGUE

Legrand believes that improving employee-management dialogue involves creating connections and trust within staff representation bodies at both the country and regional level.

Managers receive training on labor relations to help them fulfill their role as local labor-relations contacts. In France and Italy, for example, regular "Labor Relations Management" meetings are held with key managers and HR.

At the European level, an amendment to Legrand's European Works Council (EWC) agreement of 2013 was signed in 2016 by representatives from the various countries. The purpose of the amendment was to improve the way this body operates, particularly by developing relations with the EWC's bureau and by giving it additional resources.

Since 2018, one employee representative has sat on the Board of Directors. The plan is to appoint a second such representative in 2020.

Certain indicators, monitored via the HR reporting process, give an overview of dialogue taking place within the Group in 2019:

- 63.5% of the workforce was employed in entities in which there was an employee-representation body and/or a union;
- 46% of employees were covered by collective agreements or agreements applicable to their entity;
- 930 information or consultation meetings with employee representative bodies or unions were held during the year;
- 148 new collective agreements were signed, covering 14,691 people within the Group in both mature countries and new economies. The agreements essentially cover pay and working conditions, health, the organization of management-employee dialogue and the operating procedures of staff representative bodies.
- 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 unions. In Italy, an agreement was signed in 2016 on workplace harassment and abuse.

4.3.1.4 ENSURE RESPONSIBLE REORGANIZATION

A company that can take into account changes and respond to them in a responsible manner is more efficient, can achieve development and is able to offer new development opportunities to its employees.

It may be necessary to provide information to and consult staff before changes are made, depending on the type of change being considered and local statutory rules. By anticipating developments in employees' roles, working conditions and employment in general, a company can prepare each staff member for change. Appropriate training initiatives maintain employees' internal and external employability and allow them to develop the skills needed to adapt before the changes take place. In more exceptional circumstances in which a transformation may have consequences for employment, the focus must be on training, internal transfers and help to find jobs outside the Group.

At all stages of support, the Group pays close attention to ensuring fairness and respecting individuals, as well as complying with national and supranational regulations.

4.3.2 - Promote health, safety and well-being at work

As Legrand's Materiality Assessment shows, Health and Safety (H&S) and well-being at work are key priorities for the Group, but also a core concern for its stakeholders.

4.3.2.1 PRIORITY NO. 9: DEPLOY BEST PRACTICE REGARDING HEALTH AND SAFETY AT WORK

The ultimate aim of reducing the frequency of accidents at work relies on the occupational risks management processes already in place and on the deployment of the Legrand Way for health and safety.

Policy and fundamental principles

Legrand's H&S policy was updated in 2019 and was designed in accordance with international standard ISO 45001.

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 four principles:

- protecting employees within their working environment;
- incorporating occupational health and safety into all activities;
- making sustained improvements to performance and to the management system;
- fostering accountability among all participants and involving partners.

The Prevention Charter, signed by the Chief Executive Officer, is promoted by the managers of each entity. It has been widely circulated to employees and is available on the intranet in five languages. It is also available on https://www.legrandgroup.com/en/our-responsibility/csr-resource-center

Organization

The Occupational Health and Safety (OHS) policy is coordinated and implemented by the Head of OHS, who reports to the Operational Performance Department.

He/she is supported by a network of OHS officers at the various sites as well as QSE (Quality, Safety, Environment) officers.

ISO 45001 certification

The Group is also planning to obtain ISO 45001 certification for most of its industrial and logistics sites gradually by 2021.

Performance measurement

In addition, OHS and the associated metrics are included when measuring the operational performance of industrial sites, subsidiaries and functional departments. They are subject to a quarterly review by General Management. This topic is also routinely covered in annual budget presentations.

Since 2015, the Group has implemented a real-time reporting process for all accidents. It supplements the comprehensive quarterly reports on accident statistics and the annual report on the deployment of best practice.

4.3.2.1.1 Priority 9A: Reduce the frequency rate of accidents with or without lost time (FR2)

The priority of decreasing accident frequency rates is designed to reduce the number and severity of injuries among employees.

In the previous CSR Roadmap that ended in 2018, the Group set a target of reducing the FR1 indicator (lost-time accident frequency rate). Legrand achieved good results, with the Group FR1 indicator halving to 4.21 by the end of the last roadmap period.

In 2019, the FR1 indicator improved again to 3.60.

For the 2019-21 roadmap, a decision was taken to adopt a different key indicator, i.e. FR2, which covers accidents both with and without lost time.

The objective is an ambitious one, since the indicator includes both types of accidents and the aim is to reduce it by a further 20% but over a shorter period (three years instead of five).

2019 target and achievements

The target for 2021 is to reduce the FR2 indicator by 20% compared with 2018, i.e. by almost 7% per year.

The FR2 recorded by end 2018 was 6.53, i.e. a target of 5.22 in 2021.

FR2 = Number of accidents involving Group employees with or without lost time x 1,000,000 / number of hours worked.

This target covers all consolidated entities, excluding companies acquired less than three years ago.

With a FR2 rate of 5.49 at the end of 2019, the Group has already achieved its target level for 2020.

Priority 9A		2019	2020	2021
% reduction in the frequency of accidents with or without lost time (FR2)	Results	-15.9%	-	-
	Targets	-7%	-14%	-20%
	% achievement	228%		

4.3.2.1.2 Priority 9B: Roll out the Legrand Way occupational health and safety program

The Group has prepared the Legrand Way for health and safety with the aim of fostering a culture of safety and allowing ongoing monitoring of these topics.

This commitment covers managing occupational risks, monitoring the effectiveness of preventive measures, and implementing a continuous improvement approach.

The Legrand Way program has the following themes:

- **Must Have no. 1**: provide clear safety instructions at each workstation (risk assessment, definition of safety rules, application of individual protection).
- **Must Have no. 2:** raise employee awareness, through communication and training regarding the importance of looking out for one's own safety and that of others.
- **Must Have no. 3**: learn from each accident (analysis of root causes and definition of action plans, information displays to mark where an accident has taken place, Group reporting).
- **Must Have no. 4:** prevent future accidents through a near-miss reporting system.
- **Must Have no. 5:** adopt four key methods, i.e.
  - promote the Group's health and safety policy;
  - set up a health and safety committee, even where not required by local legislation;
  - carry out monthly safety visits with management (industrial environments only);
  - arrange periodic safety discussions for all employees.
- **Must Have no. 6:** adopt four major health-related themes, i.e.
  - employee health monitoring through regular check-ups;
  - prevention of musculoskeletal disorders;
  - significant efforts, in accordance with the UN goals, to ensure healthy lives and promote well-being,
  - prevention of psychosocial risks.

Focus: Safety talks

Safety talks consist of informal meetings led by managers with their teams, on topics relating to health and safety and resulting in one or two collective commitments made by the team to modify the way they work and make progress in terms of safety conditions.

To give an example, the discussion may be based on a picture and the attendees must first analyze the risks and then think of ways to prevent them. Finally, they must agree on a commitment that will be displayed on-site and regularly checked by the manager.

The Group intends for safety talks to be implemented across all activities, on a monthly basis for industrial/logistics environments and on a quarterly basis elsewhere.

Focus: UN Sustainable Development Goal no. 3: ensure healthy lives and promote well-being for all at all ages

Each unit is asked to take one significant action every year in connection with the examples given by the UN.

These actions may be aimed at employees themselves, but may be extended to their families or local communities.

For example, one unit could organize a vaccination campaign, another could arrange a program to prevent road risks and a third could devise a communication plan to help people quit smoking.

2019 target and achievements

By 2021, 90% of Legrand's workforce must be covered by the Legrand Way for health and safety. Those initiatives are assessed according to their deployment and progress with implementing them. To reach the target, entities are expected to achieve a minimum score of 45 out of 60 (each "Must Have" is given a score out of 10).

In France, 16 health and safety days were organized across all industrial sites. They covered more than 20 sites and more than 4,000 people and took the form of prevention workshops, conferences and presentations by firefighters.

In 2019, 43.6% of registered employees worked for entities scoring 45 or more out of 60, as opposed to the target of 30%.

The proportion excludes acquisitions in the last three years and is based on the workforce at end-September 2019.

Priority 9B		2019	2020	2021
% of workforce covered by the Legrand Way for health and safety	Results	43.6%	-	-
	Targets	30.0%	60.0%	90.0%
	% achievement	**145%**		

4.3.2.2 PRIORITY NO. 10: STRENGTHEN THE COMMITMENT OF GROUP EMPLOYEES

As a major international company, the Legrand Group has a duty of care towards its employees and intends to offer protection that goes beyond national legislation or market practices where these fall below the Group's requirements. Providing employees with attractive compensation and a good working environment helps to improve the Group's employer brand. It also helps it to attract and retain employees more effectively, due to more attractive benefit packages.

4.3.2.2.1 Priority 10A: Roll out the Serenity On program

Serenity On is a program launched by Legrand to ensure that all its employees globally enjoy the same minimum level of welfare benefits. The program takes into consideration best practice and the highest international standards to ensure that all Legrand employees have the same level of welfare benefits, over and above those arising from labor laws and national policies, which often offer a lower level of protection.

The program focuses on three key areas:

- **Parenthood**- To promote a better work/life balance, and in keeping with the spirit of the International Labour Organization's (ILO) recommendations, Serenity On sets a minimum standard for maternity leave and paternity leave.

  As a result, a minimum of 14 weeks of maternity leave is offered at 100% of gross basic salary. For paternity leave, Legrand has set a minimum of at least 5 days during which fathers receive the equivalent of 100% of gross basic salary.

- **Healthcare**- Legrand ensures that each employee is protected during any health emergencies, by covering hospitalization and surgery costs. Depending on the local situation, this may for instance involve a health insurance policy whose premiums are mainly paid by the Group.

- **Death and disability**- In the event of death or total and permanent disability of any employee due to illness or accident, Legrand aims to offer the employee's family protection equal to at least one year of gross basic salary. The related benefit is paid through an insurance policy.

Legrand intends to roll out the Serenity On program across all Group entities by 2021, and to cover at least 95% of its workforce.

Focus: social protection floors in France

Legrand is also a member of the French-speaking Platform 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 October 2015 by the ILO to enable multinationals with an active global employee strategy to share best practice and discuss the development and implementation of social protection floors.

2019 target and achievements

By 2021, Legrand intends the Serenity On program to cover 95% of Group employees.

In 2019, it covered 83% of the workforce:

- Healthcare: 92%
- Death benefits: 71%
- Disability benefits: 70%
- Maternity: 98%
- Paternity: 83%

These figures are based on the Group's scope excluding acquisitions in the last three years.

Priority 10A		2019	2020	2021
% of workforce covered by the Serenity On program	Results	82.7%	-	-
	Targets	75%	90%	95%
	% achievement	110%		

4.3.2.2.2 Priority 10B: Measure and improve employee engagement

Employee' engagement results from several factors: recognition, trust, working conditions, development and well-being. Internal employee engagement surveys are a crucial tool for Legrand to develop policies to attract, retain and ensure the career progression of the best employees.

The Group is committed to its employees and keen to ensure the satisfaction and well-being at work of each staff member.

As part of its efforts to improve quality of life at work, in 2015 all members of the Group Executive Committee ratified a charter comprising 15 commitments for work/life balance in order to adapt to the technological and sociological changes to which the Company is exposed. The main goal is to maintain the work/life balance of all employees.

The well-being and satisfaction of the Group's employees are addressed through different processes:

- **CAPP** interviews (see section 4.3.3.1.2), during which quality of life at work is discussed;
- **global employee commitment surveys** conducted by an external service provider. The survey offers all employees an opportunity to discuss their commitment. The most recent global survey was carried out in late 2017. In 2019, almost 300 action plans were defined and deployed, in response to the employee expectations expressed in the survey;
- **surveys on specific projects**, for example a poll to assess the level of employee satisfaction with communications sent to their smartphones, or a survey in Italy to measure participants' satisfaction with annual communication seminars.

Focus: Bticino ranked highly in terms of jobs and careers in Italy

Bticino, Legrand's Italian subsidiary, has been named among the "best companies to work for", coming third in the "Best Job" category and fourth in the "Top Careers" category in a survey conducted by Italian newspaper La Repubblica. The survey covered more than 2,500 Italian companies, assessing their staff development policies, career opportunities and working environment.

2019 target and achievements

The 2017 engagement survey, which covered all staff members worldwide, produced a commitment score of 69.

The next engagement survey will take place in 2020, and Legrand is aiming for a score of at least 70 at the Group level.

For years in which surveys do not take place (2019 and 2021), the aim is for a plan of action to cover 100% of the scope concerned.

In 2018 and 2019, local action plans were set up in 100% of countries with enough participants to ensure the confidentiality of results.

In addition, cross-functional actions and other initiatives to increase commitment were carried out and concerned all employees.

Priority 10B		2019	2020	2021
2019: % of scopes covered by a staff commitment action plan	Results	100%	-	-
	Targets	100%	70*	100%**
	% achievement	100%		

* 2020: staff engagement score
** 2021: % of scopes covered by a staff engagement action plan

4.3.3 - Developing skills

Legrand pays special attention to managing and developing the talent of its employees. It encourages internal mobility and invests in the career development of its staff members.

Legrand aims to foster staff commitment, as well as attracting and retaining new talent, in order to ensure that it has the appropriate human resources and skills to meet its future needs.

4.3.3.1 PRIORITY NO. 11: DEVELOP THE SKILLS AND TALENTS OF ALL STAFF MEMBERS

The HR management policy focuses on three 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) interviews;

The 2019-2021 CSR Roadmap focuses on two key aspects of the HR management policy: training all staff members and holding CAPPs for all managers, defined as employees with a grade of 14 or more according to the Hay methodology.

4.3.3.1.1 Priority 11A: Provide training

Training not only ensures that the Group has the appropriate skill set to execute its business strategy, but also enables it to attract and retain talent and to motivate employees.

Training programs

The training strategy depends on the type of employee.

- **For all staff members,** central initiatives are carried out at the Group level in areas such as compliance, health and safety at work, cybersecurity, diversity and anti-discrimination.
- **For non-managers,** training programs aim to promote health and safety at work, versatility and employability, allowing employees to access higher grades.
- **For particularly talented employees,** individual training courses aim to support them in new roles, increase their responsibilities and help them manage change, as well as speeding up their adoption of the business culture and growing their networks (see specific section on the “talent training program”).
- **For managers,** ongoing management training is provided to equip new managers with core management skills and strengthen the leadership skills of more experienced managers;
- **For customer-facing employees,** training is provided in relation to new solutions, products and systems in order to increase sales, boost market share and improve customer relations.

In 2019, more than 597,810 hours of training were provided, up from 476,000 in 2018.

Onboarding

To help new hires reach the required competency level as quickly as possible, some countries (Mexico, US) have implemented local onboarding programs. In some cases, Early-in-Career development programs are in place. These consist of assigning a talented young employee to different functions in turn, or to major projects within the same business line.

Management and leadership

Based on annual appraisals, behavioral competency matrix and talent reviews, 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.

Talent training program

Two specific talent development plans were announced in 2019.

- **Legrand Promising Group Talents** is a plan intended for people with positions of responsibility within a given scope, providing a set of processes and tools to employees identified as showing a high probability of career progression.

  It is built around a number of elements, such as assessment, training including an online learning program developed with IMD, career appraisals and discussions with Group leaders.

- **Legrand Global Leaders,** aimed at people with senior management potential, uses an upstream assessment of participants to help them put together a personalized development program comprising courses from elite universities, coaching from managers and discussions with top management.

  The program cascades down into local initiatives, such as the Effective Leadership Program in Mexico and the Emerging Leaders Program in the United States and India, illustrating the complementary nature of the various arrangements. The aim of these initiatives is to prepare talented staff members in each country for key local roles.

Focus: "Learning with Legrand", the new e-learning platform

In 2019, Legrand launched a digital learning platform for its employees worldwide.

This platform contains standard modules, accessible to all, that provide detailed information about major topics concerning Legrand, key aspects of its strategy and its corporate culture.

Employees are also provided with a personalized learning path according to their work-related requirements. This resource is supplemented with classroom-based training sessions.

Employees can also take modules on other topics depending on their interests.

The platform is being deployed in most of the Group's countries (80 in total). Since July 2019, when the platform opened, more than 7,300 active users have registered. Of them, 6,500 have completed at least one training session, and learners have spent an average of 2 hours on these courses. More than 20 courses are offered to employees on topics such as compliance, purchasing, cybersecurity, digital and soft skills such as management. To enhance learning, the tool is accessible in multiple languages.

2019 target and achievements

Until the end of 2018, the target was 1 hour of training per staff member per year, and 94% of the workforce took part in training in 2018.

For 2019-21, the Group is increasing its commitment and has adopted a target of at least 4 hours of training per person per year for 85% of its workforce.

Each country entity is free to define its own local training roadmap provided it remains in line with the Group's overall priorities.

In 2019, 85.3% of the workforce received training. That figure excludes acquisitions made in 2018 and 2019.

Priority 11A		2019	2020	2021
% of employees receiving more than 4 hours of training during the year	Results	85.3%	-	-
	Targets	85%	85%	85%
	% achievement	100%		

4.3.3.1.2 Priority 11B - Carry out annual performance appraisals

Regular appraisals and performance reviews enhance staff members' employability and help develop their skills. They allow methods of managing staff to be harmonized within the Group, which helps to increase employee motivation, commitment and loyalty.

Individual periodic appraisals, now known as CAPP (Competency Appraisal Performance and Perspectives) meetings, are an important part of management and are essential for driving business performance. CAPPS are also an opportunity for dialogue between the manager and the employee. They help increase staff commitment by setting individual targets, assessing performance and skills, defining development action plans and taking into account employees' wishes regarding functional or geographical mobility.

The various countries are encouraged to develop this practice by making it a priority in the CSR Roadmap. The Group helps them implement, deploy or adjust the process as the case may be. To help with this, the Group has adopted a global tool called Tohm.

In 2019, the process was adjusted to meet the needs of managers even more effectively and to take into account staff members' areas of development. A training session was added to the Learning with Legrand platform to make managers more comfortable with the process.

2019 target and achievements

In 2018, 90% of managers received an individual appraisal.

The aim is for at least 90% of managers to take part in a CAPP each year. The process may be implemented locally or by using Tohm or any other local tool.

In 2019, the proportion was 93.1%. That figure excludes acquisitions made in 2018 and 2019.

Priority 11B		2019	2020	2021
% of managers who attended an individual appraisal	Results	93.1%	-	-
	Targets	90%	90%	90%
	% achievement	103%		

4.3.3.2 PROMOTING MOBILITY

Mobility management promotes employability and is a way of developing skills. It contributes to both personal progress and business performance. The Group has a wide range of roles, business sectors and geographical locations, creating multiple opportunities and possibilities for career development. Employee mobility platforms allow Group-wide management of talented staff in key positions, helping them to achieve ongoing professional development.

Mobility committees are organized by industry and geographical zone to provide the coverage required to foster discussions with employees and meet operational requirements.

Vacancies are posted on the Group intranet, helping to drive professional and geographical mobility. Talented Group employees identified during the OSR (Organization and Staffing Review) process as ready for mobility are systematically taken into account in the various Group Mobility Committees.

4.3.3.3 RETAINING TALENT THROUGH THE COMPENSATION POLICY

In addition to talent management programs and a strong bias towards internal promotion, Legrand also relies on its compensation policy to retain managers.

Long term incentive plans

Under these plans, performance shares or bonuses are distributed, depending on the year.

A selection process involving line management and general management seeks to identify the best-performing employees within all of the Group's subsidiaries who help to create value sustainably across the organization. The process covers more than 5% of the Group's workforce (about 2,000 people). Three quarters of these staff members are currently employees of international subsidiaries.

In France, for example, these arrangements are supplemented by profit-sharing and incentive mechanisms, the Employee Savings Plan and the Company Investment Fund.

4.3.4 - Promoting equal opportunities and diversity

The Group is deeply committed to combating discrimination and promoting diversity. In 2004, it published its first Ethics Charter and in 2009 formalized its guidelines in a Charter of Fundamental Principles.

Focus: the Diversity and Inclusion Policy published in 2019

In 2019, Legrand published its Diversity and Inclusion Policy, which applies to all Legrand establishments and companies across the world, and mainly focuses on the following five areas and objectives:

- Gender balance
- Inclusion of disabled workers
- Intergenerational collaboration
- Social and cultural diversity
- Inclusion of LGBT+ people

4.3.4.1 PRIORITY NO. 12: ENCOURAGE DIVERSITY AT WORK

The Group has long made gender diversity a key business imperative. It has put policies and procedures in place to achieve that objective, which it includes in its measurement of its overall success. Legrand intends to make diversity in the workplace a reality with tangible effects.

Focus: Legrand's contribution to the Observatoire de la Mixité's green paper: six concrete measures to improve diversity in business

Since 2017, the Observatoire de la Mixité – part of the Institut du Capitalisme Responsable, to which Legrand is affiliated – has published a "green paper" on the six measures it considers most valuable for effective development of diversity in business.

The green paper was produced jointly following 18 months of discussion between seven pioneer partners – including Legrand – assisted by 17 diversity experts.

Promoting diversity, particularly by placing more women in management positions

Legrand is also actively encouraging the recruitment of more female managers and intends to ensure that working conditions are the same for women as for men.

Its objective is to have a more gender-diverse Executive Committee and more women in managerial and key positions globally. Key roles are those that have a significant impact on the strategic objectives and performance of the various entities. At the end of 2019, the proportion of women on the Executive Committee was one third, as opposed to one quarter at the end of 2018.

Promoting women to the Group's key roles is part of an ongoing action plan that follows on from measures already implemented by the Group in recent years.

Discrimination awareness and training for managers

Initiatives in this area include presentations by independent experts to HR employees and workforce representatives involved in negotiating professional equality agreements, awareness-raising efforts among new hires during onboarding sessions, the use of dedicated tools (webcasts, testimonials, quizzes and posters) and the incorporation of pro-diversity messages into internal communication campaigns. Countries that have been involved in these initiatives include Australia, the United Arab Emirates, the United States, Germany, Italy and Canada.

Ensuring that HR processes comply with the principles of non-discrimination

Legrand has produced a recruitment guide that is consistent with the principle of non-discrimination, drafted by an international working group composed of HR managers from four countries (France, Italy, Turkey and the United States). A series of agreements on employment parity and equality have also been signed, particularly in France in 2012 and 2014 (renewed in 2018), and in Italy. Guidelines have also been sent to Group managers in France during annual pay reviews.

Establishing a network of gender equality officers

These officers cover France, have a mediation and advisory role and participate in the sharing of best practice. 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.

Gender equality officers reviewed 19 potential cases of discrimination in 2019 (versus 13 in 2018), 14 of which resulted in salary adjustments being made (versus 7 in 2018).

Training program

Since 2013, nearly 900 of the Group's French managers have received training in combating stereotypes. In 2018, the initiative was supplemented in France with efforts to raise awareness of everyday sexism among 150 managers. In 2019, efforts continued in France with training for HR teams and prevention officers regarding efforts to combat sexual harassment and sexist behavior.

The Elle@legrand gender equality network

This network is an initiative developed by Group employees, run by an independent firm and funded by General Management. The network discusses skills development, career progression and work/life balance, arranges programs such as mentoring and organizes presentations and exchanges of views with other networks.

At the end of 2019, the network was present in 24 countries.

Focus: Women Empowerment Principles

The CEO, Executive Committee members and country and region heads have formalized their commitment in favor of gender equality by ratifying the Women Empowerment Principles.

Examples of that commitment are the appointment of a Head of Diversity and Inclusion, the principles of non-discrimination reaffirmed in the Charter of Fundamental Principles and the Charter of Human Rights, the Charter of Prevention and the safety program, training initiatives, the creation of flexible working organizations, the development of the internal network to promote gender balance and female representation targets.

2019 target and achievements

Between 2014 and 2018, the Group's aim was to increase the percentage of women in key positions by 25%. The percentage actually increased by 32% by the end of the last CSR Roadmap.

For 2021, the Group is seeking to increase diversity within intermediate management teams. Units in each country must increase the proportion of women in managerial positions (i.e. with a Hay grade of 14 or over) by 20% between 2018 and 2021. That equates to an annual increase of 7%.

In 2018, female managers made up 22.6% of the workforce. That increased to 23.3% by the end of 2019 excluding acquisitions made in 2018 and 2019.

Priority no. 12		2018	2019	2020	2021
% of female managers within the Group	Results	22.60%	23.32%		
	Targets	N/A	24.18%	25.6%	27.1%
	% achievement		46%		

4.3.4.2 REDUCING THE PAY GAP BETWEEN MEN AND WOMEN

Although measures to promote women to more senior positions will reduce the pay gap between men and women within the managerial population, they will not reduce pay gaps within the non-managerial population.

Legrand champions gender equality and works to reduce the pay gap between male and female employees wherever it is found to exist. The aim of this priority is to promote diversity, for example by increasing the number of women in skilled roles. This commitment applies to the non-managerial population, and perfectly complements the commitment described above.

Focus: Legrand's gender equality index

As required by the French act of September 5, 2018 and the related implementing decree of January 8, 2019 aiming to eliminate gender pay gaps within companies, Legrand has published its gender equality index, showing a score of 91 points out of 100. This score has increased by 6 points compared to 2018 (85 points out of 100).

The score is calculated using the following five criteria:

- the gender pay gap, on 40 points;

- the difference in the distribution of individual increases, on 20 points;

- the difference in the distribution of promotions, on 15 points;

- the number of employees increased on their return from maternity leave, on 15 points;

- the number of people of the sex underrepresented among the 10 highest remunerations, out of 10 points.

The index is the result of an HR policy in place for more than seven years: the first gender balance agreement was signed by all relevant parties in 2012, and it was renewed most recently, again unanimously, on January 30, 2018.

DIVERSITY AND OTHER INCLUSION CRITERIA

Inclusion and disabilities

For many years, Legrand has sought to include disable people in its workforce. This approach is a natural fit with the Group's commitment to "Promote equal opportunities through an improved awareness of diversity in Human Resources management".

Since the end of 2016, Legrand has been part of the ILO Global Business and Disability Network, which brings together companies to promote the inclusion of disabled people by highlighting the benefits of recruiting people with disabilities and facilitating the sharing of knowledge and best practice.

Legrand has ratified the Global Business and Disability Charter. As a signatory, Legrand intends to pursue its efforts to promote the inclusion and integration of people with disabilities in the workplace.

Overall, people with a disability make up 2.23% of the Group's workforce included in HR reporting.

Internships are also granted to people with disabilities by various Group entities.

In France

Prevention and integration agreement

The Group agreement on preventing discrimination and integrating people with disabilities for the 2018-2020 period remains in force. It comprises a hiring plan, an integration and training plan with adapted workstations, and a retention plan for disabled employees.

In France, Legrand has also set up a disability unit to manage the initiatives contained in the anti-discrimination and integration agreement, and to raise awareness of the issues faced by disabled people both inside and outside the company.

Under the agreement, Legrand allocates a budget for donating disability-related electrical equipment to refurbishment or new-build projects.

Links with ESATs

The Group has close relationships with sheltered employment centers in France (Établissements de Service et d'Aide par le Travail or ESATs):

- annual contracts for the provision of services as well as production work are signed every year;
- free training is provided to the personnel of ESATs regarding safety rules and the use of firefighting resources;
- ESATs have been set up in-house at two of the Group's sites in France. The system offers experience of professional life in a less sheltered work environment.

Communication

As part of the 2019 European Disability Employment Week (EDEW), a conference on the theme of "management and disability" was held at the Group's head office in Limoges. The conference was relayed across all the Legrand Group's sites in France.

In addition, events are organized at head office and elsewhere to change the perception of disability, such as receptions for visually impaired students and disability sports events.

Other initiatives around the world

Initiatives of this kind are also carried out in other countries, particularly to raise awareness of different disabilities.

- Group sites in Brazil are also committed to employing disabled people, either directly or through institutions. People with disabilities can thus participate in remunerated industrial projects, which enables them to stay in work.
- In Italy, the Bticino subsidiary has partnered with CFPIL (Varese Center for Vocational Training and Integration through Work) and the Italian province of Varese to facilitate the workplace integration of young people with mental and motor disabilities. This commitment results in trainees being integrated into the Group's Italian teams.
- Awareness-raising initiatives have been organized in Poland (poster campaign), the UK (diversity training), Germany (work experience for a young autistic person) and Hungary (awareness-raising sessions for around 50 managers led by deaf and hearing-impaired people) as part of European Disability Employment Week.

Focus: Signature of the manifesto for the economic inclusion of disabled people

In November 2019, the Legrand Group, along with around 100 other companies, signed a charter of operational commitments, also known as the "Disability Manifesto". This formal charter is ambitious and requires pro-active efforts to promote the employment of disabled people.

The main aims are to get companies to make transformative commitments in favor of integrating disabled people into the workforce: developing and maintaining links between schools and companies, allowing young people – through internships and apprenticeships – to work out their career plans, raise awareness about disabilities among employees, develop a managerial culture of diversity, promote responsible purchasing and build bridges with ESATs and companies that employ disabled staff.

Inclusion and LGBT+

On the International Day Against Homophobia, Transphobia and Biphobia on May 17, 2019, Legrand added the rainbow flag – a symbol of the LGBT+ community – to its communications.

In France, it then sought to raise awareness of these matters through a conference in which LGBT+ people gave personal accounts of work-related situations they have experienced.

Legrand has made the inclusion of LGBT+ people one of the five pillars of its Diversity and Inclusion policy. The Company has also ratified the Autre Cercle charter (see Focus below).

In addition, Legrand supports the employee initiative to create an internal network that is open to all and aims to support the inclusion of LGBT+ within the company.

Focus: Signature of Autre Cercle's LGBT+ Commitment Charter by the Executive Committee

As part of its Diversity policy, the Legrand group has continued its strong commitment to human rights and inclusion within the company. Accordingly, the Executive Committee has signed Autre Cercle's LGBT+ Commitment Charter.

Inter-generational inclusion

Legrand has developed several initiatives to help the various generations to work together.

Many young people around the world benefit daily the support provided by experienced employees during internships and apprenticeships.

In France, the Group organized five half-day sessions in 2019, in which it presented its various occupations to high-school students, to help them with their career planning.

Technical challenges are held on a regular basis with university students. Legrand also supports the world vocational training championships organized by Worldskills in the "Electrical installation" category.

Social and cultural inclusion

Legrand has several locations in France, and supports the development of the communities in which it operates. Through the *"La France une chance, les entreprises s'engagent"* program, Legrand pursues various practical initiatives in favor of employment, inclusion and professional integration for all. For example, it invites around 100 high-school students to gain work experience every year.

Legrand France is a partner of the "Capital Filles" charity: around 20 employees mentor around 20 female high-school students and give them career guidance.

The Company also takes part in the initiatives of Fondation Agir Contre l'Exclusion in the Seine-Saint-Denis *département* through its involvement in the Watt Elle's program. This aims to help young women from disadvantaged areas find work in the manufacturing industry.

4.4 - LIMIT 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 Group aims to innovate in order to limit the environmental impact of its business, and to develop responsibly-designed products and systems that enable customers to reduce their CO_2 emissions.

Organization and dedicated resources

At the same time, the Group Environment team manages the Group's environmental policy within the Strategy and Development Department.

More than 140 people worldwide work on environmental issues.

For example, Quality, Safety and Environment experts at the various production sites ensure that the Group's environmental policy is implemented. In particular, they are tasked with carrying out environmental analyses and taking part in setting up improvement plans as part of an ISO 14001-certified Environmental Management System (EMS).

Similarly, eco-design specialists at R&D centers are involved in implementing tools and best practices.

Environmental reporting process

Environment reports allow periodic consolidation of environmental data from:

- production sites;
- administrative and commercial sites with more than 200 employees;
- logistics sites of more than 15,000 m^2.

At the end of 2019, 89 sites fell within the scope of the environmental reporting process.

New acquisitions are integrated at the latest three years after they join the Group. In 2019, four sites were integrated into the reporting process (Trias in Indonesia, Pinnacle in the United States, CP Electronics in the UK and Solar Effective in Canada).

A selection of the data from these reports can be found in section 4.6.3 of this universal registration document.

Systematic ISO 14001 certification

Legrand's approach is to prevent environmental risks and improve the performance of its sites.

To that end, the Group's policy is to certify all production and logistics sites. With the new version of the ISO 14001 standard (v2015), R&D teams are also involved in the certification process, either because the process is associated with production sites or because it specifically concerns their development activities.

The introduction of an ISO 14001-compliant 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 continuous improvement process, often based on the Deming Cycle (Plan-Do-Check-Act) and involving the implementation of improvement actions.

Sites of companies that the Group has recently acquired must be certified within five years.

Through this approach, 91% of the sites that have been part of the Group for more than five years and included in environmental reporting have obtained third-party ISO 14001 certification.

As regards the Group's 45 R&D sites, 91% have ISO 14001 or equivalent certification.

Taking into account sites that have been part of the Group for more than five years, i.e. 40 in total, only one is not ISO 14001-certified, giving a certification rate of 98%.

Focus: recognition for Legrand India's contribution to safeguarding the environment

Legrand's plant in Nashik (Ambad) was one of the winners in the Greentech Environment Awards 2019 organized by the Greentech Foundation in New Delhi. This is a prestigious award that recognizes Legrand's contribution to protecting the environment in its sector.

4.4.1 - Limiting greenhouse gas emissions

Legrand's industrial activities mainly consist of assembly and processing work, which means that its energy consumption is low. This is shown by the fact that its main sources of CO_2 emissions are heating and lighting for its production units. Of the processes used by the Group, only one – plastic injection – uses large amounts of energy.

This is reflected in the materiality matrix by a relatively low "Climate change and energy transition" risk score.

Long-term commitment

Nevertheless, Legrand has started to transition to a business model with low CO_2 emissions. For many years now, the Group has made a series of major commitments to combat climate change.

In 2015, 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 combating against climate change and helping limit global warming to 2°C.

The Group also signed the **Business for COP21** charter of commitments, and its initiatives are listed on the United Nations' official International Climate Action website.

Since 2016, Legrand has been part of the **Global Alliance for Energy Productivity**, an international alliance aiming to improve energy efficiency.

In 2017, the French Climate Business Pledge, signed by Legrand, signaled the ongoing commitment of French companies to develop low-carbon solutions two years after the Paris agreement, thus emphasizing how serious those companies are about following through with commitments made in the 2015 declaration.

Also in 2017, Legrand signed the declaration of support for the **Task Force on Climate-related Financial Disclosures (TCFD).**

In 2018, Legrand became the sixth CAC 40 company to have its greenhouse gas reduction targets validated by the **Science Based Targets** initiative.

In 2019, Legrand 100 other French companies again signed the **French Climate Business Pledge.**

Focus: a CO_2 trajectory validated by the Sciences Based Target initiative in 2018

Backed by the WWF, the United Nations Global Compact, the World Resources Institute and the Carbon Disclosure Project, the Science Based Targets (SBT) initiative calls on companies to commit to reducing CO_2 emissions in accordance with the IPCC's scientific approach in order to limit global warming to 2°C.

"Legrand has undertaken to reduce direct GHG emissions (Scope 1) by 15% and indirect emissions (Scope 2) by 36% by 2030 relative to a base year of 2016." This corresponds to a 30% reduction in emissions across Scopes 1 and 2.

The Company is also committed to ensuring that its raw materials suppliers apply Science-Based Targets as regards reducing greenhouse gas emissions by 2030. This commitment covers 75% of Legrand's total Scope 3 emissions."

The Group has therefore moved from an energy performance target to a target of decarbonizing its business activities.

Commitments for the future

Legrand's goals for reducing greenhouse gas emissions are in line with the 21st Conference of Parties (COP 21) Paris Agreement signed in 2015. However, the 2018 report of the UN's Intergovernmental Panel on Climate Change (IPCC) has shifted the focus to restricting global warming to less than 1.5°C.

In addition, since Legrand designs energy management products and systems, it is important for the Group to help reduce its customers' emissions through increased innovation in energy efficiency.

4

Climate performance and CDP score

Every year, Legrand completes the CDP Climate Change questionnaire. CDP is a non-profit organization that measures, publishes and shares environmental information and provides a framework of action to combat global warming. By publishing its detailed carbon emissions analysis and improvement targets, the Group underscores its commitment to this issue and its intention to maintain complete transparency.

In 2018, over 7,000 companies published environmental information through the CDP.

In 2019, the CDP included Legrand among the companies on its A- list.

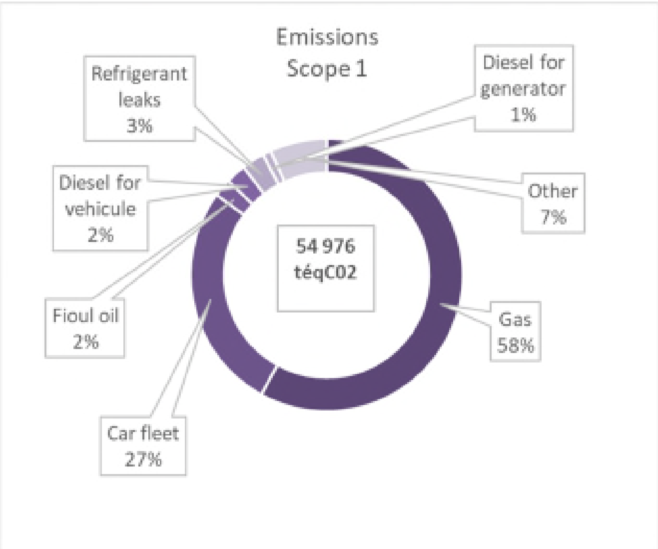
The Group's carbon footprint

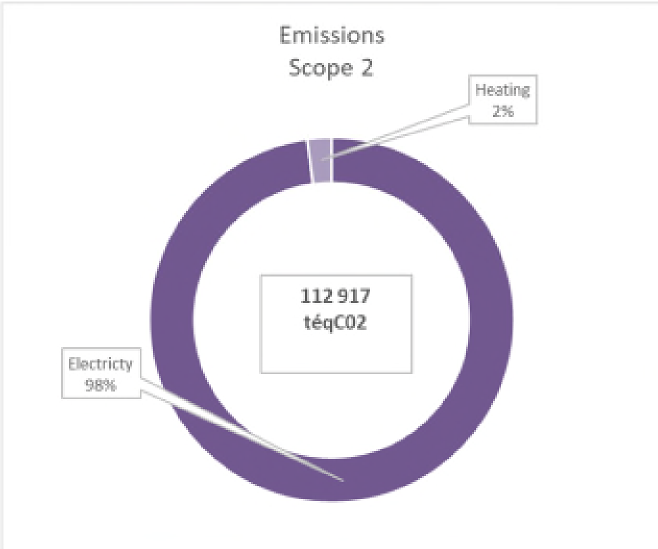
Following the GHG Protocol, the Group's carbon footprint results from the following sources:

- Scope 1 emissions: these are Group emissions related to the consumption of fossil fuels (almost entirely natural gas) used for heating buildings, and for some industrial processes. Consumption by company cars is also taken into account. Lastly, the impact of refrigerant leakage is evaluated;
- Scope 2 emissions: these are indirect greenhouse gas emissions related to electricity and heating consumption, for heating and lighting in buildings and industrial processes. The specific carbon content of electricity in each country is taken into account when calculating emissions.

Scope 1 and Scope 2 emissions directly relate to the Group's own activities. As a result, the priority is to reduce these Scope 1 and 2 emissions.

They amounted to 168,000 metric tons in 2019.





- Scope 3 emissions: these are indirect emissions from both upstream and downstream sources in Legrand's value chain. See section 4.4.1.3 "Monitoring Scope 3 CO_2 emissions" in this document.
- Scope 4 emissions: this informal indicator measures the opportunity to reduce end-users' carbon footprint by promoting energy efficiency products (see section 4.4.1.2).

In this way, the Group measures the consumption avoided by users of energy efficiency products installed since 2014. The measurement represents an indicator in its own right and is a priority in the Group's CSR Roadmap (see section 4.4.1.2).

4.4.1.1 PRIORITY NO. 13: REDUCE THE CARBON FOOTPRINT (SCOPE 1 AND SCOPE 2 DIRECT EMISSIONS)

The CO_2 emissions reduction strategy is based on three main measures:

- Reducing energy consumption
- Using energy sources that are renewable or result in lower GHG emissions
- Taking action to offset emissions

4.4.1.1.1 Reducing energy consumption

Reducing the carbon footprint by optimizing energy consumption is a priority.

To achieve this, the Group has committed to a policy of continuously improving its energy performance, taking advantage of its privileged position as a supplier of energy-efficient solutions that it can use at its own sites.

The energy policy can be consulted by all staff members. All subsidiaries and industrial, logistics and commercial sites are affected by this continuous improvement process and are responsible for monitoring and improving their energy performance.

Areas of progress are identified at each site and action plans implemented to reduce energy consumption.

In 2019, energy consumption at the Group's sites amounted to 436 GWh, as opposed to 451 GWh in 2018, representing a reduction of around 3% despite growth in the business.

Energy management certification for the Group's sites

Compliance with statutory energy-related requirements is ensured by the site management system as part of ISO 14001 certification.

In 2015, Legrand obtained ISO 50001 certification for its energy management system (EMS) covering Legrand's headquarters, 21 production sites and three logistics sites located in France, Hungary, Italy, the Netherlands, Poland, Spain and the United Kingdom.

The scope of the EMS corresponds to more than 40% of the Group's global energy consumption and covers all industrial, logistics and administrative operations of the European sites concerned. 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 by improving energy efficiency in buildings.

In 2018, the decision was taken to roll out certain EMS tools more broadly across the whole Group through the ISO 14001-certified EMS. The group is continuing to refer to ISO 50001 guidelines in framing its policies, even if the ISO 50001 certification itself, which was valid until November 2018, has not been renewed.

As a result, regulatory energy audits were carried out at the main European sites in 2019 (12 in France, 3 in Italy, 5 in the rest of Europe). The results of those regulatory audits represent a very valuable source of data for defining new energy efficiency initiatives to be implemented.

Energy efficiency at production sites

Energy efficiency principles are implemented during building, refurbishing and maintenance projects.

Consumption measurement: energy-efficient solutions developed by the Group are 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.

Refurbishment of premises:

- athermic glazing/shading solutions are preferred to air conditioning;
- double-flow ventilation is preferred, saving on heating in winter and preventing the entry of warm air in summer, thereby reducing the use of air conditioning;
- air conditioning is only installed if there is no other solution;
- presence detectors and LED devices are routinely installed during building refurbishment to reduce power consumption from lighting.

Capital expenditure and maintenance:

The Group favors the best available industrial techniques for replacing obsolete equipment with less energy-intensive processes.

In 2019, electric thermoplastic injection molding machines were deployed at numerous sites to replace hydraulic machines. At some sites, more than three quarters of their equipment uses this new technology, which cuts electricity consumption by around 50%.

Energy recovery systems are also installed in cooling units and compressed air production units.

Focus: Legrand North America recognized as a 2018 "Star of Energy Efficiency"

Legrand North and Central America (LNCA) won the Industry and Manufacturing Star of Energy Efficiency Award for its multifaceted commitment to integrating efficiency and sustainability into its business operations.

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.

LNCA hit that target in 2017, five years ahead of schedule.

To achieve that, LNCA adopted various initiatives:

- energy audits: installing sub-metering systems at several sites,

- replacing traditional light sources with low-energy lighting,

- commissioning a fuel cell device at West Hartford, one of its main industrial sites in the US. In principle, this will allow electricity to be generated from oxygen and natural gas, with no fuel being burnt. Calculated over a 20-year period, the fuel cell will deliver up to a 40% reduction in greenhouse gas emissions.

LNCA also focused on stimulating behavioral change among employees by conducting a series of "Energy Marathons" – internal cross-company competitions designed to save as much energy as possible over a 26.2-day period (in line with the marathon distance of 26.2 miles).

Other major initiatives that LNCA has undertaken to help improve energy performance include the recent achievement of LEED Performance Path certification at its 100-year old headquarters located in West Hartford, Connecticut.

Transition in the vehicle fleet

Some entities in the Group have added electric vehicles to their fleets. Charging stations continue to be installed in the parking areas of several industrial sites.

4.4.1.1.2 Using energy sources that are renewable or less polluting

Renewable energy production

In the field of renewable energy, Legrand is determined to keep improving its performance. Several photovoltaic projects are in place or under development, while others are in the feasibility study phase.

Other examples:

- at the production site in Huizhou, China, domestic water for dormitories is warmed with solar energy;
- the Szentes production site in Hungary is heated using geothermal energy.

Renewable energy procurement

The Group is working to replace its purchases of traditional energy with green energy from wind, hydro and solar sources.

4.4.1.1.3 Action to offset emissions

In addition to its efforts to reduce Scope 1 and Scope 2 emissions, the Group is working on scenarios that include purchases of Guarantees of Origin, RECs (renewable energy credits) and offsetting projects, particularly in India and Brazil.

2019 target and achievements

The Group is aiming to reduce its direct (Scope 1) and indirect (Scope 2) CO_2 emissions by 7% globally by 2021 as compared to 2018, when they amounted to 178,000 metric tons.

This intermediate target forms part of the trajectory for reducing greenhouse gas emissions by 30% by 2030, as validated by the Science Based Targets initiative.

The Group works hard to reduce the emissions of newly acquired companies. However, to ensure that assessments are comparable, the targets only relate to entities that were a part of the 2018 reporting process.

In 2019, direct emissions totaled 168,000 metric tons, better than the target of 174,000 metric tons for that year.

Priority no. 13		2019	2020	2021
Reduction of direct and indirect CO_2 emissions (in metric tons of CO_2 equivalent)	Results	168,000		
	Targets	174,000	170,000	166,000
	% achievement	103%		

4.4.1.2 PRIORITY NO. 14: AVOID CO_2 EMISSIONS THROUGH OUR ENERGY-EFFICIENCY PRODUCTS

The fight against climate change is giving a major boost to demand for environmentally-friendly products.

Because buildings are responsible for 35% of energy consumption and 40% of CO_2 emissions (global data, source: International Energy Agency), reducing their energy consumption is a major part of efforts to combat global warming.

Installing equipment to improve energy efficiency in buildings is therefore a priority for Legrand. The aim is to reduce customers' CO_2 emissions through solutions that allow them to consume energy more efficiently.

This priority is aligned with UN Sustainable Development Goals 7, 11 and 13 by aiming to improve energy efficiency, working towards sustainable urbanization and taking action against climate change.

Focus: Participation in the EU's Sustainable Places Conference

This official EU Sustainable Energy event held in May 2019 aimed to foster innovative market solutions and promote synergies between Energy-efficient Buildings (EeB) and interdependent smart grids, the construction industry, politicians and forward-thinking communities.

The event presented cutting-edge research and innovation projects from the EU Horizon 2020 Framework Programme.

The event was supported by the Group's Bticino, Legrand and IME brands, and Legrand presented its energy efficiency initiatives during the keynote speech. The Group also took part in workshops to present energy management systems and solutions for EV charging stations, and showed how solutions for the hospitality industry can offer a better way of addressing energy efficiency needs.

Simple and accessible solutions

The Group offers a broad range of 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 2019, the range of energy-efficiency solutions represented around 10% of the Group's total revenue.

Legrand's energy efficient solutions can be categorized as follows:

Measurement and monitoring solutions

Analysis, measurement and monitoring of electrical equipment are essential steps when preparing an energy audit (i.e. ISO 50001 audit) and managing installations.

- The Group is continuing to develop innovative and connected solutions (particularly as part of its Eliot connected objects program), as well as energy monitoring and management solutions for buildings. For example, with the new CX³ EMS (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 2015 acquisition of IME, a leading Italian player and European specialist in the measurement of electrical installation parameters.
- Photovoltaic panels and electric vehicle charging solutions
- Legrand offers photovoltaic panel connection solutions for residential and commercial use;
- As regards electric vehicle charging solutions, Legrand offers 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 supply and distribution solutions

- Reactive energy compensation and harmonics filtration: Alpes Technologies offers a full range of services and products that improve energy quality and reduce 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), 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 (datacenters and financial institutions) and photovoltaic power inverters.

Detection and lighting solutions

In 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.

Specific solutions for datacenters

The Group provides energy-saving solutions for datacenters largely thanks to Minkels, a Dutch company specializing in datacenter equipment and its recent acquisitions Universal Electric Corporation and Modulan. 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 rounded out with smart PDUs (Power Data Units) to analyze energy consumption and improve performance.

Focus: Bticino solutions in the world's first GBC Historic Building-certified building.

Thanks to technology provided by Bticino, the Sant'Apollinare monastery in Italy became the world's first historic building to obtain GBC Historic Building certification in 2018.

This 10th-century fortress, converted into a Benedictine monastery, has become an example of energy redevelopment that is the only one of its kind in the world.

2019 target and achievements

The Group's objective is to increase revenue generated through the sale of its energy efficiency products by 5% on an average per year at the Group level, with each country having individual targets. Using these products helps reduce energy consumption and thereby greenhouse gas emissions.

The energy saved using the Group's energy efficiency solutions is calculated by taking into account various factors:

- the Group's sales of those solutions in each country since 2014;
- the carbon content of local electricity;
- the 5-year return on investment (ROI) in France estimated by GIMELEC;
- the fact that, in each country, the local cost of electricity and ROI impact balance each other out when calculating energy saved.

This produces an annual amount of avoided CO_2 emissions, in metric tons, around the world due to the use of the products installed since 2014.

As a result, between 2014 and 2018, the Group's energy-efficient solutions avoided, in aggregate, a total of 4.5 million metric tons of CO_2 emissions.

The annual targets for the next three years are as follows:

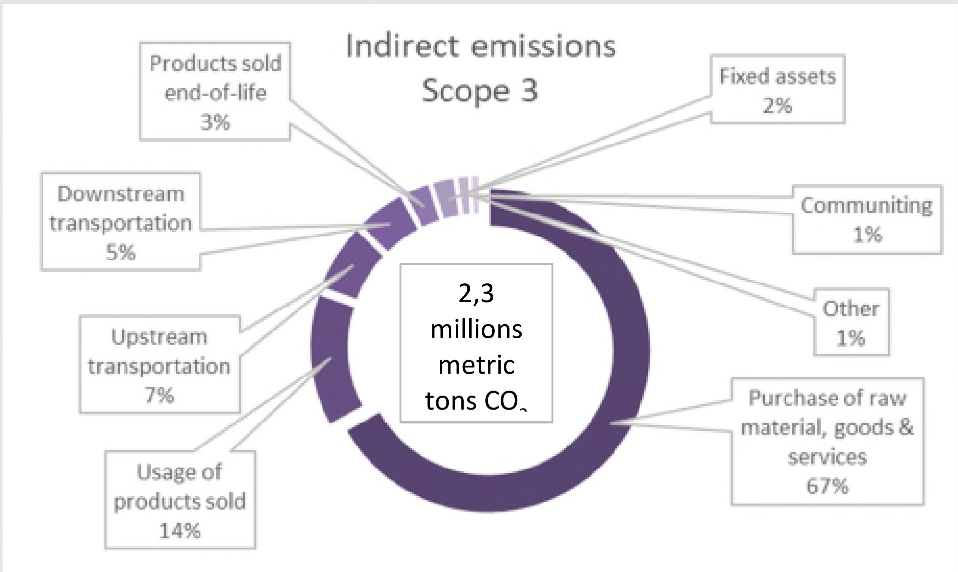
- 2019: 2.2 millions of metric tons avoided;
- 2020: 2.5 millions of metric tons avoided;
- 2021: 2.9 millions of metric tons avoided.

In 2019, the estimate suggests that avoided GHG emissions totaled 2.4 million metric tons of CO_2 equivalent.

Sales in 2019 have a 50% weighting in the calculation, in order to obtain a value which is the closest approximation of the actual period of use during the year of equipment purchased in 2019. Annual revenue has been estimated on the basis of revenue for the first nine months of 2019.

Priority no. 14		2019	2020	2021
Metric tons of CO_2 avoided thanks to energy efficiency products	Results	2,456,675	-	-
	Targets	2,174,053	2,500,000	2,900,000
	% achievement	113%		

4.4.1.3 LIMIT SCOPE 3 CO_2 EMISSIONS



Scope 3 emissions are indirect emissions from both upstream and downstream sources occurring in Legrand's value chain. Based on 2018 emissions figures, they break down as follows:

- upstream emissions come from the production of raw materials, purchases of goods and services (67%), upstream transportation (7%), employee commuting (1.3%) and business travel (0.2%);
- downstream emissions come from downstream and intra-group transportation (5.2%) and end-of-life processing (2.8%).

Emissions arising from the use of products sold can be considered as zero for the Legrand range. There are exceptions to this rule, but estimation methods raise complex problems. For the moment, Legrand takes the view that this contribution does not affect its strategic position.

In methodological terms, greenhouse gas emissions are associated with energy-consuming equipment such as heating or cooling systems (boilers, air conditioning units etc.) or sources of light. Barring exceptions, the Group does not sell or have expertise regarding this equipment.

However, the estimate used here for "emissions from products sold" under Scope 3 is 300,000 metric tons, i.e. 13.5% of the Scope 3 figure. This approximate figure is likely to change over time according to the Group's trajectory. An increase in these emissions – for example by integrating light sources into the smart lighting products sold by Legrand – would not necessarily threaten that trajectory.

Certain Scope 3 emissions are addressed by key priorities in the Group's CSR policy, i.e. ensuring sustainable purchasing (4.2.1) and using recycled materials (4.4.2.5).

Focus: SBTi commitment relating to Scope 3 emissions and Group purchasing

By signing up to the SBTi (Science Based Targets initiative), Legrand has promised that, by 2030, its raw materials suppliers will apply targets for reducing greenhouse gas emissions in accordance with IPCC recommendations (validated by the SBTi or equivalent). This commitment covers 75% of Legrand's total Scope 3 emissions (reference year: 2017).

In 2019, the list of suppliers concerned was shared within the Group and an assessment and monitoring methodology is now in place.

Initiatives to reduce Scope 3 emissions

Capital expenditure

Since 2016, Legrand has gradually been taking into account a nominal carbon dioxide price per metric ton in its opportunity assessment relating to its capex and product development strategy.

Raw materials

The eco-design approach allows the amount of raw materials used in new products to be reduced to the bare minimum. While maintaining functionality, consumption of raw materials is reduced, which is one of the main ways of reducing environmental impacts noted in the life cycle analysis (manufacturing phase).

Logistics

As regards its logistics operations, the Group strives to:

- simplify logistics flows to reduce transportation distances between production and storage sites. The Group also takes environmental criteria into account by analyzing the "overall cost";
- consolidate the various manufacturing stages into a single location, thus reducing transportation between sites.
- The Group consistently encourages initiatives to make logistics more efficient. Bearing in mind the very high carbon footprint of the aviation industry, Legrand has taken a series of initiatives:
  - limiting the use of air freight;
  - 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;
  - 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;
  - optimizing the loading of trucks leaving the Group's international distribution center for the main subsidiaries.

4.4.2 - Innovating for a circular economy

Safeguarding the environment also means implementing circular economy principles.

This consists of moving from a linear consumption pattern (resource exploitation, manufacturing, use, end-of-life and waste management) to a circular approach, like natural cycles within ecosystems.

The Group integrates circular economy principles into the development of its new products. Within the Group, circular economy principles are divided into the following categories:

- ongoing improvements in environmental performance at the Group's research and development (R&D) centers;
- use of product lifecycle analysis and the formalization of environmental performance in PSPs (Product Sustainability Profiles) or PEPs (Product Environmental Profiles).
- traceability and substitution of hazardous substances in products;
- management of industrial waste as part of an ISO 14001-certified EMS and in line with the Group's eco-design principles.

It should also be emphasized that the Group's products, usually associated with construction infrastructure, have long life spans (typically several decades).

Electrical equipment changes throughout the lifetime of a building and the Group's products and systems enable new functionality to be added, thereby delaying, or even preventing, the obsolescence of that infrastructure.

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 components market.

4.4.2.1 PRIORITY NO. 15: INTEGRATE CIRCULAR ECONOMY PRINCIPLES INTO THE DEVELOPMENT OF NEW PRODUCTS

Legrand applies eco-design principles when developing new products.

Legrand's aim is to obtain products through a scientifically proven eco-design process based on objective criteria. A product whose environmental impact is less than that of the reference product is said to be eco-designed.

As part of its 2014-2018 CSR Roadmap, Legrand set up a process to assess the practices of its R&D centers and manage their progress in acquiring eco-design know-how (the "Legrand Way for Eco-design").

- By the end of 2018, 100% of the Group's R&D centers had implemented "Basic practices": risk assessments for the presence of hazardous substances and incorporation of the Group's environmental requirements;
- 94% of the Group's R&D centers had implemented "Advanced practices" : LCA (Life Cycle Analysis), eco-design, Environmental Management System (ISO 14062 or equivalent).

Legrand Way for Eco-design

For the 2019-2021 roadmap, the policy has been reassessed. It now focuses on the progressive deployment of eight good practices, divided into four phases:

PHASE 1 Basic practices

Practice 1: Assessing the risk of hazardous substances being present

Along with applying RoHS (Restriction of Hazardous Substances) regulations proactively to all its products, Legrand has introduced a tool for assessing the risk of hazardous substances being present, allowing decision-making to be driven towards technical solutions that guarantee the absence of hazardous substances from the product design phase onwards.

Practice 2: Incorporating the Group's environmental requirements

This involves taking into account not just regulatory and market requirements but also the Group's commitments through its eco-design approach.

For example, it includes instructions for marking plastic parts, recommendations to make it easier to dismantle products at the end of their lives, and a ban on PVC.

PHASE 2: Assessment practices

Practice 3: Use of LCA (Life Cycle Analysis)

During the upstream phase of product development, the R&D unit systematically uses an LCA tool when defining concepts to estimate and/or compare their environmental impacts and thus improve the product's environmental footprint over its entire life cycle.

By challenging the usual technical solutions in the design and industrialization phases, the analysis of environmental impacts is an excellent tool for innovation.

The LCA also makes it possible to establish PEPs (Product Environmental Profiles).

PHASE 3: Management practices

Practice 4: Determining and assessing products' Significant Environmental Aspects (SEAs)

Each R&D unit defines the SEAs of its representative product families based on ISO 14001.

Practice 5: ISO 14001 certification for R&D centers

The EMS is a solid framework for ensuring the continuous improvement of R&D processes.

The EMS must conform to the 2015 version of ISO 14001. In particular, this requires an overview of the environmental impacts caused by the product's whole value chain.

Practice 6: Integration of the upstream supply chain into the LCA

This requires suppliers to be involved in the R&D unit's eco-design approach. In practice, members of the R&D and Purchasing teams work in partnership with suppliers to find solutions to improve the environmental performance of the Group's products.

PHASE 4: Excellence practices

Practice 7: Improvement of the upstream supply chain

Following on from the previous phase, the aim here is to achieve a genuine improvement over the product life cycle through the upstream supply chain.

To be regarded as successful, collaboration with a supplier must result in:

- the elimination or substitution of hazardous substances in the materials provided;
- the development of products that use less energy;
- a significant reduction in the environmental impact of the technological components (materials or processes).

Practice 8: Product design for a circular economy

This involves integrating recycled material, adopting a specific design to increase durability (or repairability), certifying products with environmental labels, etc.

Examples of eco-designed products

Some practical examples (packaging, design for repairability, certified products etc.) illustrate how the approach is implemented. Examples of integrating recycled materials are also provided in section 4.4.2.6.

Optimization of materials

The Mosaic and Céliane user interface range:

the mechanisms used were reviewed in order to reduce the use of materials with high risk of depleting non-renewable natural resources. The resulting reduction was around 75%. The initiative also led to a significant reduction – around 15% – in the amount of energy lost through heating when current is passed. This reduction, extrapolated for all future production of these items, will cut the environmental impact by some 57 metric tons of CO_2 equivalent.

RX3 circuit breakers:

the adoption of the eco-design 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 negative impact of their manufacture and distribution.

Energy efficiency

The EDM range of transformers:

a reduction in power dissipation cut environmental impacts by approximately 30% compared with the previous generation of products. Moreover, the transformer generates less noise with this new design;

"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 that is easier to recycle. Overall, the environmental footprint has been reduced by around 40% for almost all environmental indicators.

Reduction of packaging

The eco-design approach allows the ratio of packaging volume to product volume to be lowered. It has also led to a series of initiatives including:

- the use of cardboard containing a higher proportion of recycled material,
- printing with water-based inks and the use of acrylic adhesives that emit fewer VOCs.

In 2018, Wrapeasy Universal Packaging developed by Bticino won the *"Oscar de l'emballage"* award: improved use of materials sharply reduced the environmental impact of packaging used for the P31 cable tray range by more than 70% on average.

2019 target and achievements

The target given to each R&D unit is to implement the eight practices of the Legrand Way for Eco-design according to a defined schedule over the next three years. The rate of progress is specific to each entity based on its level of maturity.

The Group intends for the Legrand Way for Eco-design to be 100% implemented by the end of 2021.

Each year, R&D centers must show that they have properly implemented each practice. The results are systematically reviewed, consolidated and analyzed by the Group's Environmental Department and a performance rating is assigned to each R&D center.

In 2019, the Group's target was an implementation rate of 87%. The actual figure was 94%, giving an achievement rate of 109%.

Priority no. 15		2019	2020	2021
% deployment of the Legrand Way for Eco-design within R&D units	Results	94.2%	0%	0%
	Targets	87%	97%	100%
	% achievement	**109%**		

4.4.2.2 PRIORITY NO. 16: PROVIDE ENVIRONMENTAL INFORMATION ON THE GROUP'S PRODUCTS

Consumers are increasingly seeking information about the environmental impact of the products they use. Providing that information helps them choose products that have lower environmental costs. This enables Legrand to satisfy demand while maintaining or increasing its market position. It is also a way for the Group to maintain utmost transparency, show confidence in the effectiveness of its own actions and publicize its commitment to the environment.

Product Sustainability Profiles (PSP)

The Product Sustainability Profile is a proprietary concept defined by Legrand to provide environmental or health-related information about products. PSPs include two types of product-related disclosures:

- the environmental product declaration or EPD;
- the health product declaration or HPD.

Where either of these declarations is provided in relation to a product, the product is regarded as covered by a Legrand PSP.

Environmental product declaration (EPD)

An EPD is a document designed to provide transparent and comparable information about a product's environmental impact over its lifetime. It uses a standardized method of quantifying the environmental impact of a product or process.

An EPD describes environmental impacts for every phase of the product's life cycle: production (including impacts arising from the extraction of natural resources to obtain raw materials), transportation before installation, energy consumption (if any) during the usage phase, maintenance and end-of-life collection and processing. The impacts highlighted include climate change, the depletion of natural resources, water consumption and waste generation.

To be compliant with ISO 14025, which deals with environmental information, the EPD must be registered by a Program Operator, which provides independent verification of the document.

Legrand has chosen PEP Ecopassport® as its Program Operator and provides EPDs that it calls Product Environmental Profiles or PEPs.

Focus: Legrand, a founding member of the PEP Ecopassport® program in France

The PEP Ecopassport® program is the international benchmark for environmental declarations relating to electrical, electronic and HVAC equipment.

A Product Environmental Profile (PEP) is a Type III EPD as defined by ISO 14025, and is aligned with French standard AFNOR EN 15804. The environmental data contained in a PEP are produced by analyzing multiple criteria relating to the product life cycle, and are checked according to the requirements of the PEP Ecopassport® program.

The PEPs available for Legrand products provide customers with tangible and verified environmental data. They therefore help to raise awareness about sustainability issues.

PEPs are also recognized as a powerful marketing tool. For example, in LEED® v4 certification for residential buildings, the building score is higher when products featuring PEPs are permanently installed.

Health product declaration (HPD)

The HPD is used to disclose information about the content and health impact of products and materials. It provides comprehensive information about chemical substances contained in products by cross-referencing them with a wide range of "hazard" lists published by public authorities, non-governmental organizations (NGOs) and scientific associations.

Focus: Legrand North and Central America joins the International Living Future Institute's Living Product 50 (LP50) program

Legrand North and Central America (LNCA) joined the LP50 in May 2019 and signed an open letter to the architecture and building design community.

The International Living Future Institute (ILFI) is a group of leading manufacturers collaborating in order to transform the materials economy through transparency, optimization and innovation at all levels of the supply chain.

The LP50 is a leading platform aiming to give product manufacturers a cohesive voice to influence their customers and participants in their supply chains, and to encourage the building design community to use the transparent documentation available (EPDs, HPDs and Declare Labels) to define the specifications of their products. The LP50's member companies are committed to investing in product transparency and to reducing their impact on the environment and human health.

"Joining the LP50 provides Legrand with the opportunity to collaborate and share resources with other companies seeking to drive the product sustainability movement. This collective initiative will catalyze an industry-wide change that no single organization could achieve alone, but which is possible by acting collectively." *Susan Rochford, VP Sustainability, Energy Efficiency and Public Policy, Legrand, North and Central America.*

2019 target and achievements

At the end of 2018, the proportion of revenue covered by PSPs was 70%, as opposed to the target of 66%.

The target for the 2019-2021 CSR Roadmap is to maintain the proportion of Group revenue covered by PSPs at two thirds.

The aim is to continue and build on work already done in terms of LCA and knowledge of substances contained in products.

It also involves adding the R&D capabilities of recent acquisitions to bolster the eco-design approach.

In 2019, the proportion of revenue covered by PSPs was 62.4%, lower than in 2018, because of the integration of newly acquired US entities that generate large amounts of revenue.

Priority no. 16		2019	2020	2021
% of revenue covered by a PSP (Product Sustainability Profile)	Results	62.3%	-	-
	Targets	66.7%	66.7%	66.7%
	% achievement	94%		

4.4.2.3 PRIORITY NO. 17: RECOVER WASTE

Recovering and managing waste is critical for the environment, in terms of both pollution and the depletion of resources.

Waste management is one of the cornerstones of the circular economy. Waste must be regarded as a resource to be exploited, not scrap to be discarded.

The Group is devoted to the proper management of waste generated from its operations. Through responsible management, the Group endeavors to limit the amount of waste generated by its industrial operations and is working on an appropriate waste processing method that reduces as far as possible the amount sent to landfill or incinerated without producing energy.

It is also the Group's responsibility to raise awareness among its customers and other organizations about the need to recover waste.

Industrial waste management

The Group strives to limit the amount of waste generated by its industrial operations and is working on a waste processing method 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 waste in four main ways:

- **Product design and industrialization**, to minimize production waste and scrap. The Group seeks to reuse all scrap materials generated directly in its manufacturing processes. 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;
- **The sharing of best practice and identification of 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;
- **Selection of 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 industrial sites: Reduce, Reuse, Recycle. Several initiatives have been set up in production workshops with the active participation of all employees: weekly meetings including analysis of indicators, improvement proposals, brainstorming and suggestions. This initiative has resulted in several noteworthy actions aside from the specific subject of waste, including: detection of energy losses in machines, switching off machines during breaks, reusing consumables such as gloves, and the use of selective sorting.

The volume of waste generated in 2019 was 51,000 metric tons, stable compared with 2018 unadjusted for changes in scope.

Focus: zero landfill waste by 2022 for Legrand North and Central America

Legrand North and Central America (LNCA) has pledged to send 0% of its waste to landfill by 2022. To achieve that, LNCA has established a waste management policy for its sites.

2019 target and achievements

In its previous CSR Roadmap, the Group set a target of sending at least 80% of its waste to recovery facilities. That CSR Roadmap ended in 2018, and the figure achieved was 91%.

The aim for the 2019-2021 CSR Roadmap is for at least 90% of waste to be recovered.

In 2019, 90% of the waste were sent to the recycling sector. That figure is based on industrial sites as defined above and does not include acquisitions in the last three years.

The ultimate objective is to ensure that, all over the world, waste is first sent to recovery facilities. At the same time, Legrand is actively encouraging its entities to adopt various initiatives to reduce product waste during the production and packaging phases, as well as waste generated in offices, and to contribute to the success of those initiatives.

Priority no. 17:		2019	2020	2021
% of waste recovered *	Results	90.0%	0.0%	0.0%
	Targets	90.0%	90.0%	90.0%
	% achievement	100%		

*Sent to the recycling sector

4.4.2.4 USE 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 (Directive 2011/65/EU) and the list of target substances was extended in 2015 (annex II amended by delegated directive (EU) 2015/863).

Since 2004, Legrand has aimed to eliminate RoHS substances from all of its solutions, whether they are covered by the European directive's scope of application or not. As a result, after eliminating regulated flame retardants in the early 2000s, 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 for metal parts.

As a result, the Group was ready for the "open scope" phase of the RoHS Directive (2011/65/EU) in July 2019.

Legrand has also sought to extend these RoHS-related usage restrictions on hazardous substances to all of its global sales.

At the end of 2018, 98% of revenue was generated from products compliant with the RoHS restrictions on the use of substances. At the end of 2019, the figure was 91.1%.

New acquisitions have affected performance, since some are not subject to European regulations and sell products potentially containing 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 applying the European REACH regulations, in particular by facilitating the transmission of data on the relevant substances used in its economic chain (upstream and downstream):

- Arranging the collection from strategic suppliers (particularly plastics suppliers) of Material Safety Data Sheets on substances and preparations, such sheets being key components for disclosing product information under REACH;
- A panel of experts from the central materials laboratory works with 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;
- Providing the Group's European customer service departments with a response system connected to the Group's intranet site covering all brands. This ensures that the most up-to-date information is sent;
- Having a full page on the Legrand website dedicated to REACH 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 and 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.

4.4.2.5 PRODUCT END-OF-LIFE: MANAGEMENT OF WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE)

Legrand makes every effort to collect and recycle its products at the end of their lives. Historically, the Group has been a pioneer as, for over 20 years, it has organized the recovery and recycling of self-contained emergency lighting units in France. This has enabled more than 200 metric tons of products to be recycled every year (including about 70 metric tons of nickel-cadmium batteries). Today, now that electricians around the country have adopted this good habit, around 30% of all self-contained emergency lighting units in the market are collected at the end of their lives (for all manufacturers combined).

The WEEE Directive has structured and regulated such initiatives in Europe. It has prompted eco-organizations to establish systems to safely collect and process products that have reached the end of their lives. In response to its obligations, Legrand has joined in these efforts by funding recycling facilities that process products 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 in association with the eco-organization Ecosystem.

Legrand participated as a founding member in the launch of this professional process, which recovers end-of-life electrical and electronic equipment. The recycling rate for “WEEE Pro” waste handled by Ecosystem is more than 75%.

4.4.2.6 USE OF RECYCLED PLASTIC AND METAL

Legrand takes particular care to use recycled materials whenever possible.

The benefits of using recycled material are multiple:

- it preserves natural resources;
- it reduces the impact on the environment by reducing the volume of virgin raw material used;
- it reduces the Group’s Scope 3 CO_2 emissions;
- it gives a new lease of life to used plastics (reducing the volume of waste sent to landfill);
- it helps Legrand to offer more sustainable products to its customers.

The integration of recycled materials is specifically recognized and promoted as part of the Legrand Way for Eco-design, which frames the Group’s global eco-design approach.

Recycled plastics

Networks established with participants in the recycling industry (particularly Ecosystem in France and Ecolight in Italy) and plastics suppliers have allowed new opportunities for the use of recycled post-use plastics to be identified.

Note that the use of recycled plastics generally raises many technical issues and requires specific R&D work.

Recycled plastics are already a significant part of the raw materials used by the Group. For its activities in France, almost 6% of the plastic material it processed in 2019 was from recycled sources.

Focus: commitment to using recycled plastic in France through AFEP

In 2017, 33 AFEP member companies publicly made 100 commitments to the circular economy.

In particular, they promised to develop uses for recycled raw materials, taking overall volumes from 1,000 metric tons in 2017 to more than 2,000 metric tons in 2025.

The integration of recycled plastics into a closed loop poses inherent difficulties because of the presence of “legacy” substances, i.e. substances used in the past to produce electrical and electronic equipment and that are now regulated.

As a result, Legrand also uses recycled plastics from other industrial sectors (open loop).

Legrand is part of the working group addressing this issue as part of France’s “Commitments to Green Growth” (circular economy roadmap).

The widespread adoption of these methods requires multi-sector collaborations, particularly research partnerships with the chemicals industry, and the support of public bodies such as the French environment and energy management agency (ADEME) via the ORPLAST scheme.

There are several examples of this approach:

- In its cable management products, Legrand has for more than 10 years included up to 20% of “post-consumer” recycled plastic (polyethylene from soap and washing-up liquid bottles).
- In 2018, Legrand rolled out the project selected through the ORPLAST call for proposals aimed at including a high percentage (up to 50%) of recycled polyolefins (post-consumer waste) in some of its cable management products. ORPLAST is a program run by the French environment and energy management agency (ADEME) to encourage the use of recycled plastics.
- Since 2016, the Group’s Brazilian subsidiaries have used “post-consumer” recycled polypropylene (PP) for the injection of plastic parts.
- Production of Batibox flush-mounting boxes in Italy including plastic from the recycling of household appliances.
- In 2017, Legrand’s work with a major European producer of recycled polystyrene (PS) led to the use of recycled PS in the production of the flush-mounting box for the Practibox range, as well as various parts for the XL3 125 and Drivia product ranges.
- Many Legrand products are delivered with on-site protection – to avoid any degradation during painting works – made from 100% recycled polyethylene terephthalate (PET).
- Since 2018, polycarbonate from the automotive industry has been used in the molding of opaque back components in some user interface ranges.

- In the US, PET felt acoustic panels in the OCL Acoustic Solutions range are made from 75% post-consumer recycled material (water and carbonated drinks bottles).

Recycled metals

The incorporation of recycled material is common practice for metal suppliers. For example, ordinary steels generally contain between 25% and 35% recycled material. However, it is important to design products so that steel grades including a high proportion of recycled metal (up to 100%) can be used. This explains why Legrand is developing products based on materials specifications that fit with this requirement to include recycled steel. The same applies to aluminum and copper alloys, which the Group uses in large quantities. The proportion of recycled metal is generally 80% for aluminum and between 40% and 80% for copper and copper alloys.

As a result, Legrand products use metals that include at least 30% recycled material, which is a conservative estimate.

4.4.3 - Combating pollution

Legrand's business mainly consists of various forms of assembly and processing. The Group does not directly use large quantities of chemicals, which limits the risk of various kinds of pollution. However, it pays close attention to emissions of volatile organic compounds (VOCs), mainly from hydrocarbons and their chemical derivatives, and to their adverse health effects. The Group intends to prioritize this issue and is allocating resources to reduce VOCs and counteract their negative effects.

4.4.3.1 PRIORITY NO. 18: REDUCE VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS

Volatile organic compounds are substances that evaporate at room temperature and can usually be found in household goods, cleaning products, paints and building materials. VOC exposure has many adverse impacts on human health and the environment, and is a major source of pollution from industrial facilities.

Air pollution arising from the Group's activities consists mainly of volatile organic compounds (VOCs) produced by certain processes in production units, such as the depositing of paint or ink on the surface of products for production or decorative purposes, metal degreasing, the use of evanescent oils, the soldering of electronic components and the molding of unsaturated polyesters. In the last few years, the Group has worked hard to identify its VOC emissions more accurately and exhaustively.

Legrand now intends to manage VOC emissions more effectively and above all to limit the amount released into the environment. The main aim is to help combat pollution, but also to enhance the brand's green image and have a positive influence on the market.

Policies in place

Legrand is moving away from processes that generate VOCs and uses filters to treat and eliminate them in existing processes. Legrand's strategy with respect to VOCs has four main aspects:

- distinguish between sites that emit VOCs and those that do not;
- among those that do, identify the activities that produce the emissions;
- adopt eco-design methods to reduce emissions or eliminate them, such as using solvent-free paints or using laser marking rather than paints; where emissions still occur, capture the VOCs and eliminate them using active carbon filters.

2019 target and achievements

The Group's objective is to reduce the absolute level of VOC emissions from Group's activities by 10% by 2021 compared with 2018, i.e. an annual decrease of 3.5% with 2018 as the base year, at constant scope.

VOC emissions amounted to 121 metric tons in 2019 as opposed to 127 metric tons in 2018.

That represents a 4.5% reduction, giving a target achievement rate of 128%.

That rate is based on industrial sites as defined above and does not include acquisitions in the last three years.

Priority no. 18		2019	2020	2021
% reduction in volatile organic compounds*	Results	-4.4%		
	Targets	-3.5%	-7.0%	-10.0%
	% achievement	**127%**		

***** Only emissions linked to the activity are taken into account (excluding maintenance activities)

4.4.3.2 SOIL POLLUTION AND BIODIVERSITY PROTECTION

Legrand's activities have no direct impact on soil or biodiversity. The majority of the Group's production sites are located inside business or industrial zones that are subject to specific regulations. Because the Group is a manufacturer, its sites can be multi-story, thus limiting their footprint. The Group is aware of soil pollution risks and has taken prevention measures.

Legrand also attaches great importance to the concept of embodied biodiversity. By analogy with embodied energy, embodied biodiversity is understood as the cumulative impact on ecosystems and biodiversity over the entire lifecycle of a material or product: extraction of raw materials, manufacturing, transportation, implementation, use and end-of-life. Each of these stages has an impact on the environment (e.g. destruction of species or natural habitats, consumption of resources, various forms of pollution and GHG emissions).

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Embodied biodiversity can be assessed on the basis of 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 biodiversity (damage indicators).

The Group therefore has a relatively broad base for assessing its indirect impact on biodiversity.

4.4.3.3 OPTIMIZE 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 water consumption at industrial sites (using environmental reporting data) and the local value of water, which is estimated based on its natural availability 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 20 sites that account for 80% of the Group's water stress worldwide.

This analysis has revealed that approximately 70% of the Group's water consumption occurs at industrial sites situated in zones where there is low or moderate water consumption (WSI index less than or equal to 0.7). This approach enables manufacturers to focus their actions on the most sensitive sites in terms of their environmental impact on local water resources.

Legrand uses water of standard domestic quality. It is not required to comply with any restrictions such as those relating to physico-chemical, microbiological or organoleptic parameters. Most of Legrand's water consumption is for domestic use by staff in the workplace. The treatment of waste water is therefore similar to the treatment of water used by the local community.

The few Legrand facilities that use water for industrial purposes are rigorously monitored to avoid any risk of pollution. For example, surface treatment workshops have effluent treatment plants that 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 2019, the Group's water consumption amounted to 773,000 m^3, down 9.5% unadjusted for changes in scope compared with 855,000 m^3 in 2018.

Since 2013, there has been a decrease in water consumption of almost 25%. In the medium term, therefore, the trend is significantly better than the internal target set in the early 2000s, i.e. a 2% annual reduction, and shows the ongoing effectiveness of the Group's actions.

Finally, per million euros of revenue, water consumption halved from 253 m^3 in 2013 to 128 m^3 in 2019. This extremely low figure should be compared with that of other industrial sectors, where it is sometimes 10 times higher.

Methods of recycling and reusing water have been adopted in certain countries:

- The Jalgaon site in India recovers rainwater to supply the domestic water network.
- In Australia, rainwater is collected and used to water green spaces.

4.5 - DUTY OF CARE

In accordance with its CSR strategy and with France's 2017 act on the duty of care of parent companies and ordering companies, Legrand has set up a duty of care plan, the structure and results of which are presented below.

The aim is to ensure that Legrand's partners are committed to meeting its standards in terms of working practices, business ethics, the environment and health and safety.

4.5.1 - Scope and implementation

The plan applies to all of the Group's consolidated entities, without exception. As part of the integration process, new acquisitions are included within the system as quickly as possible. Entities are included in extra-financial performance reporting at the end of the first full year of reporting.

The table below summarizes Legrand's duty of care plan to ensure respect for human rights, the environment and personal health and safety, in its own activities and those of its suppliers. The plan has three dimensions:

- the five stages of implementing a duty of care plan under the act;
- three categories of issues: human rights, the health and safety of people, and the environment; and
- two business scopes: the activities of Legrand its subsidiaries, and the activities of its suppliers and subcontractors with which it has commercial relationships.

As part of its commercial activities, Legrand has historically operated mainly a "flow" business, particularly with its distributor clients, which resell the Group's solutions (products and services) to installers or end-users. However, there is an upward trend in project-related sales.

Accordingly, Legrand is looking at extending its duty of care plan to cover its projects business.

4.5.2 - Governance

The Corporate Social Responsibility Department is in charge of the duty of care plan.

A working group involving the finance, purchasing, operations, health and safety at work, human resources, environment and legal functions has been set up. It helped devise the duty of care plan and meets regularly to co-ordinate its implementation.

The working group reports on its work to the Risk Committee (as regards the system, action plan and results), since the duty of care plan has been identified as a way of reducing risk for the Group and its stakeholders. Members of the Executive Committee attend the relevant Risk Committee meetings.

The duty of care plan is also presented and discussed in the Strategy and Social Responsibility Committee, one of the Board of Directors' specialist committees.

The duty of care plan has been presented to union representatives at the French and European levels.

4.5.3 - Overview of the duty of care plan

	Human rights and fundamental freedoms	Occupational health and safety (OHS)	Environment
STAKEHOLDER RISK MAPPING			
Legrand	Human rights risk mapping	Accident reporting (in real time, monthly and annually) Safety while travelling: identifying at-risk areas	ISO 14001 certification (identification of Significant Environmental Aspects)
Suppliers	CSR risk mapping (environment, OHS, human rights, ethics and supply chain) Targeting of the most exposed purchasing categories and the most relevant suppliers.		
REGULAR ASSESSMENT PROCEDURE (WITH RESPECT TO RISK MAPPING)			
Legrand	Annually updated human rights self-assessment by subsidiaries	Monitoring of OHS reporting results (process and accident rate)	Annual environmental reporting ISO 14001 certification (regular audits)
Suppliers	Periodic review of risk mapping, adjusting the list of higher-risk suppliers accordingly Documentary audits: defining the supplier's risk level (CSR scorecard), on-site audits		
PREVENTION OF SERIOUS BREACHES AND RISK MITIGATION			
Legrand	Human Rights Charter Follow-up self-assessment if risks are detected, action plan monitored by the Group	Deployment of the Legrand Way for Health and Safety Action plans monitored by the Group if a risk is detected via reporting Support from International SOS	Local risk mitigation action plans as part of the ISO 14001 approach Centralized monitoring of action plans aimed at reducing energy consumption and industrial waste recovery
Suppliers	Responsible purchasing training Purchasing specifications (or contracts or general terms of conditions of purchase) stipulating compliance with regulations and Legrand's CSR commitments Procedure for approving and managing "higher-risk suppliers in CSR terms" Risk mitigation: centrally monitored action plans of suppliers exposed to CSR risks		
ALERT OR WHISTLEBLOWING MECHANISMS			
Legrand suppliers	Group whistleblowing mechanism – see "Focus: The Legrand group's whistleblowing portal" in section 4.2.3		

	Human rights and fundamental freedoms	Occupational health and safety (OHS)	Environment
METHODS FOR MONITORING MEASURES TAKEN AND ASSESSING THEIR EFFECTIVENESS			
Legrand	**CSR priority no. 7:** Comply with the Group's commitment to human rights	**CSR priority no. 9:** Deploy best practice regarding health and safety at work	**CSR priority no. 13:** reduce the operational carbon footprint **CSR priority no. 17:** ensure waste recovery **CSR priority no. 18:** reduce volatile organic compound (VOC) emissions
Suppliers	**Priority no. 3**: raise awareness and provide training about responsible purchasing **Priority no. 4**: measure progress of suppliers identified as presenting risks in CSR terms		

4.5.4 - Supplier activities

Regular risk mapping and assessment

The purpose of this risk mapping is to:

- identify the risks for each stakeholder (staff members, communities, environment, customers) arising from the activities of our suppliers and subcontractors; and
- weight this risk according to the extent of Legrand's relationship with each supplier and subcontractor, particularly in terms of amounts purchased.

Detailed information on the methodology is provided in section 4.2.2.2 "Supplier risk mapping".

2014-2018 risk mapping

The first risk-mapping initiative took place in 2014 as part of the 2014-2018 CSR Roadmap.

It was aimed mainly at suppliers that consume chemical products, resulting in risks to health and safety for employees and the environment, for example, surface treatment, galvanization, painting and battery production activities. As a result, five categories of purchases exposed to chemical risks were detected. The risk map also looked at suppliers based in countries exposed to CSR risks, particularly workforce-related risks, and economically dependent on Legrand.

Overall, 200 suppliers were identified, analyzed and monitored in this way.

2019 risk mapping

A new risk-mapping initiative began in 2018 and was deployed from January 2019 as part of the 2019-2021 CSR Roadmap.

It was carried out with the help of Ecovadis, which specializes in assessing CSR practices in supply chains. The method involves assigning an overall CSR risk level to each purchasing category, in order to prioritize action.

The risk criteria taken into account in the Ecovadis methodology are as follows:

- the purchasing category's CSR risk, taking into account environmental, workforce-related, ethical and supply-chain risks (70% of the total CSR risk);
- purchasing risk, taking into account factors including the volume of purchases and the brand's exposure (30% of the total CSR risk).

Each purchasing category is therefore given a CSR risk score of between 1 and 6, where 6 denotes the highest level of risk.

The Group is focusing on the 21 purchasing categories found to have the highest CSR risk levels, starting with suppliers with which it does significant business.

That represents around 500 suppliers for the Group as a whole. They include several dozen suppliers in relation to corporate purchases in France, the United States, India, China, and Italy, around 20 in Brazil, Colombia, Turkey, around 10 in Russia, European countries and Southeast Asian sites.

To ensure continuity, the five risky categories of purchases identified in the previous roadmap were added, making a total of 26 purchasing categories that the purchasing departments of Group entities are expected to monitor specifically, in around 30 countries.

The risk map is updated for each new CSR Roadmap.

Regular assessment procedure

The suppliers identified using the risk mapping process are referred to as “higher-risk suppliers” in CSR terms. Primarily, Legrand uses theoretical targeting instead of identifying actual risks.

Those suppliers are systematically managed within the following risk management system:

- **A documentary audit resulting in a “CSR scorecard”,** taking the form of a detailed questionnaire covering four key areas:
  - respect for human rights and fundamental freedoms (including compliance with the eight fundamental conventions of the ILO);
  - employee health and safety (including the assessment of occupational risks, the identification of personal and collective protective equipment and their use by employees);
  - management of environmental issues (e.g. effluent treatment);
  - the supplier’s responsible purchasing approach (including the identification of its own suppliers that present CSR risks).

The maximum score is 100 points:

- score over 55: supplier compliant;
- score between 35 and 55: supplier presenting risks;
- score below 35: supplier critical.

For suppliers identified as “presenting risks” and “critical”, an improvement plan must be put in place.

Historically, certain countries such as the United States, India, Colombia and Brazil have used a questionnaire and scoring system that are slightly different but always more demanding. For example, US teams consider that a supplier is compliant when its score is over 70.

In 2019, 269 scorecards were produced, mainly by purchasing teams in the United States, corporate purchasing, France, Italy, China, India, Colombia and Brazil.

The results were as follows:

- 177 suppliers were found to be compliant in CSR terms (66%);
- 82 suppliers were found to present risks in CSR terms (30.5%);
- around 10 were found to be critical (3.5%).

- **On-site audit**: this is carried out following the documentary audit on the basis of evidence provided by the supplier.

In 2019, 72 CSR audits were performed at suppliers’ sites, mainly in Colombia, China, Brazil, Italy and India.

This assessment and monitoring system is being gradually automated via the Supplier Value Management (SVM) digital platform described in the “Focus” part of section 4.2.2.2.

Risk prevention and mitigation measures

The main measures to prevent and mitigate risks are:

- **Informing suppliers** of the CSR commitments expected by Legrand, particularly via purchasing specifications, contracts and general terms and conditions of purchase.

See section 4.2.2 “Purchasing Quality Management System (QMS)”.

- **Following an approval process,** which includes a CSR questionnaire.
- **Training staff members** in responsible purchasing.

In 2019-2021, Legrand has a target of providing this training to 1,000 staff members. In 2019, 503 staff members received responsible purchasing training.

See section 4.2.2.2, “Priority 3A: Responsible purchasing training”.

- **Incorporating CSR criteria** into the criteria for selecting suppliers, including the supplier’s management of CSR risk.

For the 2019-2021 period, Legrand is aiming to implement the “Life Cycle Cost” approach in 30 countries by 2021. In 2019, the approach was used in nine countries.

See section 4.2.2.1.2 “Priority 3B: implementation of a “Life Cycle Cost” approach in purchasing processes”.

- **Establishing improvement plans** with suppliers designated as presenting risks or critical. These formal action plans are coordinated locally by the country’s head of purchasing or by a responsible purchasing correspondent (as in India, China and the United States).

For 2019-2021, Legrand’s target is for 100% of suppliers presenting risks to show an improvement.

See section 4.2.2.2 “Priority no. 4 - Measure the progress of suppliers identified as presenting risks in terms of CSR”.

- **Sharing information about progress with action plans** and critical situations periodically between the Group’s country purchasing managers and sustainable purchasing managers. A quarterly review is carried out by the Purchasing Management Committee and the Purchasing CSR Steering Committee, and data are also shared twice yearly with the Group Risk Committee.

Effectiveness and results of the monitoring plan

Since 2014, Legrand has discontinued relations with five higher-risk suppliers because of major discrepancies or for failure to engage with the improvement plan.

No serious discrepancies such as those involving child labor were detected.

The action plans mainly highlight the need to produce periodically the necessary documentary information (environmental certificates, for example) and to formalize health and 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.).

For example, in 2019 in India, 16 suppliers presenting risks in CSR terms were targeted to make progress with their action plans. Of those suppliers 13 completed the action plans and became "CSR compliant", two had one action left to complete (finishing the installation of a water treatment station) and one was found to be critical following an audit carried out in December 2019: the action plan is underway.

Indicators relating to the supplier duty of care plan	
Resource indicators	
Number of people receiving responsible purchasing training	503
Coverage rate of the purchasing risk analysis	100%
Number of documentary audits (CSR scorecards)	269
Number of on-site audits	72
Number of action plans monitored	Figure pending
Risk indicators	
Total number of suppliers	35,000
Number of higher-risk suppliers in terms of CSR (theoretical analysis of CSR mapping)	700 (200 in 2014 + 500 in 2019)
Number of suppliers presenting risks in terms of CSR (with respect to the 269 CSR scorecards completed at end-2019)	82
Number of critical suppliers in terms of CSR (with respect to the 269 CSR scorecards completed at end-2019)	10
Performance indicators	
Number of ethical alerts (internal and external) concerning suppliers	0
% of suppliers presenting risks in CSR terms to have shown an improvement in their situation	Available in 2020
Number of suppliers whose contracts have been terminated	5 since 2014

4.5.5 - Group activities

4.5.5.1 HUMAN RIGHTS

Regular risk mapping and assessment

Theoretical risk mapping

Since 2012, Legrand has mapped risks regarding 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. Through this approach, the Group determined that in 2019:

- 67% of the Group's workforce was based in "free" countries,
- 33% of the workforce was based in countries that are either "not free" or "partially free" according to the Freedom in the World index, mainly China, Russia, Hong Kong, Egypt, Turkey and Mexico.

The analysis helps to prioritize these countries in terms of trade and work done

In 2018, Legrand developed its approach by mapping theoretical risks relating to six main issues: child labor, forced labor, health and safety, working conditions, freedom of association and discrimination.

These theoretical risks were ranked according to the following criteria:

- potential severity of the breach measured through its potential extent (size of workforce),
- difficulty of remedial measures and scale;
- probability of occurrence.

This ranking exercise was carried out using external resources such as ITUC's Global Rights Index and the US Department of State reports on forced labor, child labor and the human rights situation worldwide (classified by country). Legrand also took into account whether or not ILO conventions had been ratified and whether or not local legislative provisions existed.

Based on these resources, Legrand ranked theoretical risks in order to find the most relevant ones in each country.

The countries identified as theoretically presenting the greatest risks are: 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.

Inherent risk mapping

Until 2018, Legrand based its due diligence within these countries on the Danish Institute for Human Rights methodology. The subsidiary self-assessment process was supplemented by a meeting with the person responsible for social issues. After that assessment, certain inherent risks were identified. An action plan to address them was then defined with the local Human Resources manager.

Since 2019, Legrand has been deploying a new investigation matrix, still inspired by the Danish Institute questionnaire and, using that tool, will regularly assess how closely its subsidiaries' practices comply with its Human Rights Charter.

Risk prevention and mitigation measures

In 2017, Legrand drew up a Charter on Human Rights based on the principles and standards previously detailed. The Charter was approved by the Chief Executive Officer. It sets out, in operational terms, the Group's commitments to comply with the aforementioned texts. It seeks to inform all internal and external stakeholders about the principles and commitments that the Group has adopted for itself and its partners in connection with its activities.

In 2018, the Charter was rolled out to those in charge of subsidiaries and local purchasing and human resource managers. Almost 140 people underwent awareness-raising in relation to human rights themes.

In 2019, all countries carried out a self-assessment regarding respect for fundamental rights at work. The countries completing the questionnaire covered 99.9% of the workforce.

Five subsidiaries located in Tunisia, Côte d'Ivoire, Cameroon, the Baltic states and Germany did not report results, representing fewer than 40 people in total. They will carry out their assessment in 2020.

Effectiveness and results of the monitoring plan

Neither forced labor nor child labor situations, as defined by ILO conventions, are present within the Group entities analyzed.

Questionnaire results have identified areas of potential progress, relating to practices that already exist within the Group but are insufficiently deployed.

Among the improvement initiatives being undertaken, the main themes are:

- raising awareness of non-discrimination;
- improving working conditions, deploying actions in favor of health and safety;
- communication about the existence of the whistleblowing system.

Action plans are therefore being implemented as part of a continuous improvement process.

Those action plans are monitored in relation to priority targets relating to human rights in the 2014-2018 CSR Roadmap (see section 4.4.1.1).

4.5.5.2 OCCUPATIONAL HEALTH AND SAFETY

Regular risk mapping and assessment

As part of Legrand's approach to human rights (see section above), the questionnaire sent to all Group subsidiaries in 2019 addresses the theme of occupational health and safety (OHS).

The OHS theme and remedial measures are assigned "high" importance.

Action taken on the basis of results is prioritized according to the country ranking referred to in section 4.5.5.1.

The method produces a score related to the environment in which the Group carries out its activities. Our analysis is supplemented by identifying the scopes in which accidents are most common, based on actual accident frequency rates with and without lost time.

This gives a list ranked according to country risk criteria (country rating) and criteria related to site activity (accident data).

Based on the country risk criteria, the analysis shows that the following Group scopes are the riskiest: Brazil, China and India.

As regards accident data, the countries with the highest FR1 lost-time accident frequency rates are France, Canada and Spain.

The countries with the highest FR2 accident frequency rates (with and without lost time) are the United States and Turkey. Specific action plans are underway in each of those countries.

Work accidents with or without lost time are classified by standard cause, of which the three main ones in 2019 were:

- object being handled (35%);
- fall or collision not at height (21%)
- machinery (8%).

Risk prevention and mitigation measures

Overriding OHS requirements

The Group has defined overriding OHS requirements. They relate to the following themes:

- formal safety guidelines based on risk assessments;
- communication and training (management, awareness-raising campaigns and results, hours of OHS training);
- treatment of accidents (systematically analysis of root causes and adoption of an action plan, use of information displays to mark the location of accidents and real-time reporting);
- treatment of near-misses (disclosure and treatment system extended to hazardous situations);
- management (promotion of the Group's OHS policy, OHS committees, safety visits and 15-minute safety briefings);
- health (health monitoring, prevention of musculoskeletal disorders, UN targets and prevention of psychosocial risks).

These overriding requirements now form part of the OHS criteria within the Group's CSR Roadmap.

For more details about these criteria, please refer to section 4.4.2 of this document.

Comprehensive reporting

A three-tier reporting process is in place:

- real-time reporting of work-related accidents (immediate disclosure to the Group's General Management);
- quarterly reporting of accident data (accidents, days of lost time, occupational illness);
- annual reporting of accident data but also CSR Roadmap criteria.

Targeted action plans

In France, a specific system is in place that takes into account accident data. The aim is to deploy tools intended to enhance the safety culture among all our staff members. The units experiencing the most accidents are also supported by an external consultancy.

In the United States, a specific action plan is underway to address the main accident risks. For example, ergonomic analyses of activities are being used more widely and a handling policy is being defined to prevent accidents.

Effectiveness and results of the monitoring plan

By the end of the 2014-2018 roadmap period, there was a significant reduction in the FR1 lost-time accident frequency rate indicator, from 8.37 to 4.22.

The Group has changed its reference indicator: it now uses the FR2 indicator, which covers accidents with and without lost time.

In 2019, the Group's FR2 indicator fell substantially, from 6.53 to 5.49.

Indicators relating to the duty of care plan at our sites Human rights and occupational health and safety issues	
Resource indicators	
Hours of occupational health and safety training	170,725 (5.2 per person on average)
Human rights risk map coverage rate	99.9%
Occupational health and safety reporting coverage rate	100%
% of the workforce covered by the roll-out of Health and Safety best practice	43.6%
Risk indicators	
% of the workforce working in countries that are “not free” or “partially free”	33%
Performance indicators	
Number of ethical alerts (internal and external) concerning the rights of employees or human rights more generally	0
% of the workforce covered by a continuous improvement approach regarding human rights	99.9%
FR1 rate (lost-time accident frequency)	3.59
FR2 rate (frequency of accidents with or without lost time)	5.49
Number of entities with a preventive or remedial human rights action plan	21
Number of human rights action plans in progress	23

4.5.5.3 ENVIRONMENT

Regular risk mapping and assessment

For more than 15 years, Legrand has ensured that each major site reports data that allows its environmental impact to be assessed in terms of energy consumption, water consumption, emissions of pollutants (VOCs or volatile organic compounds) into the air, and waste production and management (see section 4.6.3 regarding the environmental reporting system).

On the basis of energy consumption, the Group’s greenhouse gas emissions are calculated each year, particularly for Scopes 1 and 2.

The elements referred to above are identified as the Group’s main risk factors.

Each site’s environmental impacts are identified, measured and managed using the ISO 14001 environmental management system (EMS), which defines a continuous improvement loop: identification and management of Significant Environmental Aspects (SEAs) allow each site to produce its own risk map.

Through centralized monitoring, the Group checks that this continuous improvement is reflected in its consolidated indicators. The most important issues (energy consumption, waste recovery, VOCs) are subject to reduction targets as part of CSR Roadmaps.

Risk prevention and mitigation measures

ISO 14001 is used as a common reference for all sites. Each Group site must have an Energy Management System, and its compliance with ISO 14001 is certified by a third party. That compliance is declared each year in environmental reporting.

To meet ISO 14001 targets as well as targets set by the CSR Roadmap, each site is encouraged to produce an ambitious plan of action that is monitored locally as part of the EMS. This decentralized way of defining initiatives ensures that they are suited to local conditions, which vary widely from site to site depending on location, the environment and the production processes used.

Industrial best practice as set out in the Legrand Way forms a benchmark to guide sites in their improvement plans.

The effectiveness of measures taken is monitored as part of the ISO 14001 EMS. Results are consolidated, and this shows progress towards targets at the Group level and allows it to define remedial action targeting some or all sites, particularly those where results are not satisfactory.

Effectiveness and results of the monitoring plan

The process for issuing immediate alerts in the event of an accident or environmental alerts did not reveal any incidents in 2019.

Indicators regarding the Group's environmental indicators (energy consumption, water consumption, emissions of VOCs into the air and waste production and management) show a decrease in line with stated targets.

The Group also sets aside financial reserves to cover environmental risks. They relate to past pollution resulting from industrial activities prior to Legrand's arrival at the relevant sites, and are subject to analysis and treatment plans.

Indicators relating to the duty of care plan at our sites - Environmental issues	
Resource indicators	
Proportion of sites with ISO 14001 certification	91.5%
Risk indicators	
Number of ethical alerts (internal and external) concerning the environment	0
Amount of reserves set aside to cover environmental risks	€9 million
Performance indicators	
% reduction in energy consumption	-3%
% reduction in direct CO_2 emissions	-6%
% of waste sent to the recovery facilities	90%
% reduction in VOCs	-4.5%

4.5.6 - Future development of the duty of care plan

Although the duty of care plan is already up and running, Legrand aims to improve it through a continuous improvement loop.

The following areas for improvement have been identified:

- Consultation with stakeholders. Broaden consultation of employee representative bodies beyond Europe. For other stakeholders, consultation may take place through multi-party industry or regional initiatives;
- The publication of a report that is independent of other communication documents.

4.6 - SUMMARY OF INDICATORS AND CROSS-REFERENCE TABLES

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. They covered 100% of the Group's workforce (excluding acquisitions in the previous three years) in 2019. New acquisitions receive training on the rules and standards of reporting in the first year of their consolidation into the Group. Their prevention indicators are taken into account within the overall figures provided by the Group only after the third year following their consolidation because of the time needed to conform to the Group's methods and standards.

  In 2019, eight entities joined the scope of reporting. They were entities that joined the Group in 2016:

  - Luxul and Pinnacle in the United States,
  - Solarfective in Canada,
  - CP Electronics and Jontek in the United Kingdom;
  - Fluxpower in Germany;
  - Trias in Indonesia.

- **Human Resources reporting** periodically consolidates statistical data on human resources management.

In 2019, it covered 98.6% of the workforce. New acquisitions are integrated the year following their entry into the Group's scope of consolidation.

In 2019, six entities joined the scope of reporting:

- Shenzhen Clever Electronic in China;
- Netatmo and Debflex in France;
- Trical in New Zealand;
- Kenall in the United States,
- Gemnet in Dubai.

Universal Electric Corporation, acquired in 2019, has not yet been integrated.

- **Environment reports** allow periodic consolidation of environmental data. They concern production sites, administrative or commercial sites with more than 200 employees, and logistics sites larger than 15,000 m^2. New acquisitions are integrated at the latest three years after they join the Group.

  In 2019, reporting covered 89 sites. Four sites joined the scope of reporting:

  - Pinnacle in the United States;
  - Solarfective in Canada;
  - CP Electronics in the United Kingdom;
  - Trias in Indonesia.

All reporting tools include documents giving an overview of the reporting process plus a user guide. Online help, data consistency checks and mandatory comments are integrated into these applications to help with inputting the entities' qualitative data.

4.6.2 - Overview of workforce-related 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 and Safety scope of reporting, which covers all Group employees excluding acquisitions under three years (i.e. 32,504 people at the end of 2019).

	2017	2018	2019
FR1 - Frequency rate of lost-time work accidents: (Number of accidents x 1,000,000) / (Number of hours worked)	4.07	4.21	3.59
FR2 - Frequency rate of work accidents with or without lost time: (Number of accidents x 1,000,000) / (Number of hours worked)	6.37	6.53	5.49
Legrand Way - Deployment of OHS best practice (% of Group workforce working for entities with a score of 45 or more)	-	-	43.6%
Health and Safety Committees (HSCs) (% of Group workforce covered by this process)	91%	97%	97%
Occupational health (Number of people who have had a check-up within the last 5 years)	70%	77%	78%
Severity rate of accidents at work (Number of days of lost time × 1,000) / (Number of hours worked)	0.17	0.15	0.14
Number of accidents among subcontractors	99	116	100
Training Number of health and safety training hours per person	4.0	4.1	5.2
Occupational illness (Number of recognized occupational illnesses)	44	39	64
Number of fatal accidents	0	0	0

Additional comments:

- the proportion of the workforce for which risk indicators are consolidated corresponds to all employees covered by health and safety reporting, with the exception of a few cases of isolated or seconded employees.
- The frequency rate for work accidents with or without lost time improved substantially, with major progress in Africa, Asia and Italy. Targeted action plans continued in France and North America.
- For reasons related to the reporting process, the above results (excluding accident data) were calculated on the basis of end-September 2019 headcount, i.e. 32,954.

4.6.2.2 INDICATORS ON EMPLOYMENT, ORGANIZATION OF LABOR, LABOR RELATIONS AND TRAINING

Group workforce at the end of 2019

Registered workforce (open-ended and fixed-term contracts): at the end of 2019, the registered workforce consisted of 34,955 people.

The scope of HR reporting is 34,456 people, 98.6% of the total workforce. Note that HR reporting does not include acquisitions completed in 2019.

Average workforce (open-ended and fixed-term contracts): average headcount in 2019 was 39,007. The breakdown by geographical location and main business sector is set out below.

	2017	2018	2019
TOTAL NUMBER OF EMPLOYEES (ANNUAL AVERAGE)	**37,356**	**38,379**	**39,007**
By geographical location:			
France	5,544	5,718	5,950
Italy	2,882	2,927	2,907
Rest of Europe	5,479	5,755	5,886
North and Central America	6,298	6,385	7,187
Rest of the World	17,153	17,593	17,077

	2017		2018		2019	
	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%**	**81%**	**19%**	**80%**	**20%**
By geographical location:						
France	84%	16%	84%	16%	83%	17%
Italy	83%	17%	83%	17%	84%	16%
Rest of Europe	73%	27%	73%	27%	72%	28%
North and Central America	77%	23%	77%	23%	79%	21%
Rest of the World	83%	17%	83%	17%	**82%**	**18%**

Organization of working hours – Worldwide

	2017	2018	2019
% of employees working full-time	97.5%	97.4%	97.4%
% of employees working part-time	2.5%	2.6%	2.6%

N.B. The definition of full time and part time is given in the HR reporting user guide.

Absenteeism – Worldwide

	2017	2018	2019
All job categories	3.18%	2.90%	2.67%

N.B. The following are excluded: days of temporary layoff, disciplinary suspension, strikes, maternity leave, absence for family events (statutory or under agreements), statutory holidays and unpaid leave. Days of long-term sickness leave, i.e. days when the employee is no longer compensated by the company, are excluded from the calculation.

The absenteeism indicator covers 84.4% of the year-end workforce in HR reporting.

Employee-management dialogue and freedom of association – Worldwide

	2017	2018	2019
% of employees covered by a collective bargaining agreement and/or convention	50%	48%	46%

N.B. The percentage of employees covered by a collective bargaining agreement is the percentage of the total year-end workforce in the HR reporting scope.

Restructuring and reorganization – Worldwide

	2017	2018	2019
% of reporting scopes with consultation rules	32%	34%	34%

Compensation – Worldwide

	2017	2018	2019
% of non-managers on minimum wage	2.7%	3.0%	1.4%

N.B.

The minimum wage is the legal minimum wage of the country concerned;

11 reporting areas have employees on the minimum wage;

the indicator above covers 99.3% of the Group's non managerial employees.

Compensation by gender and occupational category – Worldwide

	2017	2018	2019
Gender pay gap: managers	11.7%	12.3%	14.2%
Gender pay gap: non-managers	13.0%	12.9%	12.3%

N.B. The calculation of the gender pay gap, for both non-managers and managers, is based on the weighted workforce in each reporting scope. It covers 99.5% of the Group's non-managerial employees and 97.1% of its managerial employees.
With respect to the pay gap for non-managers, Legrand's industrial operations are assembly intensive. Workshops are essentially staffed by women and the qualification level required is low.
Concerning the pay gap for managers, note that these roles are essentially filled by men, the explanation for which lies in Group's engineering activities (electronic, electrotechnical and electromechanical fields) and sales and marketing activities (sales engineers). Pay for those jobs is above the Group average for managers.

Geographical breakdown of workforce

	2017	2018	2019
Mature countries	44%	47%	47%
New economies	56%	53%	53%
TOTAL	100%	100%	100%

N.B. The breakdown covers 100% of employees on open-ended or fixed-term contracts.

Breakdown by occupational category – Worldwide

	2017	2018	2019
Managers	26%	27%	30%
Non-managers	74%	73%	70%

N.B. Definitions of occupational categories are included in the HR reporting user guide.

Breakdown by age – Worldwide

	2017	2018	2019
Employees < 26 years	8%	7%	7%
Employees ≥ 26 years and < 36 years	27%	26%	26%
Employees ≥ 36 years and < 46 years	31%	31%	30%
Employees ≥ 46 years and < 56 years	24%	25%	25%
Employees ≥ 56 years	10%	11%	12%

N.B. The age pyramid takes into account employees with fixed-term or open-ended employment contracts.

Breakdown by type of contract

	2017	2018	2019
Open-ended worldwide	84%	85%	85%
Fixed-term worldwide	16%	15%	15%

N.B. It should be noted that the proportion of fixed-term contracts is inherently affected by the large number of temporary contracts in China, a common local practice.

Hirings and departures – Worldwide

	2017	2018	2019
Proportion of open-ended contracts in hiring of employees on open-ended and fixed-term contracts (excluding fixed-term contracts converted into open-ended contracts)	37%	38%	37%
Proportion of fixed-term converted into open-ended contracts in hiring of employees on open-ended contracts	23%	20%	22%
Open-ended contract turnover	11.1%	12.9%	13.8%

In 2019:

the total number of hires was 7,471;

the number of open-ended contracts among new hires on open-ended and fixed-term contracts totaled 2,736;

the number of fixed-term contracts converted into open-ended contracts was 751.
"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 by taking the total number of terminated open-ended contracts and dividing it by the open-ended contract workforce at the beginning of the financial year.

Moreover, it should be noted that the proportion of fixed-term contracts is inherently affected by the large number of temporary contracts in China, a common local practice.

*Departures**	2017	2018	2019
Of which resignations	50%	50%	48%
Of which retirement	11%	10%	9%
Of which other departures	39%	40%	43%
TOTAL	100%	100%	100%

N.B.: Data relating to departures include open-ended contracts. The "other departures" indicator takes into account collective 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 2019, the total number of departures was 8,266 for all reasons and for all types of contracts combined (of which 17.07% were departures for personal reasons, layoffs for economic reasons, and fixed-term contracts terminated early by the employer). Out of that total, 4,122 departures concerned employees on open-ended contracts; 4,144 departures concerned employees on fixed-term contracts, of which 74% were in the Group's Chinese entities on account of the high proportion of fixed-term contracts, a common local practice. Note that 86% of departures of employees on fixed-term contracts took place at the employee's initiative.

Hirings by gender – Worldwide

	2017	2018	2019
Percentage of women among persons hired	50%	45%	46%
Percentage of men among persons hired	50%	55%	54%

N.B.: These figures take into account open-ended and fixed-term contracts and exclude fixed-term contracts converted into open-ended contracts.

Employee training (fixed-term and open-ended contracts)

	2017	2018	2019
Number of training hours per employee (worldwide)	17 h	14 h	17 h
Number of training hours per employee – Managers	26 h	20 h	23 h
Number of training hours per employee – Non-managers	14 h	12 h	15 h
Percentage of the Group's workforce receiving training during the year	90%	94%	85%

Talent management – Worldwide

	2017	2018	2019
Rate of periodic individual appraisals (CAPPs) – Managers	92%	90%	93%
Manager retention rate	96%	95%	95%

4.6.2.3 DIVERSITY INDICATORS

The tables below summarize the main Group indicators in terms of diversity. All data are reported unadjusted for changes in scope of consolidation.

Breakdown of employees by gender – Worldwide – Open-ended and fixed-term contracts

	2017	2018	2019
Women	36%	36%	36%
Men	64%	64%	64%

Breakdown of employees by gender and age – Worldwide – Open-ended and fixed-term contracts

	2017	2018	2019
Female employees < 26 years	3.5%	3.0%	3.2%
Male employees < 26 years	4.0%	4.3%	4.1%
Female employees ≥ 26 years and < 36 years	10.5%	9.7%	9.4%
Male employees ≥ 26 years and < 36 years	17.0%	16.5%	16.4%
Female employees ≥ 36 years and < 46 years	11.5%	11.6%	11.6%
Male employees ≥ 36 years and < 46 years	19.5%	19.4%	18.8%
Female employees ≥ 46 years and < 56 years	8.0%	8.1%	8.4%
Male employees ≥ 46 years and < 56 years	16.5%	16.6%	16.5%
Female employees ≥ 56 years	3.5%	3.7%	3.9%
Male employees ≥ 56 years	6.0%	7.1%	7.7%

N.B. At the end of 2019, the average age of male employees was 42.08 years, compared with 41.02 years for women.

Breakdown of employees by gender and occupational categories – Worldwide – Open-ended and fixed-term contracts

	2017	2018	2019
Percentage of female managers	22.1%	22.6%	23.5%
Percentage of male managers	77.9%	77.4%	76.5%
Percentage of female non-managers	41.6%	41.3%	42.1%
Percentage of male non-managers	58.4%	58.7%	57.9%
Percentage of women in key positions	14.8%	15.2%	16.6%

Percentage of disabled workers – Worldwide

	2017	2018	2019
Percentage of disabled workers	2.37%	2.30%	2.23%

For France, the rate for disabled workers was 7.45% at the end of 2019, above the legal minimum of 6% (as provided for by law, including subcontracting to the protected sector). This rate is based on 99% 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, 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 universal registration document.

4.6.3.1 ENVIRONMENTAL INDICATORS – SITES

The table below shows the main indicators monitored by the Group as regards impacts related to site activities. The data are unadjusted for changes in the scope of consolidation.

	2017	2018	2019
Energy consumption (GWh)	454	451	436
Direct energy consumption (mainly gas) (GWh)	189	187	168
Indirect energy consumption (mainly electricity) (GWh)	265	264	268
Total CO_2 emissions linked to energy consumption or Scope 1 and 2 emissions (in thousands of metric tons of CO_2 equivalent)	178*	178	168
Emissions from product transportation (in thousands of metric tons of CO_2 equivalent)	99.8	115.0	115.0
Indirect or Scope 3 CO_2 emissions (thousands of metric tons of CO_2 equivalent)	2.096	2,500****	2,230****
ISO 14001-certified sites (%)	92%	90%	91%
Water consumption (in thousands of m^3)	895	855	773
Waste produced (in thousands of metric tons)	54	54	51
of which hazardous waste	6%	5%	5%
Waste recovered** *(%)*	90%	91%	90%
Volatile Organic Compound (VOC) emissions (metric tons)***	119	127	121

** Recovery complies with the requirements of the GHG Protocol.*

*** Sent for recycling.*

**** Only business-related emissions are taken into account (excluding maintenance)*

***** Including an initial estimate of emissions from products sold.*

N.B.

- Environmental reporting is based on a special calendar always consisting of the fourth quarter of year Y-1 and of the first three quarters of year Y;
- Acidifying agents nitrogen oxides (NO_x) and sulfur oxides (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 SOx emissions are negligible and NOx emissions strictly limited by local regulations.

4.6.3.2 ENVIRONMENTAL INDICATOR – PRODUCTS

	2017	2018	2019
Share of Group sales generated by products with PEPs	67%	70%	62%
Share of Group sales[(1)] compliant with RoHS regulations	93%	98%	91%

(1) Including Group products outside the scope of RoHS regulations, excluding acquisitions in 2019 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

	2017	2018	2019
Environment-related contingency provisions and guarantees (in millions of euros)	8.6	7.4	9.0
Convictions, fines, closures	0	0	0

4.6.4 - GRI cross-reference table

This report was prepared in line with the core level of the GRI Standards (2018 version).

The full GRI cross-reference table can be found on the Group website.

https://www.legrandgroup.com/fr/notre-responsabilite/centre-de-ressource-rse

4

4.6.5 - Global Compact cross-reference table

	Global Compact principle	Sections of the universal registration document
1.	Businesses should support and respect the protection of internationally proclaimed Human Rights	4.2.2 Ensure responsible purchasing 4.3.1.1 Comply with the Group's commitment to human rights
2.	Businesses should ensure that they are not complicit in human rights abuses	4.3.1.1 Comply with the Group's commitment to human rights
3.	Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining	
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	4.3.4. Promote equal opportunities and diversity
7.	Businesses should support a precautionary approach to environmental challenges	4.4. Work towards safeguarding the environment
8.	The undertaking of initiatives to promote greater environmental responsibility	
9.	The encouragement of the development and diffusion of environmentally friendly technologies	4.4.2 Innovate for a circular economy
10.	Businesses should work against corruption in all its forms, including extortion and bribery	4.2.2 Act ethically 4.2.2 Ensure responsible purchasing

4.6.6 - Cross-reference table with the Communication On Progress under the Global Compact

The full GRI cross-reference table can be found on the Group website.

https://www.legrandgroup.com/fr/notre-responsabilite/centre-de-ressource-rse

4.6.7 - Materiality for the Group of the core issues of ISO 26000

ISO 26000 core issues	Low or moderate materiality	High materiality	Group CSR Roadmap priorities
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	Priority 7. Respect human rights Priority 11. Develop skills Priority 12. Promote diversity
Labor practices	Social dialog	Occupational health and safety Working conditions and employee welfare Employment and employer/employee relationship Human resources development	Priority 7. Respect human rights Priority 9. Guarantee health and safety at work Priority 11. Develop skills Priority 12. Promote diversity
Environment	Preventing pollution Protection and rehabilitation of the natural environment	Sustainable use of resources Climate change mitigation and adaptation	Priority 13. Reduce the Group's environmental footprint Priority 15. Innovate 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	Priorities 5 and 6. Act ethically Priorities 3 and 4. Ensure responsible purchasing
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 resolution of consumer complaints and disputes Protection of consumer data and privacy	Priority 1. Provide sustainable solutions
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	Priority 1. Provide sustainable solutions Priority 8. Contribute to communities Priority 11. Develop skills

4.7 - STATUTORY AUDITORS' REPORT

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non financial statement

This is a free translation into English of the Statutory Auditor's 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 31, 2019

To the Shareholders,

In our capacity as Statutory Auditor of Legrand SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2019 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the company's website or on request from its headquarters.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (Code de déontologie). 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.

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF PROCEDURES

We performed our work in accordance with Articles A. 225-1 et seq. of the French Commercial Code 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 (Assurance engagements other than audits or reviews of historical financial information).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- we familiarized ourselves with the Group's business activity and the description of the principal risks associated.
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- we verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion.

- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code.
- we verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important, namely those relating to the 2019-2021 roadmap, based on works carried out at the level of the consolidating entity.
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.
- We carried out, for the key performance indicators and other quantitative outcomes (presented in Appendix 1) that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities (presented in Appendix 2) and covered between 17% and 27% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.
- We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESOURCES

Our work engaged the skills of five people between December 2019 and February 2020.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around thirty interviews with people responsible for preparing the Statement.

CONCLUSION

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Moderated assurance attestation on the 2019 achievement rates of the 2019-2021 Roadmap

NATURE AND SCOPE OF OUR WORK

Regarding the 2019 achievement rates of the 2019-2021 Roadmap presented in the summary table of paragraph "2019 extra-financial performance" in the management report, we conducted work of the same nature as the work described in section 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 2019 achievement rates of the 2019-2021 Roadmap.

CONCLUSION

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the 2019 achievement rates of the 2019-2021 Roadmap, taken as a whole, are not presented fairly in accordance with the Guidelines.

Paris-La Défense, February 19, 2020

One of the statutory auditors,

Deloitte & Associés

Jean-François Viat	Olivier Jan
Partner	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:

KEY PERFORMANCE INDICATORS AND OTHER QUANTITATIVE OUTCOMES

Quantitative health and safety information

- Frequency rate of lost-time work accidents
- Severity of accidents at work
- Number of recognized occupational illnesses

Other quantitative social information

- Registered workforce at the end of 2019
- Total number of hires
- Departures (of which layoffs)
- Number of training hours per employee (Worldwide)
- Absenteeism (All job categories)
- Share of non-managers on minimum wage
- Share of the workforce employed in entities in which there was an employee representative body and/or a union

Quantitative environmental information

- Water consumption (in thousands m^3)
- Direct and indirect energy consumption (GWh)
- Total CO2 emissions linked to energy consumption or Scope 1 and 2 emissions (in thousands of metric tons of CO2 equivalent)
- Indirect or Scope 3 CO2 emissions (thousands of metric tons of CO2 equivalent)
- Volatile Organic Compound (VOC) emissions (metric tons)
- Waste produced (in thousands of metric tons) – of which hazardous waste
- Waste recovered (Sent for recycling) (%)

Appendix 2

The sample of selected entities and sites is presented below:

Quantitative health and safety information:

EDIA (France), Italy, Legrand Bticino (Mexico), Legrand Hungary et Numéric (India).

Other quantitative social information :

Italy, Legrand Bticino (Mexico), Legrand Hungary et Legrand USA.

Quantitative environmental information :

Caxias (Brasil), Queretaro (Mexico), Spinetta Alessandria (Italy), Szentes (Hungary), Tradate (Italy), Varèse (Italy) and West Hartford (USA).

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

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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 Universal Registration Document. 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 - 2019 HIGHLIGHTS

Integrated performance fully in line with targets

In 2019, in a mixed economic environment, Legrand delivered a solid integrated performance that was fully in line with its targets for the year[1] and its value-creating medium-term business model.

Sales rose a total +10.4%, driven in particular by dynamic +2.6% organic growth and a sustained +5.3% increase in scope of consolidation, rounded out by a +2.2% exchange-rate effect.

Adjusted operating margin before acquisitions[2] came to 20.4%. Taking acquisitions into account, adjusted operating margin was 20.0%, reflecting a +9.4% rise in adjusted operating profit. Net profit attributable to the Group and normalized free cash flow increased respectively by +8.2% and by +13.0%.

In addition, non-financial performance was ahead of planned schedule, with 113%[3] achievement rate of Group's CSR roadmap reflecting its commitment to all stakeholders.

Consolidated sales

Sales for 2019 stood at €6,622.3 million, increasing +10.4% in total from 2018.

In 2019, Sales growth at constant scope of consolidation and exchange rates was +2.6%, driven by rises in both mature countries (+2.6%) and new economies (+2.5%). The impact of the broader scope of consolidation came to +5.3%. The exchange-rate effect on sales was positive at +2.2%.

Adjusted operating profit and margin

Before acquisitions (at 2018 scope of consolidation), adjusted operating margin came to 20.4% of sales in 2019. Against the backdrop of rising US tariffs, fully compensated, this +0.2-point improvement from 2018 reflects efficient management of pricing, a good operating performance over the year, and solid control of administrative and selling expenses.

As announced, the impact of changes in the scope of consolidation on adjusted operating margin was 0.4 point for the full year, setting adjusted operating margin at 20.0% of sales in 2019. Adjusted operating profit rose +9.4% to €1,326.1 million.

Net profit attributable to the Group

Net profit attributable to the Group rose by +8.2% in 2019, to total €834.8 million.

This represents a €63.1 million increase from 2018 that stems mainly from:

- a rise in operating profit (+€98.4 million);
- an unfavorable change (-€16.3 million) in net financial expenses (due primarily due to the implementation of the IFRS 16 standard for an impact of -€9.7 million) and the foreign-exchange result; and
- a rise in corporate tax in absolute value (-€17.0 million), coming from the increase in Group profit before tax, partially offset by the favorable impact of a one-off reduction in the corporate tax rate from 28.1% in 2018 to 27.5%.

Cash generation

Cash flow from operations stood at 18.4% of sales, i.e., up +11.0%. Normalized free cash flow was up +13.0% from 2018 at 15.2% of sales. Working capital requirement came to 8.1% of sales at December 31, 2019, down 1.1 points from December 31, 2018. This was due primarily to a particularly favorable trend in operating working capital requirement that was partially offset by the consolidation of recent acquisitions. Exceeding one billion euros, free cash flow represented 15.8% of Group sales, marking a sharp rise in 2019 of nearly 40% from 2018.

Non-financial performance

In 2019, the Group recorded 113%[1] achievement rate of its CSR roadmap, standing ahead of planned schedule. Launched in May 2019, this fourth roadmap, for three years, is structured around three focal areas (Business Ecosystem, People, and the Environment) and ten key challenges that contribute to the UN's Sustainable Development Goals.

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[1] *For a complete presentation of Legrand's 2019 targets and medium-term business model, readers are invited to consult the press release dated February 13, 2019.*

[2] *At 2018 scope of consolidation.*

[3] *Achievement rate of CSR 2019-2021 roadmap in 2019.*

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For more information on the non-financial performance statement, readers are invited to refer to the Chapter 4 of this universal registration document.

For more information on the non-financial performance statement, readers are invited to refer to the Chapter of this Registration Document.

Acquisitions

In 2019, Legrand pursued its growth strategy by acquiring companies that are leading players in their markets, with:

- Universal Electric Corporation, the undisputed American leader in busways for data centers;

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- Jobo Smartech, the Chinese leader in connected hotel-room management systems (lighting, ambient temperature, etc.); and
- Connectrac, an innovative US company specializing in over-floor power and data distribution.

This brings to ten the total number of acquisitions Legrand has made in the past two years, enabling the Group to strengthen its positions in promising markets in the United States, France, China, Germany, New Zealand and the United Arab Emirates

5.3 - OPERATING INCOME

5.3.1 - Introduction

The Group reports its finances and operating results on the basis of three operating segments that correspond to the regions of origin of invoicing. Information concerning the results of operations and financial positions for each of these three operating segments is presented for 2018 and 2019 in note 2.1 to the consolidated financial statements shown in chapter 8 of this Universal Registration Document. These three operating segments under the responsibility of three segment managers who are directly accountable to the Group's chief operating decision-maker are:

- Europe, including France, Italy and 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 conditions are the determining factors in business performance and net sales by zone, consolidated financial information for multi-country zones does not accurately reflect financial performance in each national market.

Furthermore, products may be manufactured and sold locally or imported from or exported to another Group entity. These factors may make it difficult to compare results for different operating segments. Consequently, with the exception of information relating to net sales, the discussion of results below 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 table below presents a breakdown by geographic zone of the Company's consolidated net sales (by destination: market where customers are based) for the years ended December 31, 2019 and 2018. Sales "by destination" means all sales by the Group to third parties in a given geographic market.

	12 months ended			
	December 31, 2019		December 31, 2018	
(in € million, except %)	€	%	€	%
Net sales by destination				
Europe	2,639.3	39.9	2,466.3	41.1
North and Central America	2,559.2	38.6	2,175.1	36.3
Rest of the World	1,423.8	21.5	1,355.8	22.6
Total	**6,622.3**	**100.0**	**5,997.2**	**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 68% 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:

- payroll costs;
- 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 EXPENSES

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 logistics, information systems and miscellaneous expenses;
- amortization of intangible assets, such as trademarks revalued following acquisitions; and
- other selling expenses, such expense incurred in connection with travel, advertising 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 EXPENSES

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: 2019 AND 2018

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Net sales	**6,622.3**	**5,997.2**
Operating expenses		
Cost of sales	(3,184.5)	(2,869.7)
Administrative and selling expenses	(1,764.4)	(1,606.8)
Research and development costs	(312.0)	(276.5)
Other operating income (expenses)	(124.0)	(105.2)
Operating profit	**1,237.4**	**1,139.0**
Financial expenses	(91.1)	(79.1)
Financial income	11.9	12.0
Exchange gains (losses)	(2.0)	2.2
Financial profit (loss)	**(81.2)**	**(64.9)**
Profit before tax	**1,156.2**	**1,074.1**
Income tax expense	(318.3)	(301.3)
Share of profits (losses) of equity-accounted entities	(1.8)	(0.4)
Profit for the period	**836.1**	**772.4**
Of which:		
- Net profit attributable to the Group	**834.8**	**771.7**
- Minority interests	**(1.3)**	**(0.7)**

The table below shows the calculation of adjusted operating income (defined as operating income 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), and maintainable adjusted operating income (i.e., excluding restructuring charges) for the periods under review:

(in € millions)	12 months ended December 31, 2019	December 31, 2018
Profit for the period	**836.1**	**772.4**
Share of profits (losses) of equity-accounted entities	1.8	0.4
Income tax expense	318.3	301.3
Exchange (gains) losses	2.0	(2.2)
Financial income	(11.9)	(12.0)
Financial expenses	91.1	79.1
Operating profit	**1,237.4**	**1,139.0**
Acquisition-related amortization,depreciation, expenses and income	88.7	73.1
Goodwill impairment	0.0	0.0
Adjusted operating profit	**1,326.1**	**1,212.1**
Adjusted restructuring costs(1)	30.9	25.7
Maintainable adjusted operating profit	**1,357.0**	**1,237.8**

(1) Adjusted restructuring costs are defined as restructuring costs adjusted for revaluation of assets at the time of acquisitions.

5.4.1 - Net sales

Consolidated net sales rose 10.4% to €6,622.3 million in 2019, compared with €5,997.2 million in 2018, reflecting the combined impact of:

- +2.6% organic rise (at constant scope of consolidation and exchange rates);
- +5.3% due to the broader scope of consolidation that resulted from acquisitions with carry-over effect of 2018 acquisitions consolidated for 12 months in 2019 including Modulan (Germany) consolidated for 9 months in 2018, Gemnet (United Arab Emirates) for 7 months and Shenzen Clever Electronic (China) for 6 months and to the first-time consolidation in 2019 for Debflex (France) for 12 months, Netatmo (France) for 12 months, Trical (New-Zeland) for 12 months and Universal Electric (United-States) for 9 months ; and
- +2.2% due to exchange-rate effects over the period.

5.4.1.1 ANALYSIS OF CHANGES IN NET SALES BY DESTINATION FROM 2018 TO 2019

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: 2018 and 2019:

	12 months ended December 31,					
***Net sales** (in € million, except %)*	2019	2018	Total change	Change in scope of consolidation	Organic growth(1)	Exchange-rate effect
Europe	2,639.3	2,466.3	7.0%	3.7%	3.3%	(0.2%)
North and Central America	2,559.2	2,175.1	17.7%	9.0%	2.5%	5.4%
Rest of the World	1,423.8	1,355.8	5.0%	2.3%	1.4%	1.2%
Consolidated total	**6,622.3**	**5,997.2**	**10.4%**	**5.3%**	**2.6%**	**2.2%**

(1) at constant scope of consolidation and exchange rates

Comments below concern sales by destination:

Europe:

Net sales in the Europe zone for 2019 came to €2,639.3 million compared with €2,466.3 million in 2018, an increase of +7.0%. This reflects:

- a +3.7% change in scope of consolidation
- the unfavorable -0.2% impact of exchange-rate fluctuations
- and +3.3% organic evolution

In Europe's mature countries, sales rose organically +2.9% over the period. This was driven by good showings in Italy that reported very good performances in energy distribution, user interfaces, and in connected products such as video door entry systems, Smarther thermostats, and Living Now with Netatmo range as well as in the United Kingdom, in the Benelux[1] in Switzerland and in Southern Europe[2] . Sales rose slightly in France from 2018, driven by good response to new connected products including emergency lighting and user interfaces with the Mosaic line launched in 2019 and the dooxie range introduced earlier.

In Europe's new economies, 2019 sales rose +6.0% at constant scope of consolidation and exchange rates, with Eastern Europe turning in a particularly solid showing.

The very sustained growth in sales recorded in Europe in the fourth quarter alone compared with 2018 (+5.1%), benefitted in part from one-off factors, particularly in Turkey and in Eastern Europe, and sets a demanding basis for comparison for 2020.

North and Central America:

Net sales in the North and Central America zone in 2019 came to €2,559.2 million compared with €2,175.1 million in 2018, an increase of +17.7%. This reflects:

- a +9.0% change in scope of consolidation
- the favorable +5.4% impact of exchange-rate fluctuations
- and +2.5% organic evolution

This good showing was driven by the United States, where sales rose +2.9% with solid growth in user interfaces, cable management, and busways for data centers, rounded out by rising sales in lighting commands and solutions.

Sales also rose in Canada and retreated in Mexico.

Note that in 2020, Legrand will not be pursuing a US retail contract that no longer meets its profitability criteria; leading to an anticipated negative impact on 2020 sales in North and Central America of around -2% of 2019 sales.

Rest of the World:

Net sales in the Rest of the World zone for 2019 came to €1,423.8 million compared with €1,355.8 million in 2018, an increase of +5.0%. This reflects:

- a +2.3% change in scope of consolidation
- the favorable +1.2% impact of exchange-rate fluctuations
- and +1.4% organic evolution

In Asia-Pacific, sales were up +2.4% from 2018, reflecting in particular a sustained increase in India and China. Australia saw a decline in business, as did certain countries in Southeast Asia. In South America, organic growth in sales came to +0.4% in 2019, with sales nearly unchanged in Brazil and mixed evolutions for the rest of the area.

In Africa and the Middle East, sales retreated by -0.5%. Strong growth recorded in many African countries including Egypt and Algeria was offset by a marked decline in the Middle East reflecting a difficult geopolitical and economic environment in the region.

2020 should remain marked by an uncertain political and economic environment in several regions.

5.4.1.2 BREAKDOWN OF CHANGES IN NET SALES BY ORIGIN FROM 2018 TO 2019

The following table presents the breakdown of changes in net sales to third parties as reported by zone of origin between 2018 and 2019:

	12 months ended December 31,					
***Net sales** (in € million, except %)*	**2019**	**2018**	**Total change**	**Change in scope of consolidation**	**Organic growth(1)**	**Exchange-rate effect**
Rest of Europe	2,758.0	2,589.5	6.5%	3.6%	3.0%	(0.2%)
North and Central America	2,602.9	2,223.2	17.1%	9.1%	1.9%	5.4%
Rest of the World	1,261.4	1,184.5	6.5%	2.0%	3.1%	1.2%
Consolidated total	**6,622.3**	**5,997.2**	**10.4%**	**5.3%**	**2.6%**	**2.2%**

(1) at constant scope of consolidation and exchange rates

[1] Benelux: Belgium + Netherlands + Luxembourg.

[2] Southern Europe: Spain + Greece + Portugal.

5.4.2 - Cost of sales

The consolidated cost of sales rose 11.0% to €3,184.5 million in 2019, compared with €2,869.7 million in 2018. This was primarily due to:

- consolidation of new acquisitions and
- the increase in the volume of raw materials and components consumed as production increased.

These were partly offset by:

- lower raw material and component prices in 2019 than in 2018;
- ongoing efforts to raise productivity and adjust to changing conditions.

As a percentage of net sales, the cost of sales came to 47.9% in 2018 compared with 48.1% in 2019.

5.4.3 - Administrative and selling expenses

Administrative and selling expenses rose by 9.8% to €1,764.4 million in 2019, compared with €1,606.8 million in 2018. 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 decreased from 26.6% in 2019 to 26.8% in 2018.

5.4.4 - Research and development costs

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Research and development costs	(312.0)	(276.5)
Acquisition-related amortization and R&D tax credit	3.3	(3.9)
Amortization of capitalized development costs	27.2	28.5
R&D costs before capitalized development costs	**(281.5)**	**(251.9)**
Capitalized development costs	(35.3)	(33.7)
Research and development expenditure for the period	**(316.8)**	**(285.6)**

In accordance with IAS 38 “Intangible Assets”, Legrand has implemented an internal measurement and accounting system for development costs to be recognized as intangible assets. On this basis, €35.3 million in development costs were capitalized in 2019 compared with €33.7 million in 2018.

Amortization charges for capitalized development costs amounted to €27.2 million in 2019, compared to €28.5 million in 2018.

Research and development costs totaled €312.0 million in 2019 compared with €276.5 million in 2018. 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 €316.8 million in 2019 (4.8% of net sales), compared with €285.6 million in 2018 (4.8% of net sales).

In 2019, research and development operations had more than 2,600 employees in more than 20 countries.

5.4.5 - Other operating income and expenses

In 2019, other operating income and expenses totaled €124.0 million compared with €105.2 million in the same period of 2018.

5.4.6 - Operating profit

The Group consolidated operating profit rose 8.6% to €1,237.4 million in 2019 compared with €1,139.0 million in 2018. This increase resulted from:

- a 10.4% rise in net sales;
- a 11.0% rise in cost of sales;
- a 10.3% rise in administrative, selling and research & development costs; and
- a €18.8 million rise in other income and operating expenses.

As a percentage of net sales, operating profit came to 18.7% in 2019 compared with 19.0% in 2018.

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 9.4% to stand at €1,326.1 million in 2019 compared with €1,212.1 million in 2018, 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):

- **Europe:** a 2.0% decline to €585.3 million in 2019 compared with €597.3 million in 2018, representing 21.2% of net sales in 2019 compared to 23.1% in 2018;
- **North and Central America:** a 18.4% rise to €510.6 million in 2019, compared with €431.3 million in 2018, representing 19.6% of net sales in 2019 compared with 19.4% in 2018; and
- **Rest of the World:** a 25.4% rise to €230.2 million in 2019 compared with €183.5 million in 2018, representing 18.2% of net sales in 2019 compared to 15.5% in 2018.

Before acquisitions, in 2019, Group adjusted operating margin before acquisitions (at 2018 scope of consolidation) stood at 20.4% of net sales, 0.2 point higher than the 2018 figure of 20.2%. Taking acquisitions into account, the Group's adjusted operating margin came to 20.0% of net sales in 2019.

5.4.8 - Net financial expenses

Net financial expenses principally correspond to financial expenses related to Yankee bonds; the 2012, 2015, 2017, 2018 and 2019 bond issues; the 2011 credit facility amended in 2014; and other bank borrowings (for a description of these arrangements, see paragraph 5.5 of this chapter), less financial income arising from the investment of cash and cash equivalents.

Finance expenses stood at €91.1 million in 2019 compared with €79.1 million in 2018. Financial income came to €11.9 million in 2019 compared with €12.0 million in 2018. Net financial expenses rose 18.0% in 2019 from the same period of 2018, accounting for 1.2% of net sales compared with 1.1% in 2018.

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 €2.0 million in 2019 compared with €2.2 million gains in the same period of 2018

5.4.10 - Income tax expense

In 2019 Legrand's pre-tax income amounted to €1,156.2 million up from €1,074.1 million in 2018.

Consolidated income tax expense amounted to €318.3 million in 2019 compared with €301.3 million in 2018.

This € 17.0 million rise reflects an increase in the net profit before tax partially offset by a decrease in Group effective tax rate from 28.1% in 2018 to 27.5% in 2019.

5.4.11 - Net profit attributable to the Group

Net income amounted to €834.8 million in 2019 (€63.1 million increase compared with 2018) and reflects:

- a €98.4 million rise in operating profit;
- a €16.3 million rise in net financial expenses;
- a €17.0 million rise in income tax expense;
- a €1.4 million rise in the results of equity-accounted entities; and
- a €0.6 million rise in profit attributable to minority interests.

5.5 - CASH FLOWS AND INDEBTEDNESS

5.5.1 - Cash flows

The table below summarizes cash flows of the Company for the years ended December 31, 2019 and 2018

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Net cash from operating activities	1,239.4	925.3
Net cash from investing activities*	(656.4)	(571.8)
Net cash from financing activities	98.6	(152.2)
Translation net change in cash and cash equivalents	6.8	(1.8)
Increase (decrease) in cash and cash equivalents	**688.4**	**199.5**
** of which capital expenditure and capitalized development costs*	*(202.2)*	*(184.3)*

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 €1,239.4 million at December 31, 2019 compared with €925.3 million at December 31, 2018. This €314.1 million increase was due primarily to changes in current operating assets and liabilities, which set cash generation at €17.7 million in 2019 compared with €175.2 million cash used in the same period of 2018, or €192.9 million more. The increase was also due to cash flow from operations (defined as net cash generated by operating activities, plus or minus changes in current operating assets and liabilities) reaching €1,221.7 million at December 31, 2019 compared with €1,100.5 million on December 31, 2018, or €121.2 million more.

5.5.1.2 NET CASH FROM INVESTING ACTIVITIES

Net cash used in investing activities for the period ended December 31, 2019 amounted to €656.4 million compared with €571.8 for the period ended December 31, 2018.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) totaled €452.7 million in 2019 (compared with €394.4 million in 2018).

Capital expenditure and capitalized development costs amounted to €202.2 million for the period ended

December 31, 2019 (including €35.3 million in capitalized development costs), or a 9.7% rise compared with investments and capitalized development costs of €184.3 million in the period ending December 31, 2018 (of which €33.7 million in capitalized development costs).

5.5.1.3 NET CASH FROM FINANCING ACTIVITIES

Net cash used by financing activities amounted to €98.6 million in 2019, including primarily the payment of dividends in an amount of €357.1 million and repayment of long-term financing for €72.2 million, more than offset by a €402.4 million increase in long-term financing and €148.5 million increase in short-term financing.

5.5.2 - Debt

Gross debt (defined as the sum of long-term and short-term borrowings, including commercial paper and bank overdrafts) came to €4,191.6 million at December 31, 2019 compared to €3,319.1 million at December 31, 2018. Cash and cash equivalents and marketable securities amounted to €1,710.9 million at December 31, 2019 compared to €1,022.5 million at December 31, 2018. Net debt (defined as gross debt less cash and cash equivalents and marketable securities) totaled €2,480.7 million at December 31, 2019 compared to €2,296.6 million at December 31, 2018.

The ratio of consolidated net debt to consolidated shareholders' equity was around 49% at December 31, 2019 compared with around 50% at December 31, 2018.

At December 31, 2019, the Group's gross debt consisted of the following:

- €2,900.0 million in bonds issued in April 2012 (€400 million), December 2015 (€300 million), July 2017 (€1 milliard), October 2017 (€400 million), March 2018 (€400 million) and June 2019 (€400 million);
- €347.2 million in Yankee bonds; and
- €944.4 million in other debt, consisting mainly of 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 Universal Registration Document.

5.6 - CAPITAL EXPENDITURE

Capital expenditure takes into account the capitalization of some development costs pursuant to IAS 38.

In 2019, capital expenditure and capitalized development expense amounted to €202.2 million or 3.1% of consolidated net sales, compared with €184.3 million and also 3.1% in 2018

Capital expenditure consists mainly of investment in new products, in productivity and commercial means. 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 Universal Registration Document). There is no significant off balance sheet commitment given linked to acquisitions.

5.8 - VARIATIONS IN EXCHANGE RATES

A significant number of the Group's foreign subsidiaries operate in countries outside the euro zone. In 2019, approximately 67% 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.

In order 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/U.S. dollar exchange rates from 2015 through 2019, expressed in euro per U.S. 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:

(euro per US dollar)	Period-end rate	Average rate(1)	High	Low
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
2018	0.87	0.85	0.88	0.81
2019	0.89	0.89	0.92	0.87

(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 Universal Registration Document for a description of management of exchange risk.

5.9 - 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 Universal Registration Document.

5.10 - 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 Universal Registration Document, and in particular in note 1.2.3.

5.11 - NEW IFRS PRONOUNCEMENTS

Main standards and interpretations published by the IASB but not yet compulsory were as follows:

- Amendments to IAS 1 and IAS 8 – Definition of materiality

Summaries of these publications and their possible consequences as regards the financial information provided by the Group are presented in notes 1.2.1.3 and 1.2.1.4 to the consolidated financial statements referred to in chapter 8 of this Universal Registration Document.

5.12 - TRENDS AND PROSPECTS

Press release – February 13rd, 2020

In 2020, Legrand will pursue its strategy of profitable and sustainable growth.

Based on current macroeconomic projections, which are uncertain on the whole for 2020, and without a major slowdown in the economy possibly linked to developments in the world health outlook, Legrand has set as targets:

- organic evolution in sales in 2020 of between -1% and +3%, and
- adjusted operating margin before acquisitions (at 2019 scope of operations) of between 19.6% and 20.4% of sales.

Legrand will also pursue its strategy of value-creating acquisitions and, subject to finalization of opportunities currently under discussion, intends to aim for a total increase of at least +4% in scope of consolidation on sales in 2020.

Legrand will moreover actively continue to deploy its demanding CSR roadmap for 2019-2021.

ADDITIONNAL INFORMATION

The Board of Directors approved the consolidated financial statements and authorized the publication of the results on February 12nd, 2020. Since the health situation linked to the Covid-19 has deteriorated, this has lead the Group to publish a press release on March 26th, 2020. Consequently, note 5.1.12 Trends and prospects should be read with the following additional information.

Suspending 2020 targets – Press release March 26th, 2020

Legrand is fully mobilized to address the deteriorating world health and economic situation caused by the rapid spread of Covid-19 in many countries:

- the Group's priority is to protect the health and safety of its employees, in particular by rigorously applying the recommendations of local authorities and the World Health Organization;
- the Group is focused on providing the best possible service to customers, whose business is essential to the functioning of the economy;
- backed by a proven model, the Group is working very actively to protect its profitability and free cash flow.

Against this deteriorating and uncertain backdrop, Legrand announced today that it is suspending the 2020 targets it published last February 13 which, as announced, were set "excluding any major changes in the economic environment possibly linked to developments in the world health outlook."

5.13 - TABLE OF CONSOLIDATED FINANCIAL RESULTS OVER THE LAST FIVE YEARS

(in € millions except number of shares, earnings per share and number of employees)	2015	2016	2017	2018	2019
End of period share capital					
Share capital	1,067.7	1,069.3	1,067.2	1,070.0	1,069.1
Number of shares	266,930,602	267,327,374	266,805,751	267,495,149	267,276,128
Earnings					
Net sales	4,809.9	5,018.9	5,520.8	5,997.2	6,622.3
Profit before tax, depreciation and amortization	979.7	1,025.1	1,154.8	1,281.3	1,462.8
Income tax expense	(258.0)	(218.6)	(218.6)	(301.3)	(318.3)
Share of profits (losses) of equity-accounted entities	0.0	(1.3)	(1.3)	(0.4)	(1.8)
Profit for the period	552.0	630.2	713.2	772.4	836.1
Dividends paid	293.1	307.1	317.1	336.8	357.1
Earnings per share(1)					
Profit before tax, depreciation and amortization	3.678	3.848	4.334	4.801	5.482
Basic earnings per share	2.067	2.359	2.669	2.892	3.129
Dividend per share	1.10	1.15	1.19	1.26	1.34
Personnel					
End of period number of employees	32,667	32,722	34,105	34,384	34,955
Personnel costs	1,256.3	1,299.1	1,411.3	1,512.3	1,641.2

(1)Earnings per share are computed on the basis of the number of circulating ordinary shares during the period, or 266,375,725 shares in 2015, 266,395,359 shares in 2016, 266,432,980 shares in 2017, 266,878,862 shares in 2018 and 266,833,977 shares in 2019.

5.14 - SELECTED FINANCIAL INFORMATION

The selected financial information for the years ended December 31, 2019, 2018 and 2017 has been drawn from the consolidated financial statements prepared in accordance with IFRS which can be found in chapter 8 of this Universal 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 Universal Registration Document) and all other financial information included elsewhere in this Universal Registration Document.

(in € millions except %)	2019	2018	2017
Net sales	**6,622.3**	**5,997.2**	**5,520.8**
Total sales growth	10.4 %	8.6 %	10.0 %
Sales growth at constant scope of consolidation and exchange rates	2.6 %	4.9 %	3.1 %
EBITDA(1)	**1,544.0**	**1,346.2**	**1,241.5**
Maintainable EBITDA(2)	1,574.9	1,374.1	1,262.7
Adjusted operating profit(3)	**1,326.1**	**1,212.1**	**1,104.9**
As % of net sales	20.0 %	20.2 %	20.0 %
Maintainable adjusted operating profit(2)	1,357.0	1,237.8	1,125.4
Adjusted net profit attributable the Group(4)	**834.8**	**771.7**	**625.7**
As % of net sales	12.6 %	12.9 %	11.3 %
Profit for the period(5)	**836.1**	**772.4**	**713.2**
As % of net sales	12.6 %	12.9 %	12.9 %
Free cash flow(6)	**1,044.3**	**746.3**	**695.8**
As % of net sales	15.8 %	12.4 %	12.6 %
Normalized free cash flow(7)	**1,009.8**	**893.5**	**735.2**
As % of net sales	15.2 %	14.9 %	13.3 %
Net financial debt at December 31(8)	**2,480.7**	**2,296.6**	**2,219.5**

1) EBITDA is defined as operating profit plus depreciation and impairment of tangible assets, amortization and impairment of intangible assets (including capitalized development costs) 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) 2017 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 underlying recurring performance. For more details, readers are invited to consult chapter 8.8.1 of 2018 Registration Document.

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)	2019	2018	2017
Profit for the period	**836.1**	**772.4**	**713.2**
Share of profits (losses) of equity-accounted entities	1.8	0.4	1.5
Income tax expense	318.3	301.3	224.2
Exchange (gains) losses	2.0	(2.2)	8.3
Financial income	(11.9)	(12.0)	(13.7)
Financial expenses	91.1	79.1	92.1
Operating profit	**1,237.4**	**1,139.0**	**1,025.6**
Amortization and depreciation of tangible assets	183.3	100.9	99.8
Amortization and depreciation of intangible assets (including capitalized development costs) and Milestone's inventory step-up	123.3	106.3	116.1
Goodwill impairment	0.0	0.0	0.0
EBITDA	**1,544.0**	**1,346.2**	**1,241.5**
Restructuring costs	30.9	27.9	21.2
Maintainable EBITDA	**1,574.9**	**1,374.1**	**1,262.7**

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)	2019	2018	2017
Profit for the period	**836.1**	**772.4**	**713.2**
Share of profits (losses) of equity-accounted entities	1.8	0.4	1.5
Income tax expense	318.3	301.3	224.2
Exchange (gains) losses	2.0	(2.2)	8.3
Financial income	(11.9)	(12.0)	(13.7)
Financial expenses	91.1	79.1	92.1
Operating profit	**1,237.4**	**1,139.0**	**1,025.6**
Amortization and other P&L impacts relating to acquisitions	88.7	73.1	79.3
Goodwill impairment	0.0	0.0	0.0
Adjusted operating profit	**1,326.1**	**1,212.1**	**1,104.9**
Adjusted restructuring costs(1)	30.9	25.7	20.5
Maintainable adjusted operating profit	**1,357.0**	**1,237.8**	**1,125.4**

The table below shows a reconciliation of research and development expenditure with research and development expense:

(in € millions)	2019	2018	2017
Research and development costs	**(312.0)**	**(276.5)**	**(252.1)**
Acquisition-related amortization and R&D tax credit	3.3	(3.9)	(7.6)
Amortization of capitalized development costs	27.2	28.5	29.4
R&D costs before capitalized development costs	**(281.5)**	**(251.9)**	**(230.3)**
Capitalized development costs	(35.3)	(33.7)	(33.6)
Research and development expenditure for the period	**(316.8)**	**(285.6)**	**(263.9)**

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The table below shows a reconciliation of the Group's free and normalized free cash flow with net cash from operating activities:

(in € millions)	2019	2018	2017
Net cash from operating activities	**1,239.4**	**925.3**	**863.7**
Net proceeds from sales of fixed and financial assets	7.1	5.3	10.3
Capital expenditures	(166.9)	(150.6)	(144.6)
Capitalized development costs	(35.3)	(33.7)	(33.6)
Free cash flow	**1,044.3**	**746.3**	**695.8**
Increase (decrease) in working capital requirement	(17.7)	175.2	56.1
(Increase) decrease in normalized working capital requirement	(16.8)	(28.0)	(16.7)
Normalized free cash flow	**1,009.8**	**893.5**	**735.2**

The table below shows changes in the net financial debt of Legrand:

(in € millions)	2019	2018	2017
Long-term borrowings	3,575.4	2,918.6	2,457.1
Short-term borrowings	616.2	400.5	585.4
Cash and cash equivalents and marketable securities	(1,710.9)	(1,022.5)	(823.0)
Net financial debt	**2,480.7**	**2,296.6**	**2,219.5**

The table below shows the changes in Legrand's equity:

(in € millions)	2019	2018	2017
Share capital	1,069.1	1,070.0	1,067.2
Retained earnings	4,486.6	4,051.8	3,644.6
Translation reserves	(453.5)	(530.6)	(573.2)
Equity attributable to equity holders of Legrand	**5,102.2**	**4,591.2**	**4,138.6**

CORPORATE GOVERNANCE

6

6.1 - ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The Company refers to the corporate governance principles for listed companies set out in the Afep-Medef Corporate Governance Code for Listed Corporations as revised in January 2020 (the "**Code of Corporate Governance**"). This Code of Corporate Governance can be viewed on the Medef website: www.medef.com.

Since the Code of Corporate Governance is based on the "Comply or Explain" principle, any recommendation with which the Company does not strictly comply is presented and explained briefly in the table below.

Recommendation made in the Code of Corporate Governance not strictly complied with by the Company	Explanation
Presence of an employee on the Compensation Committee. The Code of Corporate Governance recommends that an employee director should be a member of the Compensation Committee	Having reviewed the composition of the various committees in consultation with the director representing employees, the Board did not deem it was appropriate to appoint him to the Compensation Committee and instead decided to appoint him to the Audit Committee. On the recommendation of the Nominating and Governance Committee, the Board of Directors decided that his expertise in cybersecurity and the experience he had gained in the Information Systems department could be usefully employed in the Audit Committee's work, especially its IT risk analysis. Nonetheless, it is envisaged that the second director representing employees, who will be appointed after the Shareholders' Meeting called to deliberate on May 27, 2020, subject to shareholders' approval of the seventeenth resolution on the amendment of Article 9.2 of the Company's Articles of Association, should be, on the recommendation of the Nominating and Governance Committee, appointed as a member of the Compensation Committee during 2020. In any event, the Compensation Committee operates under the authority of the Board of Directors. All the Committee's work, recommendations and opinions are reported on in detail and are discussed at Board meetings by all the directors, including the director representing employees.

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);
- **length of directors' term of office**: directors have a four-year term of office. It will be shortened to three years following the close of the Shareholders' Meeting of May 27, 2020 subject to shareholders' approval of the sixteenth resolution concerning amendment of article 9 of the Articles of Association regarding the length of directors' term of office. It expires at the close of the Ordinary Shareholders' Meeting convened 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 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 term of office. In addition to this requirement laid down in the Articles of Association, the Board of Directors' internal rules recommend that each director should gradually acquire over the course of his/her term of office a number of shares equivalent to one full year of his/her share of directors' fees. For calculation purposes it is assumed that the director takes part, over one financial year, in all meetings of the Board and the committee(s) to which he/she belongs, and the unit value of Legrand shares is equal to Legrand's average 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 one-third of Board members will be over that age. If, during their term of office, members of the Board of Directors over the age of 70 make up more than one-third of the Board, the oldest member will be deemed to have resigned at the close of the Ordinary Shareholders' Meeting convened to consider the financial statements for the previous financial year and held during the year in which the age limit is reached;
- **Chairman of the Board of Directors**: the Chairman is appointed by the Board of Directors from among its members. He/she must be a natural 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 close of the Ordinary Shareholders' Meeting convened to consider the financial statements for the previous financial year and held during the year in which the age limit is reached. The Chairman may be reappointed for consecutive terms without limit. His/her compensation is determined by the Board of Directors;
- **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. This is a requirement if the roles of Chairman and Chief Executive Officer are performed by the same individual. 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 urgent nature justify holding an extraordinary meeting of the Board. Please see section 6.1.2 "Lead Director" for details of the Lead Director's duties and powers;
- **co-opting**: when the legal conditions are met, the Board of Directors may appoint members of the Board temporarily, for the remaining term of office of their predecessor. By law, temporary appointments shall be subject to ratification by the next Ordinary Shareholders' Meeting.

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Membership of the Board of Directors

	Personal information				Experience	Position on the Board				
Name	**Age[2]**	**Gender**	**Nationality**	**Number of shares**	**Number of appointments in listed companies[1]**	**Independence**	**Date of first appointment**	**Expiry of term of office appointment**	**Length of service on the Board[2]**	**Membership of Board Committees**
Executive officer/Director										
Gilles Schnepp	61	M	French	2,415,082	2		12/10/2002	2022 Shareholders' Meeting	17 years	Strategy/CSR
Directors										
Olivier Bazil	73	M	French	2,085,299	1		12/10/2002	2022 Shareholders' Meeting	17 years	Nominating and Governance Strategy/CSR
Isabelle Boccon-Gibod	52	F	French	1,000	1	✓	05/21/2016	2020 Shareholders' Meeting	4 years	Audit Strategy/CSR
Christel Bories	56	F	French	1,470	1	✓	05/25/2012	2020 Shareholders' Meeting	8 years	Audit Strategy/CSR (Chairwoman)
Angeles Garcia-Poveda	49	F	Spanish	4,800	0	✓	05/25/2012	2020 Shareholders' Meeting	8 years	Nominating and Governance (Chairwoman) Compensation (Chairwoman) Strategy/CSR
Edward A. Gilhuly	60	M	American	119,712	1	✓	05/30/2018	2022 Shareholders' Meeting	2 years	Strategy/CSR
Patrick Koller	61	M	French/ German	1,000	1	✓	05/30/2018	2022 Shareholders' Meeting	2 years	Nominating and Governance Compensation
Michel Landel	68	M	French	500	1	✓	05/29/2019	2023 Shareholders' Meeting	1 year	Nominating and Governance Compensation
Annalisa Loustau Elia	54	F	Italian	1,340	1	✓	05/25/2013	2021 Shareholders' Meeting	7 years	Compensation
Éliane Rouyer-Chevalier	67	F	French	1,350	1	✓	05/26/2011	2023 Shareholders' Meeting	9 years	Audit (Chairwoman) Compensation
Directors representing employee-shareholders										
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Directors representing employees										
Philippe Jeulin	62	M	French	0	0		06/26/2018	2022 Shareholders' Meeting	2 years	Audit

(1) The office held at the Company is not counted in this calculation.

(2) At the date of the next Shareholders' Meeting that is, on May 27, 2020.

At the date of this Universal Registration Document, the Board of Directors has 11 members including the Chairman of the Board, the Lead Director and the director representing employees. Biographical details of the Company's directors are provided in appendix 3 to the management report in this document.

In addition, at the date of this document and under the terms of an agreement with the unions, four representatives of the Central Workforce Relations and Economic Committee also attend meetings of the Company's Board of Directors in an advisory capacity[1].

Pursuant to article L. 225-27-1 of the French Commercial Code, the Board of Directors at its meeting on March 19, 2018, after soliciting the opinion of the Central Works Council, decided on the appointment procedures for the director(s) representing employees on the Board, and opted to have the Central Works Council, since renamed the Central Workforce Relations and Economic Committee, make the appointment.

Accordingly, Philippe Jeulin was appointed by the Central Works Council to hold the role of Director representing employees from June 26, 2018. Following the entry into force of law no. 2019-486 of May 22, 2019 on growth and business transformation (known as the "Pacte Law"), the rules changed with regard to the Board participation of directors representing employees. As previously worded, article L. 225-27-1 of the French Commercial Code required that Boards with fewer than 12 directors appointed by the Shareholders' Meeting should have at least one director representing employees and those with 12 or more such directors should have at least two directors representing employees. The Pacte Law lowered the threshold from which a second director is required from twelve to eight directors.

Since Legrand's Board currently has more than eight directors (the director representing employees is not counted in this calculation), the appointment of a second director representing employees is on the agenda for the meeting of the Central Workforce Relations and Economic Committee on July 2, 2020. Pursuant to the Pacte Law, the second director will be a woman to maintain the gender balance, and her term of office will commence upon her appointment, provided that shareholders approve the seventeenth resolution concerning directors representing employees.

The directors appointed to represent the employees have the same status, same rights, and same responsibilities as the other directors. As such, they are subject to all the provisions of the internal rules governing directors' rights and obligations, except for the obligation to hold a specific number of the Company's shares.

Since 2011, directors' terms of office have been staggered, so they do not all come up for renewal in the same year. Three directors' terms of office are due to expire at the Shareholders' Meeting called on May 27, 2020. If all the resolutions concerning the composition of the Board are approved at that Shareholders' Meeting, one director's term of office will then expire in 2021, followed by five more in 2022 and seven in 2023.

No convictions or conflicts of interest

At the date of this Universal Registration Document and as far as the Company is aware, none of the Company directors:

- have family ties 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 conduct of an issuer's business over the last five years.

To uphold its commitment to good corporate governance, the Board of Directors has 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 inform the Lead Director and the Board of any actual or potential conflict of interest, to abstain from related discussions and votes in accordance with the Code of Corporate Governance and (ii) to 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.

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 raising awareness about situations 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 actual or potential conflict of interest which he/she may detect independently.

[1] Once the term in office of the second director representing employees commences after the Shareholders' Meeting of May 27, 2020, the plan, as laid down in a supplemental agreement to the agreement in force with the unions, is to reduce to two the number of representatives from the Central Workforce Relations and Economic Committee attending meetings of the Company's Board of Directors in an advisory capacity.

No actual or potential conflict of interest has been reported to the Lead Director or to the Board of Directors.

Furthermore, the Chairman of the Company's Board of Directors has undertaken to inform the Chairman of the Nominating and Governance Committee and the Chairman of the Board of Directors of any intention to take on another directorship.

Independent directors

Definition of independent director and applicable criteria

A director is considered to be independent if he/she has no relationship with the Company, its management or the Group which might compromise his/her 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 list 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 by 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, investment banker or advisor;
  - that is material to the Company or its Group;
  - or for which the Company or its Group accounts for a material proportion of its business;

The assessment of whether the relationship with the Company or the Group is material or non-material must be debated by the Board, and the qualitative and quantitative criteria that lead to that assessment (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, with the status of independent director being lost on the date at which this 12-year period 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, with the exception of attendance fees;
- be a major shareholder in the Company taking part in its control;
- 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 any potential conflicts of interest;

Procedure for designating independent directors

In accordance with the internal rules of the Company's Board of Directors, designations as independent directors 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 of Directors on the criterion of business relationships between the Company and its directors

During the annual review of directors' independence, the Nominating and Governance Committee and then the Board of Directors in its meeting of March 19, 2020 analyzed any business relationships between the Group on the one hand, and each director or companies with which they are associated (as a customer, supplier, commercial banker, investment banker or advisor) on the other hand.

To prepare its evaluation, 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 whether a business relationship exists;
- and where applicable, assess whether or not this relationship is significant by applying qualitative criteria (context, background and structure of the relationship, and parties' respective powers) as well as quantitative criteria (materiality of the relationship to the parties).

The tests showed that none of the directors had business dealings with Legrand.

Findings of the review conducted by the Nominating and Governance Committee and the Board of Directors on the concerning other independence criteria

After reviewing the individual status of each director with regard to the independence criteria discussed above, the Board of Directors, at its meeting on March 19, 2020 and on the recommendation of the Nominating and Governance Committee, renewed its assessment that Isabelle Boccon-Gibod, Christel Bories, Angeles Garcia-Poveda, Annalisa Loustau Elia, Éliane Rouyer-Chevalier, Edward A. Gilhuly, Patrick Koller and Michel Landel qualify as independent directors:

	Gilles Schnepp	Olivier Bazil	Isabelle Boccon-Gibod	Christel Bories	Angeles Garcia-Poveda	Edward A. Gilhuly	Patrick Koller	Michel Landel	Annalisa Loustau Elia	Éliane Rouyer-Chevalier
Executive officer during the previous five years	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cross-directorships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Material business relationships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Family ties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Statutory Auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Term of office of over 12 years	X	X	✓	✓	✓	✓	✓	✓	✓	✓
Non-executive officer status	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
Major shareholder status	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓: *indicates independence criterion met.*

X : *indicates independence criterion not met.*

The proportion of independent directors on the Company's Board of Directors thus stands at 80%[1] and is higher than the minimum ratio of 50% recommended by the Code of Corporate Governance for non-controlled companies.

With respect to the Board committees:

- the Audit Committee has four members, three of whom are independent, and so the proportion of independent directors is 100% (since the director representing employees is not counted in the independence ratio calculation). 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 four members, three of whom are independent, and so 75% 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 four members, all of whom are independent, and so the proportion 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 six members, four of whom are independent, and so the proportion of independent directors is 66.67%.

As regards the Lead Director, 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 2019

In the course of the 2019 financial year, changes in the composition of the Board of Directors were as follows:

Departures	Appointments	Reappointments
Nil	Michel Landel (May 29, 2019)	Éliane Rouyer-Chevalier (May 29, 2019)

[1] *The directors representing employees are not counted for the purpose of calculating the proportion of independent directors, in accordance with the recommendations of the Code of Corporate Governance.*

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Éliane Rouyer-Chevalier's term of office as a director expired in 2019. She stated the desire to stand for reappointment.

Éliane Rouyer-Chevalier has been a director of the Company since 2011. She also chairs the Audit Committee and is a member of the Compensation Committee. She has financial and accounting qualifications, along with highly respected expertise in financial communication and social responsibility, which are particularly useful to the Board and the Committees of which she is a member. Her expertise in regulatory issues is also beneficial to the work done by those bodies.

Consequently, the Board of Directors submitted on March 20, 2019 a resolution for shareholders' approval at the Shareholders' Meeting on May 29, 2019 to reappoint Éliane Rouyer-Chevalier for a four-year term of office as a director. The shareholders voted in favor of this reappointment.

In addition, in the context of the non-renewal of the appointments of François Grappotte, Dongsheng Li and Thierry de la Tour d'Artaise, at their request, at the close of the Shareholders' Meeting of May 30, 2018, a decision was made to enrich the composition of the Board of Directors by identifying replacements with various specific profiles. These included a senior executive from a listed industrial group, a US national given the Group's expanding business activities in the United States, and a senior executive with experience of an international group.

To this end, the Board, on the recommendation of the Nominating and Governance Committee, retained an external recruitment firm to look for suitable new directors. After this process was completed, the Board of Directors selected at its meeting of February 7, 2018 the candidacies of Edward A. Gilhuly, Patrick Koller and Michel Landel, who confirmed their interest in joining the Company's Board of Directors. Michel Landel indicated, however, that he would not be available until 2019. Having examined the individual position of Edward A. Gilhuly and Patrick Koller with regard to the aforementioned independence criteria, the Nominating and Governance Committee found that Edward A. Gilhuly and Patrick Koller qualify as independent directors, since neither of them have a business relationship with Legrand. On the recommendation of the Nominating and Governance Committee, the Board decided initially to submit the candidacies of Edward A. Gilhuly and Patrick Koller for approval at the Company's Shareholders' Meeting called on May 30, 2018, which voted in favor of these appointments.

At its meeting of March 20, 2019, the Board of Directors, on the basis of a recommendation by the Nominating and Governance Committee, examined Michel Landel's individual position based on the independence criteria set out previously and found that Michel Landel met the criteria for consideration as an independent director since he does not have any business relationship with Legrand. It also made inquiries to ensure that Michel Landel has the appropriate time available to conduct his duties.

As a result of the foregoing, the Board of Directors proposed at the Shareholders' Meeting of May 29, 2019 the appointment of Michel Landel as an independent director for a four-year term. The shareholders voted in favor of this appointment at the Shareholders' Meeting of May 29, 2019.

Directorships due for renewal in 2020

The terms of office as directors of Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda expire in 2020. They have expressed a desire to stand for reappointment.

Isabelle Boccon-Gibod, a director of the Company since 2016, is a member of the Audit Committee and of the Strategy and Social Responsibility Committee. The Company benefits from her experience as a senior executive at various industrial groups and from her strategic expertise and her insights in social and environmental issues.

Christel Bories, a director of the Company since 2012, chairs the Strategy and Social Responsibility Committee and is a member of the Audit Committee. The Company has benefited from her experience as a senior executive at various listed industrial groups and from her strategic insights.

Angeles Garcia-Poveda, who has also been a director of the Company since 2012, is Lead Director, chairs the Nominating and Governance Committee and the Compensation Committee, and is a member of the Strategy and Social Responsibility Committee. The work performed by these various committees is enriched by the input provided by Angeles Garcia-Poveda as she possesses skills in the fields of compensation, governance, and strategy.

At its meeting of March 19, 2020, the Board of Directors, on the recommendation of the Nominating and Governance Committee, reviewed the situation and again found that (i) there are no material business relationships between Isabelle Boccon-Gibod, Christel Bories or Angeles Garcia-Poveda and Legrand, and that (ii) Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda qualify as independent directors. On the recommendation of the Nominating and Governance Committee, the Board of Directors assessed the number of external directorships held by Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda. This review revealed that the number of external directorships Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda hold complies with the provisions of the French Commercial Code and the Code of Corporate Governance and that they would therefore have the necessary time to devote to their duties at Legrand.

As a result of the foregoing, the Board of Directors decided to propose at the Shareholders' Meeting called for May 27, 2020 the reappointment of these three directors for a three-year term of office, should the sixteenth resolution concerning the amendment to article 9 of the Company's Articles of Association be adopted, or a four-year term of office should that sixteenth resolution be rejected (please refer to the presentation of the agenda and the draft resolutions in appendix 4 to this Universal Registration Document).

To enrich its mix of skills and experience, the Board of Directors, based on a proposal made by the Nominating and Governance Committee, also recommended the appointment of Benoît Coquart, based on the fact that his considerable experience within the Legrand group would represent a valuable asset for the Board of Directors.

As a result of the foregoing, the Board of Directors decided to propose at the Shareholders' Meeting called for May 27, 2020 the appointment of Benoît Coquart as a director for a three-year term of office, should the sixteenth resolution concerning the amendment to article 9 of the Company's Articles of Association be adopted, or a four-year term of office should that sixteenth resolution be rejected (please also refer to the presentation of the agenda in appendix 4 to this Universal Registration Document).

Diversity in the composition of the Board of Directors

Each year, the Board of Directors examines its composition and that of its Board 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, mix of skills, international experience, expertise, and independence of its members, so that it can demonstrate to shareholders and the market that it is performing its duties with the necessary independence and objectivity. Subject to shareholders' approval at the Combined Shareholders' Meeting called on May 27, 2020 of the renewal of the terms of office of Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda, and the appointment of Benoît Coquart as a director, the twelve members of the Board of Directors (including one director representing employees) making up the Board of Directors at the close of the Shareholders' Meeting of May 27, 2020 and the thirteen members making up the Board after appointment of the second director representing employees, include:

- five women, representing a percentage of 45.5%[1], which exceeds the minimum requirements of the French Commercial Code (40% as of 2017);
- eight independent members, a proportion of 73%[1], which exceeds the 50% minimum level recommended by the Code of Corporate Governance;
- five different nationalities, with one US director, one Spanish director, one Italian director, one Franco-German director, and nine French directors.

After formally noting the preceding points, the Board also underlined the significant efforts made in recent years to make sure its members and their experience becomes more international.

As regards 2019, the Board of Directors considered directors' skills to be varied and complementary, with some directors having the strategic skills or experience in the general management of industrial groups, and others having financial skills or more specific expertise, including investor relations, talent management, marketing and corporate social responsibility. In addition, the former Legrand executives who are members the Board of Directors ensure that the Board possesses a good level of knowledge of the Group and how it operates.

Since 2017, Legrand has ranked among the 10 companies in the top quartile of the CAC 40 in terms of governance practices as part of the "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 (effectiveness, balance of power, integration of social responsibility factors).

Given all these factors, the Board considered its composition in 2019 to be satisfactory with regard to the diversity criteria examined. It nevertheless continues to pay attention to any potential change that could be relevant and consistent with the Group's development and dynamic approach.

On this basis, given the forthcoming expiration of the terms of office as directors of Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda, the Board of Directors decided to:

- support the candidacies of the directors standing for reappointment, for the reasons stated in the previous section entitled "Changes in the composition of the Board of Directors";
- support Benoît Coquart's candidacy, for the reasons set out above.

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 statutory and regulatory provisions and the Articles of Association, details of the composition, organization and operation 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.legrandgroup.com

The main rules relating to the organization and operation of the Company's administration and management bodies determined by the internal rules and the Company's Articles of Association are outlined below.

Duties and remit of the Board of Directors and of its Chairman

The Board of Directors carries out the duties that have been assigned to it by law in order to act at all times in the Company's interest.

The Board of Directors determines how the Company is managed.

The Board of Directors is authorized to allow the Chairman to issue special pledges in relation to bond issues.

The Board of Directors may decide to set up specialist committees to consider matters submitted to them by the Board of Directors or its Chairman. It determines the composition and remit of its Committees, which carry out their duties under its responsibility and without prejudice to the powers of the Board itself; those can never be delegated to the Committees.

[1] *The directors representing employees are not counted for the purpose of calculating (i) the minimum ratio of directors of a single gender, in accordance with provisions of the law, or (ii) the proportion of independent directors on the Board of Directors, in accordance with the recommendations of the Code of Corporate Governance.*

The Board's strategy and decisions are made within the context of the Company's sustainable development policy. It endeavors to promote long-term value creation by the Company and is always mindful of the social and environmental implications of its business activities.

Consequently, the Board's role is:

- 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 General Management puts them into effect;
- concerning the matters mentioned below, to make related proposals to shareholders where they are subject to approval at Shareholders' Meetings or to grant prior authorization to the Chief Executive Officer to complete and implement them where they are matters for General Management:
  - delegation of powers or authority relating to the issue or purchase of shares or other securities giving access to the share capital,
  - arrangement of borrowings, whether in the form of bonds or any other form, or any voluntary early 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 formation of any joint-venture agreement where the amount involved exceeds €100 million,
  - the sale or transfer of any business(es) or asset(s) for an amount exceeding €100 million; the sale of any equity interest or business involving an amount exceeding €100 million,
  - 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 substantially all of its assets,
  - any transaction leading to an increase or reduction in the Company's share capital, including, as may be the case, through the issue of securities giving access to the Company's share capital, such as securities convertible into shares or exchangeable for or redeemable in shares or preferred shares (except for awards of bonus shares or stock options in the Company's normal course of business),
  - any creation of double voting rights or any other change to the voting rights attached to Company shares,
  - any proposal for the appointment of new members to the Board of Directors,
  - the admission to trading of any shares issued by the Company on a regulated market other than Euronext or any other financial instrument issued by the Company,
  - insolvency filings, appointment of an ad hoc authorized agent, liquidation, etc., any voluntary winding-up 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 agreement, settlement or arrangement, or acceptance of any compromise, where the amount concerned exceeds €100 million,
  - the grant of any surety on corporate 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 corporate governance report;
- to examine and approve, based on a proposal made by the Nominating and Governance Committee, the presentation of directors to be included in the corporate governance 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 or appointment of directors to the Ordinary Shareholders' Meeting;
- to discuss the performance of the executive officers (without the interested parties being present), to determine, based on a proposal made by the Compensation Committee, the compensation due to executive officers and to apportion the compensation awarded to the directors;
- to consider stock option and bonus share plans and all other share-based payments or compensation indexed or otherwise linked to shares;
- to ensure that shareholders and investors receive relevant, balanced, and instructive information about the strategy, development model, the way in which non-financial issues that are material for the Company are taken into account and its long-term outlook;
- to review on a regular basis, along with the strategy it has formulated, the opportunities and risks, such as financial, legal, operational, social, and environmental risks, as well as the measures taken accordingly;
- ensure, as appropriate, that a framework is implemented to detect and prevent corruption and influence peddling;
- make certain that executive officers implement a policy of non-discrimination and diversity, in particular with regard to the balanced representation of women and men on its executive bodies;
- to approve the management report, including the corporate governance report and presenting 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, and reports back on this to the Shareholders' Meeting, and is responsible for ensuring that the Company's corporate bodies operate effectively in line with the principles of good governance.

The Chairman sets the schedule and agenda for Board meetings and convenes them. The Chairman coordinates the work of the Board of Directors with that of the Board committees.

In dealings with the Company's other bodies and in dealings with external parties, 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 where a particular mission or specific mandate is entrusted by the Board of Directors to another director.

The Chairman may hold discussions with 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 is responsible for the general and executive management of the Company.

The Chairman receives from the Chief Executive Officer all the information required by law with respect to the internal control report.

He can ask the Chief Executive Officer or any manager, and in particular the head of the risk management function, for information that may assist the Board of Directors and its committees with fulfilling their duties.

Relationship between the Board of Directors and shareholders

After the roles of Chairman and Chief Executive Officer were separated, given the addition in June 2018 of a new recommendation to the Code of Corporate Governance as incorporated in the revised version of the Code of Corporate Governance published in January 2020, a decision was made to amend the Board of Directors' internal rules in order to entrust the duty of maintaining dialog on governance issues between the Board of Directors and shareholders with the Chairman of the Board of Directors, together with the Executive VP Investor Relations.

Depending on the topics addressed, members of management may be present.

If the Chairman of the Board of Directors is unavailable, the duty to maintain a dialog between the Board of Directors and shareholders may be assigned by the Board to the Lead Director, based on the same arrangement (supported by the Executive VP Investor Relations and members of management depending on the topics addressed).

In accordance with the Code of Corporate Governance, the Chairman of the Board of Directors (or the Lead Director) reports to the Board regarding these duties.

Meetings of the Board of Directors

The Company's Board of Directors meets as often as required in the interests of the Company, and in any event, must meet at least five times per year.

Members of the Board of Directors are convened to Board meetings by the Chairman, or, in the event that the Chairman is unable to do so, by the Vice-Chairman.

The Lead Director may also (i) ask the Chairman to convene a meeting of the Board of Directors or, (ii) directly convene a meeting of the Board of Directors to consider a given agenda whose importance or urgent nature justifies holding an extraordinary meeting of the Board.

The Chief Executive Officer may also ask the Chairman to convene 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 convene a meeting of the Board to consider a particular agenda.

The Chairman is bound by the requests made to him/her under the previous sections.

Subject to the above, the agenda is decided by the Chairman and may not be set, where necessary, until the meeting itself.

The internal rules of the Company's Board of Directors state that notices of meetings, which may be sent out by the secretary of the Board of Directors, may be issued by letter, e-mail or orally. Meetings are held at the registered office or in any other place indicated in the notice of meeting, in France or abroad.

Where the notices of meeting so stipulate, Board meetings may be held by videoconference or conference call, provided that these transmit at least the voices of participants and meet the technical requirements for the continuous and simultaneous relay of proceedings. Directors participating in Board meetings using such means are deemed present for the purposes of quorum and majority voting 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 sections.

Board meetings may not be held using such means to adopt certain decisions where to do so is prohibited by law.

The Chairman shall endeavor to issue notices of meetings five days prior to the actual meeting. The Chairman shall also endeavor to take account of the diary constraints of Board members so as to ensure the presence of as many members as possible at each meeting.

Decisions are made subject to the quorum and majority voting requirements provided for by law. In the event that a vote is tied, the Chairman has the casting vote. The Board may appoint a secretary who need not be one of its members.

Attendance register

An attendance register is kept at the Company's registered office and contains the names of the Board members who were present physically or by means of telecommunication, represented, excused, or absent at each meeting. Proxies, which must be granted by mail or email, are annexed to the attendance register.

Minutes

The Board's decisions are evidenced by minutes prepared, signed, and maintained in accordance with regulatory requirements.

The minutes of each Board meeting must include:

- the name of each director present physically or by means of telecommunication, represented, excused or absent;
- the occurrence of any technical videoconferencing or conference-call incident that disrupted proceedings during a meeting;
- the name of other persons attending all or part of the Board meeting;
- a summary of the discussions and decisions of the Board of Directors; and
- questions raised and the reservations stated by participating directors, if any.

Notices and minutes of Board meetings are translated into English.

Assessment of the Board of Directors and its specialized committees

At least once a year, the Board of Directors reviews its own functioning (this involves a corresponding review of functioning of the Board committees) and an account of this is included in the Company's corporate governance report so that shareholders are informed each year of the evaluations carried out and, if applicable, of any steps taken as a result (see section 6.1.1.3).

The assessment of the Board's functioning and those of its specialized committees is supervised by the Lead Director.

Directors' access to information

So that Board members are able to carry out their duties effectively, the Chairman of the Board must make certain to provide them with the documents necessary to consider items on Board meeting agendas at least five days prior to the Board meeting.

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 events or transactions that are significant for the Company between meetings.

Directors have the opportunity to meet with the Company's principal executive managers, including in the absence of the Chief Executive Officer. In the latter case, the Chief Executive Officer should be given prior notice.

Board members are informed about market developments, the competitive environment, and the main issues, including in the fields of corporate social and environmental responsibility.

Directors' training

Upon their appointment and throughout their term of office, each director may be given training related to the specific characteristics of the Group, its activities and challenges related to its social and environmental responsibility.

An induction program is drawn up for new directors to facilitate their onboarding and get them up to speed. The induction program includes site visits and meetings with Group management.

For example, visits, presentations, and meetings were arranged for Michel Landel following his appointment as a director at the Shareholders' Meeting of May 29, 2019. The goal was to prepare him as effectively as possible for his new duties on the Board of Directors. In the course of this induction program, Michel Landel 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. He was also given a tour of several production sites and product testing laboratories, and meetings were organized for him with several of Legrand's senior executives and operational managers.

Moreover, Audit Committee members are provided, should they so request at the time of their appointment, with information about the Company's specific accounting, financial and operational characteristics. This was the case following Philippe Jeulin's appointment as an Audit Committee member on March 20, 2019.

The Board's internal rules also stipulate that directors representing employees or employee-shareholders shall receive appropriate training on the requirements of their role. Various financial and legal training sessions and meetings with the Group's executive and operational staff members were organized when the first director representing employees was named, and these will be repeated in 2020 following the designation of the second director representing employees.

Lastly, financial and legal training sessions were arranged in 2018 and 2019 for the Central Workforce Relations and Economic Committee representatives who attend the Company's Board meetings.

Professional ethics 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 regulations, 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 Company. Directors undertake to promote and protect the Company's values;
- directors are to devote the necessary time and attention to their tasks.

In this respect, directors undertake to:

  - not hold more than four other directorships in listed companies, including foreign companies, not affiliated with the Group, it being specified that executive officers 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 does not apply to directorships held by an executive officer in subsidiaries and affiliates, held alone or together with others, of companies whose main activity is to acquire and manage such subsidiaries and affiliates,

- keep the Board of Directors informed of directorships held in other companies, including membership of such companies' board committees, 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,
- maintain a good attendance record and, wherever 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 Shareholders' Meetings;
- the Company recommends that each director should gradually acquire over the course of his/her term of office a number of shares equivalent to one full year of his/her share of directors' fees. For calculation purposes it is assumed that the director takes part, over one financial year, in all meetings of the Board and the committee(s) to which he/she belongs, and the unit value of Legrand shares is equal to Legrand's average share price over the previous financial year, it being specified that the minimum number of shares that he/she must hold personally and retain throughout his/her term of office is 500 shares. The number of shares held by each shareholder is shown every year in the disclosures concerning the members of the Board of Directors provided to shareholders;
- directors are bound by a duty of loyalty and care.

In this respect, directors undertake to:

- inform 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 good time all the documents and information they need to perform their duties. It is their responsibility to ask the Chairman to supply all documents they consider necessary for them to be properly informed;
- directors who consider the information supplied in advance of a Board meeting to be inadequate may request additional information from the Chairman or the Board of Directors;
- directors should have the broadest possible knowledge of the specific features of the Company, its businesses, and the sector it operates in;
- directors should comply with the provisions of the Company's Code of Conduct for Stock Market Transactions.

Code of Conduct for Stock Market Transactions

In 2006, the Group adopted a Code of Conduct for Stock Market Transactions, which can be accessed on the Company's website at www.legrandgroup.com. Following a review in 2016, this Charter complies with the European rules laid down in the EU Market Abuse Regulation no. 596/2014 (MAR), which came into force on July 3, 2016, and AMF Position-recommendation no. 2016-08.

The Code was adopted by the Board of Directors on June 2, 2006 and its new version was presented at the Board meeting of November 9, 2016. One of its purposes is to raise awareness among all Company employees regarding:

- the legislative and statutory provisions in force concerning the possession, 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 possession of certain sensitive information concerning the Company and in particular to confidentiality obligations and compliance with the closed periods established by the Company;
- the rules for trading in the Company's shares and the safeguards put in place to ensure that each employee may invest in the Company's shares without contravening market integrity rules;
- the penalties incurred in the event that these rules are breached.

The Code also specifies:

- the appointment of the Ethics Officer, who is the Group's Executive VP Legal Affairs;
- the rules for preparing lists of insiders, a task performed 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 in 2016 when the Company adopted an internal procedure for designating and publishing inside information. This role consists in evaluating, on a case-by-case basis, whether or not information is inside information and then determining and examining the consequences in the event that such information is disseminated.

In accordance with this Code, individuals possessing any financial and accounting information about the Company that, while not constituting inside information within the meaning of the MAR criteria, is nevertheless price-sensitive and confidential, are required to observe the closed periods determined by the Company. As in the case of individuals with executive responsibilities who are subject to obligations to refrain from dealing during closed 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 the press release and for the two trading days after the aforementioned financial statements have been published, and (ii) during any other period defined and announced by the Ethics Officer.

The Code has three categories of individuals:

- insiders, meaning individuals in possession of information identified as inside information with respect to the MAR criteria defined by the MAR Committee as part of the implementation of the internal procedure for designating and publishing inside information and who were notified by the Ethics Officer that their name appears on the Company's list of insiders. These individuals must comply with the rules applicable to the possession, disclosure and use of inside information and in particular the absolute prohibition on transactions in 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 closed periods insofar as they hold financial or accounts-related information which, while not necessarily constituting inside information with regard to the criteria defined by the MAR, is nevertheless price-sensitive and confidential. These individuals are required to comply with the obligations to refrain from dealing during closed periods established by the Company as described above and to ensure that the information in their possession remains confidential;
- individuals with managerial responsibilities who are required to comply with obligations to refrain from dealing during closed periods laid down by the Company as described above. In addition, these individuals, as well as those closely associated with them, are obliged to disclose to the AMF (French Financial Markets Authority) any transaction they have performed in Legrand shares exceeding a threshold of €20,000 per calendar year, within three business days following the completion of the transaction.

Any person may seek the opinion of the "MAR Committee" before performing a transaction in the Company's shares by submitting a request to the Ethics Officer who will then call a meeting of the Committee for said purpose. This opinion is purely advisory: the decision on whether or not to perform the transaction is the sole responsibility of the relevant person.

Internal charter for characterizing agreements

The Company possesses an internal Group charter for characterizing agreements when they are entered into by the Company and for distinguishing those that need to undergo the procedure for related-party agreements from those ordinary transactions entered into on an arm's length basis. This Charter is available for download from the Company's website at: https://legrandgroup.com.

In accordance with the new statutory requirements in this area, the charter will be updated and extended to include in addition to the summary of the regulatory framework applicable to the various agreements that may be entered into, a regular evaluation procedure by an Ad Hoc Committee forming part of the Company's internal organization that regularly assesses the terms on which ordinary agreements are entered into within the Group. This procedure will be drawn up by the end of the first half of 2020 by the Board of Directors, which will lay down and subsequently review on a regular basis the relevant arrangements.

6.1.1.3 WORK DONE BY THE BOARD OF DIRECTORS IN 2019

In 2019, the Board met seven times. Directors' attendance at Board meetings was highly satisfactory since the attendance rate in 2019 was 94%.

Attendance record of the Board of Directors	
Gilles Schnepp	100%
Olivier Bazil	86%
Isabelle Boccon-Gibod	100%
Christel Bories	86%
Angeles Garcia-Poveda	86%
Edward A. Gilhuly	71%
Philippe Jeulin	100%
Patrick Koller	100%
Michel Landel	100%
Annalisa Loustau Elia	100%
Éliane Rouyer-Chevalier	100%

According to the Board's internal rules, some of its decisions may be prepared for by specialized committees, enabling the Board to discharge its duties as effectively as possible. The work of these committees is reported on in detail report at the meeting of the Board of Directors.

In 2019, the average attendance rate at meetings of the various Board committees was 98%. Information on these Board committees can be found in section 6.1.3 of this Universal Registration Document.

Topics covered in 2019 by the Board of Directors

The Board's worked on matters including:

- the Company's results:
  - report on the Audit Committee's work, as set out in section 6.1.3.3 below,
  - approval of the consolidated and statutory financial statements for the year ended December 31, 2018 and the related reports, the consolidated financial statements for the three months ended March 31, 2019, the consolidated financial statements and management report for the six months ended June 30, 2019, and the consolidated financial statements for the nine-month period ended September 30, 2019,
  - 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 share-related adjustments,
  - preparation of management projections for 2019,
  - approval of the 2019 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,
  - designation of independent directors,
  - review of the composition of the Board of Directors in view of the reappointment of a director,
  - review of the composition of the committees,
  - definition of diversity targets for the Board of Directors' composition,
  - evaluation of the performance of the Board of Directors and its committees (summary and proposals),
  - changes to the Board of Directors' internal rules, partly due to the revision of the Code of Corporate Governance in June 2018,
  - 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 paid to the executive officers,
  - examination of compensation for 2018,
  - determination of the principles of compensation for 2019,
  - long-term incentive plans/performance share plans and stock-option plans,
  - use of the authority granted under the seventeenth resolution of the Combined Shareholders' Meeting of May 30, 2018,
  - approval of the rules of the 2019 performance share plan for Group employees and the Chief Executive Officer and long-term incentive bonuses,

- approval of individual performance share awards to Group employees and the Chief Executive Officer,
- determination of number of shares that the Chief Executive Officer is required to retain in registered form until the termination of his duties as concerns performance share awards,
- compensation granted to the directors: amounts awarded in respect of 2018,
- determination of the budget for reimbursement of directors' expenses;

- management of the Company's financial affairs:
  - annual renewal of financing authorizations,
  - negotiation of a rider to the €900 million syndicated loan,
  - annual renewal of powers granted to the Chief Executive Officer regarding guarantees, endorsements, and security interests,
  - grants of authority to the Board of Directors to be proposed at the Shareholders' Meeting,
  - use of the authority granted under the tenth resolution of the Combined Shareholders' Meeting of May 29, 2019;
- 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 plans 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,
  - presentation of the new 2019-2021 CSR roadmap,
  - presentation concerning the investors' day,
  - presentation of a round-up of market news,
  - update on the Company's core purpose;
- risk management:
  - review of risk management procedures including the review of the updated risk map,
  - update on the Group's compliance program.
- preparation for the annual Shareholders' Meeting on May 29, 2019:
  - notice of meeting for the annual Combined Shareholders' Meeting (finalization of the agenda and approval of draft resolutions),
  - production of reports for the Shareholders' Meeting;
- other:
  - recognition of the capital increase following exercises of options and cancellations of shares,
  - annual review of the policy regarding gender balance and equal pay,
  - regulatory developments; update on the revision of the Code of Corporate Governance.

Board of Directors' Annual Seminar

Every year Legrand's directors and the representatives of the Central Workforce Relations and Economic Committee who attend meetings of the Board of Directors participate at a Seminar organized in France or abroad. 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 2019, the Group and its stakeholders were the focus of the Board Seminar. During the Seminar, various presentations gave directors the opportunity to meet the stakeholders and engage freely with them.

Areas of improvement for the Board of Directors' functioning further to the annual assessment of the Board of Directors

Since 2007, an assessment of the functioning of the Board of Directors and its specialized committees has been performed every year in order to evaluate, as required by the Code of Corporate Governance (i) the functioning modalities 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 discussions and decision-making. In accordance with its internal rules, the Board discusses its functioning at least once a year and reports on them in the Company's Universal Registration Document.

It should be noted that at its meeting of November 9, 2016, the Board approved the process for evaluating its work based on a three-year cycle alternating between an external evaluation and internal evaluations which may, depending on the year, include an evaluation of directors' individual contributions.

In 2019, the formal assessment of the Board of Directors and the specialized committees was carried out internally, under the supervision of the Lead Director based on a questionnaire that was given to the directors, with the option of arranging a one-to-one meeting with the Lead Director. The questionnaire was divided into two sections—the first was intended to evaluate the overall operating procedures of the Board of Directors and its Board Committees, and the second to evaluate the individual contribution of each director. The results of the questionnaire were analyzed by the Nominating and Governance Committee and fed back at the Board of Directors' meeting of March 20, 2019.

To sum up, the evaluation conducted in 2019 in respect of 2018 showed that the Board of Directors' operating procedures were highly satisfactory, especially with regard to (i) the composition of the Board, including its diversity, the mix of the directors' skills and experience, and the changes made to the composition of the Board, (ii) the quality of the information provided by Legrand to help directors fulfill their duties, (iii) the Board's functioning, including how meetings are held and the quality of its discussions, (iv) the functioning of the specialized committees, (v) the annual meeting of the non-executive directors, which is greatly appreciated by the directors, and (vi) the actions taken after previous evaluations to address the recommendations made by the directors.

Recommendations made by and responses supplied by management in 2019 in order to maintain the continuous improvement process for the Board's functioning were as follows:

- **the intention of enriching the Board's composition by selecting an experienced executive from a listed company operating within the industrial sector**: in this regard, a recruitment process led by an external consultant, retained by the Nominating and Governance Committee, commenced in late 2018 and the appointment of Michel Landel, who matched the target profile drawn up by the directors, was approved by the Shareholders' Meeting of May 29, 2019;
- **a desire for certain issues to be presented in greater depth, including the presentation of the SBUs and the Group's main rivals**: in response, these topics were covered during the 2019 Seminar with a presentation of the market share and competitors by main line of products and a discussion with a Group customer;
- **clarification of the respective powers of the Board and the management team, especially setting boundaries between the roles of the directors and those of the Chairman of the Board and between the directors and the Chief Executive Officer:** in response, a table listing senior managers' participation at the various Board and Board Committee meetings was made available on the directors' website;
- **the possibility of covering certain specific issues at Board meetings (potential crisis, market feedback and broker reports, Human Resources initiatives, digital and cyber risk updates):** in response, these issues were covered at meetings of the Board of Directors, the Board Committees or the Seminar held during 2019;
- **the chance to conduct a more detailed review of succession planning at a meeting of the Nominating and Governance Committee**: in response, in addition to the review of the succession plans conducted at the January meeting of the Nominating and Governance Committee, another annual meeting of the Nominating and Governance Committee devoted to a review of succession planning was arranged;
- **lastly, concerning the functioning of the Compensation Committee, the possibility (i) of enriching the Compensation Committee's composition by appointing an experienced senior executive, and (ii) of specifying in greater detail the evaluation criteria used to determine the compensation of the Chief Executive Officer and their assessment by the Compensation Committee when it draws up its report to the Board:** Patrick Koller was appointed to the Compensation Committee in 2019 in response to the first recommendation. The Compensation Committee now specifies in greater detail the criteria and reasoning underpinning the compensation amounts proposed to the Board in response to the second recommendation.

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 in its 2013 report on corporate governance and executive compensation.

The appointment of a Lead Director is one of ways in which the Company maintains an appropriate balance of powers in governance matters. 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 an opinion from the Nominating and Governance Committee. The term of office of the Lead Director may not exceed his/her term as director. The Lead Director may be reelected based on a proposal made by the Nominating and Governance Committee.

Accordingly, the Board of Directors has appointed Angeles Garcia-Poveda as Lead Director until the expiration of her term of office as director. Angeles Garcia-Poveda, an independent director, is a member of the Strategy and Social Responsibility Committee and Chairwoman of the Nominating and Governance Committee and Compensation Committee. After the roles of Chairman and Chief Executive Officer were separated, the decision was nevertheless taken to retain the position of Lead Director.

In connection with the changes to the Company's governance framework due to take place on July 1, 2020, a decision was also made to retain the role of Lead Director and to entrust it to Michel Landel.

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, the Lead Director is tasked with:

- preventing and managing conflicts of interest: the Lead Director is responsible for preventing conflicts of interest from arising by raising awareness about situations likely to lead to such conflicts. The Lead Director is kept informed by each director of any actual or potential conflict of interests. The Lead Director reports on these to the Board, as on any actual or potential conflict of interest which the Lead Director may detect independently;

- supervising the periodic evaluation of the Board's functioning and its specialized committees;
- chairing and organizing an annual meeting of non-executive directors without executive or internal directors being present, at which matters discussed include the performance of senior executives and future management plans;
- reporting to the Chairman of the Board of Directors on the conclusions of the annual meeting of non-executive directors; and
- if the Chairman of the Board of Directors is unavailable and at the latter's request, maintaining a dialog with Legrand's shareholders.

POWERS 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 convene a meeting of the Board of Directors or directly convene a meeting of the Board of Directors to consider a given agenda whose importance or urgent nature justifies holding an extraordinary meeting of the Board;
- chair meetings of the Board of Directors in the event that the Chairman is unable to attend; and
- if appropriate, attend meetings of committees of which Lead Director is not a member.

The Lead Director ensures that directors have the possibility of meeting and hearing from 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 as effectively as possible, as provided for in the Board's internal rules.

The Lead Director reports to the Board of Directors once a year.

LEAD DIRECTOR'S 2019 REPORT

In 2019, Angeles Garcia-Poveda convened and chaired an annual meeting of the Company's non-executive directors, without any of the Company's executive or internal directors or the Chief Executive Officer being in attendance. During this meeting, the directors discussed various topics, including the assessment of the performance of the Chief Executive Officer, his compensation, and succession plans. During the annual evaluation of the functioning of the Board and its specialized committees, the Lead Director asked the directors to give their opinion on how well the annual meeting of non-executive directors was organized (scheduling, duration, and so on) and to assess the quality and content of the discussions that took place at the meeting. The directors expressed their full satisfaction regarding the above points.

In 2019, the Lead Director also chaired the Board's discussions regarding the assessment of the Chief Executive Officer's performance and decisions regarding the pay of the executive officers; these discussions took place without the relevant individuals being present.

The Lead Director spoke at the Company's Shareholders' Meeting of May 29, 2019 and presented the components making up Gilles Schnepp and Benoît Coquart's compensation, as well as the Group's governance framework. With regard to compensation, the Lead Director explained the underlying principles of the compensation policy, the components of compensation paid to Gilles Schnepp for the 2018 financial year, and those that were payable to him for serving as Chairman of the Board of Directors for 2019, and those paid to Benoît Coquart in respect of 2018 and those that would be payable to him for serving as Chief Executive Officer for 2019, subject to approval by the shareholders. With regard to governance, the composition of the Board of Directors and changes therein, with a focus on its activity and that of its committees, and the diversity and balance of its composition, were presented to shareholders.

At the request of the Lead Director, the Board's functioning and those of its specialized committees regarding 2018 were assessed internally and included an evaluation of the individual contribution made by each of the directors. The results of this evaluation are reported in the above section "Areas of improvement for the Board of Directors' functioning 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 2019 to the Board of Directors at its meeting on March 19, 2020. The Board of Directors approved the Lead Director's activity report, 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 preparations for decision-making, specialized committees examine topics within their respective remit and submit opinions, proposals, and recommendations to the Board of Directors.

There are four permanent Board committees:

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

In addition to the standing 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 composition and arrangements for their operation as it sees fit. Availing itself of this possibility, the Board of Directors decided to establish for 2019 an Ad Hoc Committee responsible for conducting succession planning for the Chairman of the Board of Directors.

6.1.3.1 COMPOSITION OF THE BOARD OF DRECTORS' SPECIALIZED COMMITTEES

Principles

The Board of Directors appoints members based on a proposal made by 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. The executive officers may not be appointed to the Audit Committee. Members of the Audit Committee should have finance or accounting skills.

The Chairman of the Audit Committee is chosen by the members of the Audit Committee based on a proposal made by the Nominating and Governance Committee, from among the Audit Committee's independent members. The appointment of the Audit Committee's Chairman must be specifically examined by the Board of Directors. The same procedure shall apply for the extension of the Chairman's term of office.

The Nominating and Governance Committee may have a maximum of five members. Executive officers cannot be members of the Nominating and Governance Committee. 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. Executive officers cannot be members of the Compensation Committee. The Chairman of the Compensation Committee is chosen by the committee members from among its independent members, based on a proposal made by the Nominating and Governance Committee.

The Strategy and Social Responsibility Committee may have no more than six members. The Chairman of the Strategy and Social Responsibility Committee is chosen by the members of said committee from among its members, based on a proposal made by the Nominating and Governance Committee.

The number of members appointed to the **Ad Hoc Committee**, its Chairman and its operating procedures are determined by the Board of Directors when it is established.

Current composition of the Board of Directors' specialized committees

	Board committees			
	Audit Committee	Nominating and Governance Committee	Compensation Committee	Strategy and Social Responsibility Committee
Gilles Schnepp				X
Olivier Bazil		X		X
Isabelle Boccon-Gibod	X			X
Christel Bories	X			✓
Angeles Garcia-Poveda		✓	✓	X
Edward A. Gilhuly				X
Philippe Jeulin	X			
Patrick Koller		X	X	
Michel Landel		X		
Annalisa Loustau Elia			X	
Éliane Rouyer-Chevalier	✓		X	

X : Committee member
✓ Chair of a committee

In 2019, and through until the date of this Universal Registration Document, the changes in the composition of the various committees were as follows:

	Departures	Appointments	Reappointments
Audit Committee		Philippe Jeulin (March 20, 2019)	Éliane Rouyer-Chevalier (May 29, 2019)
Nominating and Governance Committee		Michel Landel (May 29, 2019)	
Compensation Committee		Patrick Koller (March 20, 2019)	Éliane Rouyer-Chevalier (May 29, 2019)
Strategy and Social Responsibility Committee			

Audit Committee

The Audit Committee is made up of four members appointed by the Board of Directors, three of whom are independent: Christel Bories, Éliane Rouyer-Chevalier, Isabelle Boccon-Gibod and Philippe Jeulin, the director representing employees. Their biographies and information about their education and professional development can be found in appendix 3 to the management report in the Company's Universal Registration Document.

The Audit Committee is chaired by Éliane Rouyer-Chevalier, who has financial and accounting qualifications and makes an additional contribution through her understanding of key financial indicators and risk assessment. 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. In addition, Christel Bories has gained senior management experience in industrial groups, which is useful to the Audit Committee. Finally, given the profile, interest in cybersecurity issues and experience of Philippe Jeulin, who is the director representing employees and works in the Company's Information Systems department, the Board of Directors, based on the recommendation of the Nominating and Governance Committee, decided to appoint him to the Audit Committee at its March 20, 2019 meeting.

As indicated in the section "Directorships due for renewal in 2020" of this Universal Registration Document, Isabelle Boccon-Gibod and Christel Bories expressed their intention to seek reappointment as directors. The Nominating and Governance Committee supported the reappointment of Isabelle Boccon-Gibod and Christel Bories for the reasons set out above.

Since all the Audit Committee members are independent[1], the composition of the Audit Committee is compliant with the Code of Corporate Governance, which recommends that at least two-thirds of members be independent directors.

Nominating and Governance Committee

The Nominating and Governance Committee has four members appointed by the Board of Directors, including three independent directors: Angeles Garcia-Poveda (independent director), Olivier Bazil, Patrick Koller (independent director) and Michel Landel (independent director), the latter having been appointed by the Board on May 29, 2019. Their biographies and information about their education and professional development can be found in appendix 3 to the management report in the Company's Universal Registration Document.

The Nominating and Governance Committee is chaired by Angeles Garcia-Poveda, who has expertise both in executive recruitment and corporate governance. Olivier Bazil has extensive knowledge of Legrand, having spent his entire career with the Group. As such, Olivier Bazil knows the Group's business, industry, and issues, which is particularly useful to the Committee's work. Patrick Koller brings to the committee his experience as a member of the general management and Board of Directors of a major listed industrial group. Lastly, Michel Landel brings the benefit to the committee of his experience as chairman of the nomination committee and compensation committee of a listed group, and as a former director and senior executive of a listed CAC 40 group.

As indicated in the section "Directorships due for renewal in 2020" of this Universal Registration Document, Angeles Garcia-Poveda expressed her intention to seek reappointment as a director. The Nominating and Governance Committee supported the reappointment of Angeles Garcia-Poveda for the reasons set out above. With three of the four members qualifying as independent directors, the composition of the Nominating and Governance Committee is compliant with the Code of Corporate Governance, which recommends that independent directors should form the majority of the committee's members.

Compensation Committee

The Compensation Committee has four members appointed by the Board of Directors, all of whom are independent: Angeles Garcia-Poveda, Annalisa Loustau Elia, Éliane Rouyer-Chevalier and Patrick Koller. Their biographies and information about their education and professional development can be found in appendix 3 to the management report in the Company's Universal Registration Document.

The Compensation Committee is chaired by 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. Éliane Rouyer-Chevalier has expertise in Corporate Social Responsibility, a major factor used to determine the compensation of the Group's executives. The Compensation Committee benefits from her experience and her insights in the field of corporate governance. 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). Lastly, Patrick Koller gives the Committee the benefit of his experience as a senior executive and board member of a listed industrial group and his knowledge of compensation practices at listed companies.

As indicated in the section "Directorships due for renewal in 2020" of this Universal Registration Document, Angeles Garcia-Poveda expressed her intention to seek reappointment as a director. The Nominating and Governance Committee supported the reappointment of Angeles Garcia-Poveda for the reasons set out above.

[1] Note that Philippe Jeulin, the director representing employees, is not counted for the purpose of calculating the proportion of independent directors, in accordance with the recommendations of the Code of Corporate Governance.

With all its members qualifying as independent directors, the Compensation Committee's composition is compliant with the Code of Corporate Governance, which recommends that the majority of committee members be independent directors.

Strategy and Social Responsibility Committee

The Strategy and Social Responsibility Committee has six members appointed by the Board of Directors: Christel Bories, Angeles Garcia-Poveda, Isabelle Boccon-Gibod and Edward A. Gilhuly (independent directors), Olivier Bazil, and Gilles Schnepp. Their biographies and information about their education and professional development can be found in appendix 3 to the management report in the Company's Universal Registration Document.

The Strategy and Social Responsibility Committee is chaired by Christel Bories, whose senior management experience within industrial groups and as a strategy consultant provides useful insights for the committee. 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. Isabelle Boccon-Gibod can offer a fresh perspective on the Group's strategic initiatives and helps enhance them through her participation in the Strategy and Social Responsibility Committee, having joined it at a time of more rapid development in the Group and a sharper focus on CSR topics. Edward A. Gilhuly brings to the committee his skills in finance and acquisitions strategy and his knowledge of how business is done in the United States, which is useful because of the Group's growing exposure to that country. Finally, Olivier Bazil and Gilles Schnepp provide the committee with the benefit of their in-depth knowledge of the Group and its businesses.

As indicated in the section "Directorships due for renewal in 2020" of this Universal Registration Document, Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda expressed their intention to seek reappointment as directors. The Nominating and Governance Committee supported the reappointment of Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda for the reasons set out above.

Ad Hoc Committee

The Ad Hoc Committee responsible in 2019 for working on changes to the Company's governance framework and succession planning for the Chairman of the Board of Directors consisted of the six members appointed by the Board of Directors on May 29, 2019: Éliane Rouyer-Chevalier and Christel Bories, Michel Landel, Patrick Koller (independent directors), Oliver Bazil and Gilles Schnepp. Their biographies and information about their education and professional development can be found in appendix 3 to the management report in the Company's Universal Registration Document.

The Ad Hoc Committee was chaired by Olivier Bazil, who has extensive knowledge of the Legrand Group, having spent his entire career with it. As such, Olivier Bazil is familiar with the Group's business, industry, and issues, which was particularly helpful for the Committee's work on the change in governance framework. Gilles Schnepp's involvement in his capacity as Chairman of the Group was crucial to the success of the Ad Hoc Committee's work. Christel Bories, Chairwoman of the Strategy and Social Responsibility Committee, Éliane Rouyer-Chevalier as Chairwoman of the Audit Committee, and Michel Landel and Patrick Koller, both members of the Nominating and Governance Committee, also made telling contributions to the work of the Committee.

Each committee is responsible for setting its own annual meeting schedule, taking into account the dates of Board meetings and Shareholders' Meetings.

6.1.3.2 FUNCTIONING OF THE BOARD OF DIRECTORS' COMMITTEES

Each committee meets as often as required to consider issues falling within its remit; 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 it 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 for the consideration 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 remit, 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 discussions with such principal executives.

The committees make sure that the quality of reports to the Board of Directors keep it fully informed, thereby facilitating its decision-making.

Audit Committee

The remit and arrangements for the 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 and order no. 2016-315 of March 17, 2016 on statutory audits.

Duties of the Audit Committee

The Committee assists the Board of Directors in the conduct of its duties as regards the adoption of annual statutory 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, financial and non-financial information, as well as the statutory audit.

The Audit Committee must hold regular meetings with the Statutory Auditors, including meetings not attended by any executives.

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 that internal control and risk management systems, as well as internal audit systems, exist and to monitor their effectiveness, in relation to the procedures for preparing and processing accounting, financial and non-financial information, without this affecting the committee's independence,
  - to familiarize itself with information about the procedures for preparing and processing the accounting and financial information included in the reports presented to the Shareholders' Meeting,
  - to assess the effectiveness and quality of the Group's internal control procedures, in order to ensure that these contribute to the production of annual statutory and consolidated financial statements that provide a true and fair presentation of the Company and its Group, and comply 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 remedial action is taken in the event of significant weaknesses or flaws,
  - to examine material risks and 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 reporting,
  - to hold meetings with the person in charge of Corporate Social Responsibility (CSR) on (i) risks, especially in view of the CSR risk map, (ii) the conclusions of the independent third-party body in charge of reviewing non-financial data, and (iii) the methods for determining and analyzing the roadmap. The Audit Committee may decide, with approval from the Board of Directors, to entrust special assignments to one of its members, it being stipulated that in accordance with the provisions of the Board of Directors' internal rules, additional attendance fees may be awarded for undertaking such assignments.

At Audit Committee meetings dealing with evaluation of the process for preparing and handling accounting, financial and non-financial information, the Statutory Auditors report on the performance of their duties and the conclusions of their work.

The Audit Committee is informed of the main findings by the Statutory Auditors and internal audit as regards the effectiveness of internal control and risk management systems. It hears the views of the persons responsible for internal audit and risk management. It is kept informed of 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 integrity,
  - to carry out a prior examination of the draft statutory 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 material transactions at Group level,
  - to ascertain regularly the financial position, cash flow and significant commitments of the Company and the Group.

During the Audit Committee's review of the financial statements, the Statutory Auditors must present the key audit points to the Committee covering in particular any audit adjustments and material internal control weaknesses identified during the Auditors' assignment, and the accounting options selected. As part of the review, the Audit Committee may consider major transactions potentially giving rise to conflicts of interest.

During the Audit Committee's review of the financial statements, management should also give a presentation of the Company's risk exposures, including to social and environmental risks, its material off-balance-sheet commitments, and the accounting options selected.

More generally, for the review of financial statements, the Audit Committee may interview, without the executives or directors who play active roles in the Company being present, any person who, in one capacity or another, takes part 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 statutory and consolidated financial statements by the Statutory Auditors, as well as their independence and objectivity:
  - by ensuring that the Statutory Auditors fulfill their duty in performing the statutory audit of the annual statutory 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 reappointment by the Shareholders' Meeting in compliance with the applicable regulations,

- by receiving each year from the Statutory Auditors: (i) their declaration of independence; (ii) information about the fees paid to the network of Statutory Auditors by companies controlled by the Company or the entity controlling the Company; and (iii) information concerning the services performed in respect of non-audit services,
- by receiving the supplementary report to the audit report,
- by approving the provision of non-audit services by the Statutory Auditors, pursuant to the conditions provided for by the internal pre-authorization procedure, and in particular after having analyzed the risks to the independence of the Statutory Auditors and the safeguards applied by them,
- by examining the amount and details of the fees paid by the Group to the Statutory Auditors and to any network to which they may belong. In this respect, the Audit Committee must obtain details of the fees paid by the Company and its Group to the Statutory Auditors and to any network to which they may belong, and to ensure that the amount of such fees, or the fraction they represent of the total revenues of the Statutory Auditors and their network, are not such that the independence of the Statutory Auditors might be compromised.

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 when the annual and interim financial statements are approved, on (i) how it has conducted its duties; (ii) the results of the statutory audit; and (iii) how this audit assignment contributed to the integrity of financial reporting 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 to keep the Board of Directors fully informed in order to facilitate its decision-making.

Meetings of the Audit Committee are valid only if at least half of its members are present. Decisions are made by a simple majority vote, 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. That period of time may be shortened 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 conference call or videoconferencing.

Nominating and Governance Committee

The remit and arrangements for the operation of the Nominating and Governance Committee are outlined in the Board's internal rules, the provisions of which are restated below.

Duties 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 organizing the Company's management and control powers;
- considering and submitting proposals to the Board of Directors for appointments to the positions of director, Lead Director, Chief Executive Officer, Chief Operating Officer, Chairman of the Board and members and chairs of the Board committees; to that end, it must assess the levels of expertise and experience required, define duties and assess the amount of time needed to carry them out;
- submitting proposals to the Board of Directors regarding the nature of the Board committees' duties;
- considering proposals submitted by interested parties, including management and shareholders;
- preparing, under the supervision of the Lead Director, the procedures for periodic self-assessments by the Board of Directors and governance bodies, and any evaluation of the Board of Directors by an external consultant;
- preparing a succession plan for executive officers 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 laws and regulations in force in this area and, more generally, ensuring that the proper information on corporate governance is given to shareholders.

The Chief Executive Officer is involved in the Nominating and Governance Committee's work on the selection of new directors and succession planning for executive 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 Shareholders' Meeting, 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 reports on its activities to the Board of Directors.

Meetings of the Nominating and Governance Committee are only valid if at least half of its members are present. Decisions are made by a simple majority vote, with its Chairman having a casting vote.

Meetings of the Nominating and Governance Committee may be held by conference call or videoconference.

Compensation Committee

The remit and arrangements for the operation of the Compensation Committee are outlined in the Board's internal rules, the provisions of which are restated below.

Duties of the Compensation Committee

As regards the compensation of executive 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 executive officers in particular as regards the calculation of the variable portion 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 executive 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 out 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 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 applicable to directors' compensation 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 and all other share-based compensation or compensation indexed or otherwise linked to shares, the Compensation Committee is tasked with:

- examining the general policy governing eligibility for such plans and submitting any proposals it may have in this area to the Board of Directors;
- reviewing the information on this subject provided in the annual report and to the Shareholders' Meeting;
- submitting proposals to the Board of Directors concerning which of the options permitted by law to choose and explaining the reasons for that choice, together with its consequences;
- preparing the Board's decisions on compensation arrangements.

In addition, the Committee must be informed of the compensation policy for key executives who are not company officers. The Committee involves the Chief Executive Officer in this aspect of its work.

Meetings of the Compensation Committee

The Compensation Committee meets at least twice a year and, if necessary, prior to the approval of the agenda of the annual Shareholders' Meeting, to review the draft resolutions that are to be submitted to it and that fall within the committee's remit. The Compensation Committee reports on its activities to the Board of Directors.

Meetings of the Compensation Committee are only valid if at least half of its members are present. Decisions are made by a simple majority vote, with its Chairman having a casting vote.

Meetings of the Compensation Committee may take place by conference call or videoconference.

Strategy and Social Responsibility Committee

The remit and arrangements for the operation of the Strategy and Social Responsibility Committee are outlined in the Board's internal rules, the provisions of which are restated below.

Duties of the Strategy and Social Responsibility Committee

The duties of the Strategy and Social Responsibility Committee are to assist the Board of Directors in its decisions regarding the strategic direction of 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 adopted by the Group and ensure that management conducts an analysis of internal or external factors related to CSR issues (risks and opportunities) that have an influence on the Group, such as regulations, third-party expectations and sector comparisons;
- evaluate the adequacy of the resources available to the Group for the successful implementation of its CSR strategy, in view of the objectives pursued;
- consider the main findings and observations of the independent third-party organization, 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 is necessary and in any event at least twice a year.

The Strategy and Social Responsibility Committee reports on its activities to the Board of Directors.

Meetings of the Strategy and Social Responsibility Committee are only valid if at least half of its members are present. Decisions are made by a simple majority vote, with its Chairman having a casting vote.

Meetings of the Strategy and Social Responsibility Committee may be held by conference call or videoconference.

Services provided by external consultants

The Board Committees may request external technical studies relating to matters within their remit at the Company's expense, after they have informed the Chairman of the Board of Directors or the Board of Directors itself. They are obliged to report back to the Board on the results of these studies.

In the event of committees use the services of external consultants, the committees must ensure that the consultant concerned is objective.

6.1.3.3 WORK PERFORMED BY THE BOARD OF DIRECTORS' SPECIALIZED COMMITTEES IN 2019

In 2019, directors' attendance rate at Board committee meetings was 98%. In accordance with the recommendations of the Code of Corporate Governance, the table below provides details of each director's individual attendance rate.

Attendance at Board of Directors' specialized committees	Audit Committee	Nominating and Governance Committee	Compensation Committee	Strategy and Social Responsibility Committee	Ad Hoc Committee
Gilles Schnepp	Not applicable	100%	Not applicable	75%	100%
Olivier Bazil	Not applicable	100%	Not applicable	100%	100%
Isabelle Boccon-Gibod	100%	Not applicable	Not applicable	100%	Not applicable
Christel Bories	75%	Not applicable	Not applicable	100%	100%
Angeles Garcia-Poveda	Not applicable	100%	100%	100%	Not applicable
Edward A. Gilhuly	Not applicable	Not applicable	Not applicable	100%	Not applicable
Philippe Jeulin	100%	Not applicable	Not applicable	Not applicable	Not applicable
Patrick Koller	Not applicable	100%	Not applicable(1)	Not applicable	100%
Michel Landel	Not applicable	100%	Not applicable	Not applicable	100%
Annalisa Loustau Elia	Not applicable	Not applicable	100%	Not applicable	Not applicable
Éliane Rouyer-Chevalier	100%	Not applicable	100%	Not applicable	100%

(1) Note that all the meetings of the Compensation Committee scheduled for 2019 had already taken place by the time Patrick Koller was appointed by the Board on March 20, 2019.

Work performed by the Audit Committee in 2019

The Audit Committee met eight times in 2019. The attendance rate for the year was 93%. The Committee met to consider matters including the following:

- the Company's results:
  - review of the annual statutory and consolidated financial statements to December 31, 2018 and the consolidated management report, review of the consolidated financial statements for the three months ended March 31, 2019, the consolidated financial statements for the six months ended June 30, 2019 and the half-year financial report, and the consolidated financial statements for the nine months ended September 30, 2019,
  - review of the Statutory Auditors' work at December 31, 2018 and June 30, 2019,
  - review of key figures in press releases on the annual, quarterly, and half-yearly consolidated financial statements and assumptions on the outlook for 2019, as well as accounting options,
  - payment arrangements for dividends and their consequences for resolutions to be submitted to the Annual Shareholders' Meeting of May 29, 2019.
- 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,
  - special focus on certain risk factors: cybercrime, data privacy, duty of due diligence,
  - review of the section of the consolidated management report on procedures for preparing and processing accounting and financial information,
  - review of risk mapping,
  - cybersecurity briefing;
- audit and relations with external auditors:
  - internal audit: 2018 summary and review of the 2019 audit plan,
  - quarterly update on internal audits and fraud (review of audit summaries and fraud report),
  - review of the assignments of the Statutory Auditors, including additional assignments,
  - review of the budget for auditors' fees,
  - examination of non-audit services,

- other:
  - update on the Group's compliance program,
  - presentation of the risk factors section of the 2019 Universal Registration Document and of the 2019 declaration of extra-financial performance.

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, without any of the Company's general management team in attendance, in line with the recommendations of the Code of Corporate Governance.

Work performed by the Nominating and Governance Committee in 2019

The Nominating and Governance Committee met three times in 2019. The attendance rate for the year was 100%. The Committee met to consider matters including the following:

- composition of the Board of Directors and its committees:
  - procedure for the review of the status of independent directors,
  - annual review of the Board of Directors' diversity policy,
  - recommendation to reappoint Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda,
  - recommendation to appoint Benoît Coquart,
  - recommendation concerning the composition of the Compensation Committee and the Nominating and Governing Committee as part of the reconfiguration of the Company's governance framework,
  - recommendation concerning the Chairman of the Compensation Committee and the appointment of the new Chairman of the Nominating and Governing Committee;
- Group succession planning;
- annual review of existing succession plans, whether in the long term or in the case of unforeseen events, concerning all key management posts within the Group, as well as the duties of Chief Executive Officer, Chairman of the Board of Directors, the directors, and the Board committees;
- other:
  - review of the corporate governance report,
  - update on the evaluation conducted internally of the operating procedures of the Board of Directors and its Committees, including an evaluation of the individual contribution made by each director.

Work performed by the Compensation Committee in 2019

The Compensation Committee met three times in 2019. The attendance rate for the year was 100%. The Committee met to consider matters including the following:

- compensation:
  - review of the overall compensation structure for executive officers,
  - calculation of compensation for the Chairman of the Board of Directors with respect to 2018,
  - calculation of compensation for the Chief Executive Officer with respect to 2018,
  - determination of the principles of compensation for executive officers with respect to 2019;
- long-term incentive plans/performance share plan:
  - determining the 2019 performance share plan,
  - approval of individual awards of performance shares to the Chief Executive Officer and the Group's key managers,
  - determination of number of shares that the Chief Executive Officer is required to retain in registered form until the termination of his duties as concerns performance share awards;
- compensation granted to the directors:
  - amounts awarded in respect of 2018;
- directors' expenses;
  - proposal of an overall annual reimbursement budget.

Work performed by the Strategy and Social Responsibility Committee in 2019

The Strategy and Social Responsibility Committee met four times in 2019. The attendance rate for the year was 96%. The Committee met to consider matters including the following:

- acquisitions:
  - review of acquisitions made since 2004,
  - examination of proposed acquisitions,
  - definition of strategic guidelines for future acquisitions;
- budget:
  - presentation of the 2019 draft budget,
  - approval of the 2019 budget;

- Corporate Social Responsibility:
  - review of CSR indices in which the Company is included and competitive analysis,
  - review of performance under the Group's CSR roadmap for 2014-2018,
  - presentation of the new 2019-2021 CSR roadmap,
  - review of priority objectives for 2019.

6.1.4 - General Management of the Company

6.1.4.1 IDENTITY OF THE COMPANY'S CHIEF EXECUTIVE OFFICER

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 the recommendation of the Nominating 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 appendix 2 of this Universal Registration Document for biographical details concerning Benoît Coquart.

6.1.4.2 OPERATING PROCEDURES OF GENERAL MANAGEMENT

Choice of the Company's general management method

Principles

The Board of Directors decides, 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 general management structure may be changed at any time. The Board of Directors must discuss whether to keep the current system whenever the term of office of the Chairman of the Board of Directors or the Chief Executive Officer comes to an end.

Where 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 natural 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 Shareholders' Meeting called to approve the financial statements from the year then ended and held in the year the age limit is reached.

The Chief Executive Officer may be reappointed for consecutive terms without limit. 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 vote. 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 Chief Executive Officer's compensation and term of office.

If proposed by the Chief Executive Officer, the Board of Directors may appoint a maximum of five Chief Operating Officers to assist him/her. Chief Operating Officers must always be natural persons. They may or may not be directors. 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 or the length of the Chief Executive Officer's term of office. 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 until a new Chief Executive Officer is appointed (unless a decision to the contrary is taken by the Board). Chief Operating Officers may be reappointed for consecutive terms without limit and are subject to the same age limits as the Chief Executive Officer.

Decision by the Board of Directors to separate the duties of Chairman from those of Chief Executive Officer

According to the Code of Corporate Governance, "corporations with Boards of Directors have a choice between separating and combining 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 executive management".

At its meeting of March 17, 2006, the Board of Directors decided to combine the offices of Chairman and Chief Executive Officer, with Gilles Schnepp performing both roles. This form of governance was chosen in the context of the Company's initial public offering.

At the Board of Directors meeting of February 7, 2018, Gilles Schnepp submitted a proposal to the Board of Directors to change the Group's governance framework in order to continue the Company's development as effectively as possible.

Therefore, based on the proposal by 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 best governance practice. It means both roles are given full and total attention.

Consequently, in its February 7, 2018 meeting, the Board decided to renew Gilles Schnepp's term of office as Chairman of the Board of Directors, to recommend the renewal of his term of office as director at the next Shareholders' Meeting on May 30, 2018, and to appoint Benoît Coquart to succeed him as Chief Executive Officer of Legrand.

The appointment of Benoît Coquart placed 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.

At its meeting of February 27, 2020 concerning the reconfiguration of the Company's governance and the appointment of Angeles Garcia-Poveda as Chairwoman of the Company's Board of Directors replacing Gilles Schnepp effective July 1, 2020, the Company's Board of Directors decided to maintain the separation between the duties of Chairman and Chief Executive Officer effective July 1, 2020.

Multiple directorships

Gilles Schnepp, Chairman of the Board of Directors, holds a directorship and is a member of the supervisory board of two other French listed companies. With regard to the non-executive officer, the Board can formulate specific recommendations concerning his/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, in line with the provisions of the Board's internal rules.

Benoît Coquart, Chief Executive Officer, does not hold any other directorship in another French listed company. The number of directorships held by Benoît Coquart is therefore in line with the Code of Corporate Governance, which recommends that executive officers should hold no more than two other directorships in listed companies outside their group, including foreign ones.

6.1.4.3 POWERS OF THE CHIEF EXECUTIVE OFFICER

Subject to internal limitations, not binding on third parties, that the Board of Directors may apply to its powers in its internal rules, the Chief Executive Officer is vested with the widest powers to act under any circumstances on behalf of the Company. Those powers are to be exercised without exceeding the Company's corporate objects and the powers expressly reserved by law for the Shareholders' Meetings and the Board of Directors.

The internal rules of the Board of Directors list certain 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 this Universal Registration Document.

6.1.4.4 EXECUTIVE COMMITTEE

The Executive Committee is made up of a close-knit nine-member team that has varied and complementary expertise. All members of the committee understand the core business of the Group and its issues. This Committee features representatives from country management teams and country operational support departments.

At the date of this Universal Registration Document, the Executive Committee, which includes three women, has the following members:

Name	Position	Date joined the Group
Benoît Coquart	Chief Executive Officer	1997
Karine Alquier-Caro	Executive VP, Purchasing	2001
Bénédicte Bahier	Executive VP, Human Resources	2007
Antoine Burel	Deputy Chief Executive Officer, Executive VP Group Operations	1993
Jean-Luc Cartet	Executive VP Asia-Pacific, Middle East & Africa and South America	1992
Gloria Glang	Executive VP, Strategy and Development	2019
Franck Lemery	Chief Financial Officer	1994
John Selldorff	President and Chief Executive Officer of Legrand North & Central America	2002
Frédéric Xerri	Executive VP, Europe	1993

6.1.4.5 GENDER BALANCE IN SENIOR MANAGEMENT

As stated in section 4.4.3.3 of this Universal Registration Document, the Group is actively committed to combating discrimination and promoting diversity.

The Group encourages the hiring of more women managers and undertakes to guarantee that women have the same working conditions as men.

Promoting women to the Group's key roles is part of an ongoing action plan that follows on from measures already implemented by the Group in recent years. Please refer to section 4.4.3.3 of this Universal Registration Document for further information.

As regards the Executive Committee, efforts to appoint more women to the Committee started several years ago, and 33% of its members were women at the end of 2019, an improvement on the 25% at year-end 2018.

In addition, the Group had set a year-end 2030 objective of having women in one-third of key management positions, which are defined as grade 20 or above according to Hay Job Evaluation methodology. Between 2018 and 2019, the proportion rose from 15.2% to 16.5%.

Lastly, to sustain a gender-balanced pipeline of talent into senior management positions, the Group added a priority in its 2019-2021 Corporate Social Responsibility roadmap of increasing by 20% the number of managerial positions defined as positions rated as grade 14 or above according to the Hay Job Evaluation methodology held by women. Between year-end 2018 and year-end 2019, the rate rose from 22.6% to 23.3%.

6.1.5 - Service agreements

As of the date of this Universal 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 - Compensation policy for company officers in respect of 2020

The compensation policy for company officers in respect of 2020 was articulated by the Board of Directors in accordance with article L. 225-37-2 of the French Commercial Code, on the recommendation of the Compensation Committee.

It is presented below in a clear and comprehensible manner, as well as in the corporate governance report required by the final paragraph of article L. 225-37 of the French Commercial Code, which appears in Appendix 2 of this Universal Registration Document.

6.2.1.1 OBJECTIVES, PRINCIPLES AND RULES USED TO DETERMINE AND IMPLEMENT THE COMPENSATION POLICY APPLICABLE TO ALL COMPANY OFFICERS

Objectives and 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 taking into account the principles mentioned in the Code of Corporate Governance, namely: comprehensiveness, balance between compensation components, comparability, consistency, understandability of the rules and proportionality.

The Board of Directors ensures that the compensation policy is aligned with the Company's corporate interest, is in line with market practice for comparable companies, is tailored to the Company's strategy and situation and is intended to boost the Company's performance and competitiveness in the medium and long term, while also accommodating its social and environmental responsibilities.

The principles underpinning the compensation policy for company officers in 2020 remain essentially unchanged compared to 2019. Long-term profitable growth and value creation, taking into account all stakeholders' concerns, within a broad 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 business strategy;
- the compensation structure (and variable compensation based on financial and extra-financial performance 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 drivers of the Company's profitable and sustainable growth, 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;
- lastly, in keeping with its corporate interest, the compensation policy, which is intended to be simple and transparent, must ensure a certain level of attractiveness for company officers without going beyond what is fair and acceptable to stakeholders.

The compensation policy thereby helps to underpin the Company's business strategy and sustainability, while upholding its corporate interests.

Decision-making process for formulating, adjusting and implementing the compensation policy

Policy formulation

The compensation policy for company officers is laid down every year by the Board of Directors on the recommendation of the Compensation Committee.

The Compensation Committee ensures that all the objectives and principles presented above are applied strictly in its work and in the recommendations it makes to the Board of Directors concerning the compensation policy applicable to company officers.

As regards the executive officers, the Compensation Committee examines and makes proposals to the Board of Directors concerning all compensation components making up their compensation policy, including how the variable portion of their compensation should be determined. To achieve this, it lays down the rules for setting this variable portion, while ensuring that these rules are consistent with the annual performance review of the executive officers and with Legrand's medium-term strategy.

As regards directors' compensation, the Compensation Committee issues a recommendation on the overall allocation and method of apportionment for this compensation, which reflects directors' actual contribution to the Board and its Committees, in accordance with the Code of Corporate Governance, with the variable portion outweighing the fixed portion.

The compensation policy for company officers is laid down by the Board of Directors on the recommendation of the Compensation Committee, in accordance with standard practice at CAC 40 companies as determined by benchmarking. It is assessed on an annual basis by the Compensation Committee and analyzed in detail, with Legrand's position within the CAC 40 index considered as part of this.

The compensation policy for company officers also takes into consideration the pay and employment conditions of the Company's employees. The Board of Directors, on the recommendation of the Compensation Committee, ensures that the compensation structure of its company officers and in particular of the Chief Executive Officer are consistent with that applicable to the Group's main executives, which means that it should be made up of fixed compensation and variable compensation (annual and long-term). Even so, the Compensation Committee may propose, and the Board of Directors may decide to set distinct or specific long-term compensation performance criteria for the company officers that are not the same as those applicable to the Group's other executives.

The first three main performance criteria set for long-term compensation are the same as for all beneficiaries.

In addition, the Board of Directors, acting on the recommendation of the Compensation Committee, has factored compensation criteria related to the employment conditions of the Group's employees into the targets for the qualitative portion of the Chief Executive Officer's variable compensation. Accordingly, measures to promote diversity and gender balance in the workforce and, in addition, workforce-related initiatives and dialog are assessed in respect of the general criteria for the qualitative portion of the Chief Executive Officer's annual variable compensation.

Adjustments

In accordance with the Code of Corporate Governance, executive officers' fixed compensation is reviewed only at relatively infrequent intervals. During this review, the Compensation Committee takes into consideration changes in the compensation and employment conditions of the Company's employees when making its recommendations to the Board of Directors.

The fixed compensation policy for the company officers may still be reviewed by the Board of Directors earlier than anticipated in the event of significant changes in the scope of the company officers' responsibilities or a major shift in the positioning of company officers' compensation with regard to that at other comparable companies.

The variable compensation policy (specifically including the targets for the annual variable portion and the performance conditions for the performance shares) is reviewed on a regular basis in accordance with the Group's strategic priorities.

Implementation of the compensation policy

The compensation policy is implemented by the Board of Directors in accordance with the resolutions passed by the Shareholders' Meeting.

On the recommendation of the Compensation Committee, the Board of Directors sets every year the targets for the variable compensation (annual and long-term) performance criteria.

Management of conflicts of interest

In accordance with the Code of Corporate Governance and the internal rules of the Board of Directors and its Board Committees, executive officers are not present in meetings when the Board of Directors makes decisions concerning their compensation.

In the event of a potential conflict of interest affecting formulation of the compensation policy for executive officers by the Compensation Committee, the Board of Directors may decide to entrust the task to an Ad Hoc Committee.

Methods for assessing achievement of the performance criteria set for variable compensation

The first two criteria for the quantitative portion of annual variable compensation (that is, organic growth in sales and adjusted operating margin before acquisitions) are aligned with the public targets announced by the Company in February 2020, which means they are transparent and measurable.

The third criterion for the quantitative portion of annual variable compensation (that is, external growth), is measured by sales growth through acquisitions.

The rate of achievement of the Group's CSR roadmap, which is audited by independent third parties, represents the fourth criterion influencing the quantitative portion of annual variable compensation.

As regards the criteria for the qualitative portion of annual variable compensation, their rate of achievement is left to the appreciation of the Board of Directors based on the recommendation of the Compensation Committee, which forms its assessment using information provided by management.

The Board of Directors (where appropriate, based on a proposal made by the Compensation Committee) may alter, change and adapt the performance criteria adopted for annual variable compensation.

Methods for assessing achievement of the performance criteria set for long-term compensation

The first two criteria set for long-term compensation (that is, organic growth in sales and adjusted operating margin before acquisitions) are aligned with the public targets announced by the Company in February 2020, which means they are transparent and measurable.

The rate of achievement of the Group's CSR roadmap, which is audited by independent third parties, represents the third criterion for long-term compensation.

The fourth criterion for long-term compensation is based on performance of Legrand's share price relative to the CAC 40 index. This fourth criterion is thus transparent and measurable.

The Board of Directors (where appropriate, based on a proposal made by the Compensation Committee) may alter, change and adapt the performance criteria adopted for the variable compensation (long-term).

Criteria for apportioning the annual fixed allocation for directors

The criteria for apportioning compensation between directors are presented in section 6.2.1.4 Compensation policy applicable to the directors in respect of 2020 of this Universal Registration Document.

Alteration of the compensation policy

As stated in sections 6.2.1.2 “Compensation policy applicable to the Chairman of the Board of Directors in respect of 2020” and 6.2.1.4 “Compensation policy applicable to the directors in respect of 2020”, the Board of Directors, acting on the recommendation of the Compensation Committee, decided to leave unchanged the compensation policy applicable to the Chairman of the Board of Directors.

As far as the compensation policy applicable to the Chief Executive Officer in respect of 2020 is concerned, as stated in section 6.2.1.3 of this Universal Registration Document, the Board of Directors decided at its meeting of April 10, 2020 in the light of the global health emergency and economic crisis caused by Covid-19, based on a proposal made by Benoît Coquart, to leave the Chief Executive Officer’s annual fixed compensation in respect of 2020 unchanged compared to 2019 even though the Board of Directors had initially decided to raise it from €700,000 to €900,000 on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies.

Accordingly, Benoît Coquart will receive the same amount of fixed compensation of €700,000 in respect of 2020 as he did in 2019.

The Board of Directors decided at its meeting on March 19, 2020, based on a proposal made by the Compensation Committee, to make adjustments to certain criteria of the qualitative portion of the Chief Executive Officer’s annual variable compensation to better align the compensation policy applicable to him with the Group’s medium-term strategy. It is worth noting that at the Shareholders’ Meeting on May 29, 2019, the compensation policy for the Chief Executive Officer was approved by the vast majority (93% of votes in favor) of the Company’s shareholders. These adjustments are presented in section 6.2.1.3 Compensation policy applicable to the Chief Executive Officer in respect of 2020 in this Universal Registration Document. The other components of the Chief Executive Officer’s compensation remain unchanged compared to 2019.

Arrangements for application of the compensation policy in the event of a potential change in governance or exceptional circumstances

In the event of a change in governance (including should a new executive officer be appointed) during 2020, the principles and components of compensation laid down in the compensation policy applicable for 2020 would also apply to the new office holder, it being specified that the Board of Directors reserves the right, on the recommendation of the Compensation Committee, to adjust the level and structure of compensation (in particular the fixed compensation) to the position of the relevant new executive officer and the responsibilities entrusted with the role.

The recruitment of a new executive officer could also require new components of compensation to be offered.

In accordance with the second paragraph of III of article L. 225-37-2 of the French Commercial Code, the Board of Directors may depart in exceptional circumstances from application of the components of the compensation policy provided that such deviation is temporary, in keeping with the corporate interest and necessary to safeguard the continued operation or viability of the Company.

The compensation components in respect of which derogations are possible include the fixed and variable compensation of the company officers. For example, it could be necessary to adjust the performance conditions governing the vesting of some or all of the components of company officers’ compensation. Adjustments may lead either to an increase or decrease in the relevant compensation components.

The Board of Directors will decide on any adjustments to the compensation policy in exceptional circumstances, based on a proposal by the Compensation Committee. These will have to be duly explained by the Board of Directors (after soliciting, where appropriate, the opinion of an independent consulting firm).

6.2.1.2 COMPENSATION POLICY APPLICABLE TO THE CHAIRMAN OF THE BOARD OF DIRECTORS IN RESPECT OF 2020

A – Term of office of the Chairman of the Board of Directors

The Board of Directors elects from among its members a Chairman who must be below the age of 65 upon appointment. The Chairman may be reappointed for consecutive terms without limit. The Board of Directors may resign from his/her duties at any time (without giving any notice), and the Board of Directors may dismiss him/her at any time (without giving any notice).

Gilles Schnepp was appointed Chairman of the Board of Directors on February 8, 2018, following the Board of Directors’ decision to separate the offices of Chairman of the Board of Directors and of Chief Executive Officer.

A change to the governance arrangements was announced on February 28, 2020 consisting in the appointment of Angeles Garcia-Poveda to chair the Board of Directors of the Company effective July 1, 2020 as a replacement for Gilles Schnepp. Please refer to the press release entitled “Change to Legrand’s governance” available on the Group’s website for more information about the subject.

The term of office of the Chairman of the Board of Directors is the same as the length of his/her term of office as a director. That currently stands at four years, but a shorter term of office of 3 years will be proposed for shareholders’ approval at the forthcoming Shareholders’ Meeting on May 27, 2020. If approved, it would apply to Angeles Garcia-Poveda’s term of office as her reappointment is being proposed for shareholder approval at the same Shareholders’ Meeting.

The Chairman of the Board of Directors is not bound by any contract of employment or service agreement with the Company or any other Group company.

B – Compensation of the Chairman of the Board of Directors in respect of 2020

The annual fixed compensation of the Chairman of the Board of Directors is determined by the Board of Directors, upon a proposal from the Compensation Committee, in accordance with the principles stated in section 6.2.1.1 of this chapter, and in line with the responsibilities and duties assumed by the Chairman and related to that office, as provided for by law, the Articles of Association and the internal rules. The main factors used to determine this compensation are: (i) the key role of the Chairman of the Board of Directors in connection with all the responsibilities of the Board of Directors and its committees (ii) benchmarking studies analyzing the compensation awarded to non-executive chairmen of CAC 40 companies, and (iii) the skills and experience of the prospective Chairman of the Board of Directors.

Accordingly, in line with the principles of its compensation policy presented above, the Board of Directors decided at its meeting on March 19, 2020, and upon the recommendation of the Compensation Committee, taking market practices into account and in accordance with the recommendations of the Code of Corporate Governance, as that for 2019, the compensation structure that is most suited to the Chairman of the Board of Directors in respect of 2020 consisted in making fixed compensation the one and only compensation component. The Board of Directors decided at its March 19, 2020 meeting that the annual fixed compensation of the Chairman of the Board of Directors will amount to €625,000 for 2020, the same as that granted to the Chairman of the Board of Directors in respect of 2019.

As part of the change in the Company's governance arrangements effective July 1, 2020, the Board of Directors, acting on the recommendation of the Committee responsible for overseeing the change in the Company's governance and based on the benchmarking studies of non-executive chairmen of comparable CAC 40 companies, decided that the compensation for the new Chairwoman of the Board of Directors, Angeles Garcia-Poveda, would be identical to the compensation received by Gilles Schnepp, that is, annual fixed compensation of €625,000. The annual fixed compensation of the Chairman of the Board of Directors will be split on a pro rata basis between the Chairman serving from January 1 until June 30, 2020 (Gilles Schnepp) and the Chairwoman serving from July 1 until December 31, 2020 (Angeles Garcia-Poveda).

No other compensation is provided for in the compensation policy applicable to the Chairman of the Board of Directors (that is, no annual variable compensation, no long-term compensation, no compensation for serving as a director of the Company, no exceptional compensation, no commitment under the arrangements provided for by 6° and 7° of article R. 225-29-1 of the French Commercial Code). This applies subject to and without prejudice to Gilles Schnepp's continued benefit from the 2017 performance share plan (as stated below).

In addition, the compensation policy does not provide for any sign-on bonus upon the appointment of the new Chairman of the Board of Directors.

Long-term compensation plans settled in shares benefiting Gilles Schnepp

At the date Gilles Schnepp's duties as Chairman of the Board of Directors come to an end, that is, June 30, 2020, he will no longer hold any rights under the stock option plans or performance share plans, except for the performance share plan approved by the Board of Directors on May 31, 2017.

The number of performance shares Gilles Schnepp was initially granted under the 2017 performance share plan stands at 12,503.

As stated on page 200 of Legrand's 2017 registration document, the 2017 performance share plan is subject to a four-year vesting period running until June 17, 2021. It is subject to performance conditions and a condition of continuing service, with the Board of Directors having the option of lifting the latter condition where justified by exceptional circumstances.

The Board of Directors decided, on the recommendation of the Compensation Committee, given the exceptional contribution made by Gilles Schnepp to Legrand's development, to lift the condition of continuing service, while applying the pro rata rule, which means that the number of performance shares from which Gilles Schnepp would benefit, after taking the performance conditions into account, would be scaled down on a pro rata basis to reflect his actual length of service as an executive officer during the vesting period (that is 3 years and 13 days, rather the full vesting period of 4 years). The maximum number of performance shares vesting definitively with Gilles Schnepp under the 2017 performance share plan would thus be reduced to 10,632, after taking a performance condition achievement rate of 111.6% into account.

All the other conditions of the 2017 performance share plan and, in this case, the vesting period until June 17, 2021 would be left unchanged.

The condition of continuing service applicable to the 2017 performance share plan will be submitted for the approval of the Shareholders' Meeting of May 27, 2020 under the seventh resolution concerning the compensation policy applicable to the Chairman of the Board of Directors.

6.2.1.3 COMPENSATION POLICY APPLICABLE TO THE CHIEF EXECUTIVE OFFICER IN RESPECT OF 2020

A – Term of office of the Chief Executive Officer

The Chief Executive Officer is appointed by the Board of Directors. The Board of Directors determines the compensation and length of the Chief Executive Officer's duties. The Chief Executive Officer must always be an individual below the age of 65 upon appointment. The Chief Executive Officer may resign from his/her duties at any time (without giving any notice), and the Board of Directors may dismiss him/her at any time (without giving any notice).

Benoît Coquart was appointed Chief Executive Officer effective February 8, 2018 for an indefinite term.

His appointment as a director of the Company will be submitted for the approval of the Shareholders' Meeting of May 27, 2020 under the fourteenth resolution.

The Chief Executive Officer is not bound by any contract of employment or service agreement with the Company or any other Group company.

B – Overall structure of compensation attributable to the Chief Executive Officer in respect of 2020

Upon the recommendation of the Compensation Committee, the Board of Directors, taking into account market practices and in accordance with the recommendations of the Code of Corporate Governance, determines the compensation policy applicable to the Chief Executive Officer based on all the criteria and principles stated in section 6.2.1.1 of this chapter.

To safeguard the competitiveness of the Chief Executive Officer's compensation, the principal factors taken into account to determine the overall structure of his compensation and its various components and caps are as follows: (i) the key role of the Chief Executive Officer in conducting the Group's business, (ii) benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies, and (iii) the skills and experience of the prospective or actual holder of the position of Chief Executive Officer.

The compensation structure has three components:

- fixed compensation;
- annual variable compensation linked to financial and extra-financial performance;
- long-term compensation linked to financial and extra-financial performance over the long term. Depending on the year, this can take the form of one or more of the following financial instruments (including but not limited to):
  - performance shares,
  - stock options,
  - cash-settled future performance units.

To this end, the annual fixed compensation of the Chief Executive Officer is determined by the Board of Directors, upon a proposal from the Compensation Committee, in line with the responsibilities and duties assumed by the Chief Executive Officer and related to that office, as provided for by law and the Articles of Association. This fixed compensation is determined by the Board of Directors to be fair and competitive, on the recommendation of the Compensation Committee in consideration of the level of responsibility, experience, market practices of CAC 40 companies and any changes in the role and responsibilities attached to the office.

In accordance with the Code of Corporate Governance, the Board of Directors ensures that the long-term compensation mechanisms should not only aim to encourage executives to act from a long-term perspective but also to retain them and bring their interests into line with the corporate interest of the Group and with shareholders' interests.

The Board of Directors has therefore decided to continue placing the emphasis on annual variable compensation and long-term compensation to help foster retention and to provide an incentive linked to financial and extra-financial performance as well as long-term value creation.

On the Compensation Committee's recommendation, the Board of Directors decided on March 19, 2020 that the structure of Benoît Coquart's compensation for 2020 in his role as Chief Executive Officer would be the same as that approved for 2019.

The Board of Directors has therefore established the following compensation package for the Chief Executive Officer in 2020:

Component	Purpose and link with strategy	Operation	Amount/Percentage weighting of fixed compensation
Fixed	**Provide compensation for the breadth and level of responsibility**	Determined by the Board of Directors, fairly and competitively, upon a recommendation from the Compensation Committee, in consideration of ■ level of responsibility; ■ experience; ■ market practices of CAC 40 companies; ■ potential changes of role and responsibility.	€700,000 The Board of Directors decided at its meeting of April 10, 2020 in the light of the global health emergency and economic crisis caused by Covid-19, based on a proposal made by Benoît Coquart, to leave the Chief Executive Officer's annual fixed compensation in respect of 2020 unchanged compared to 2019 even though the Board of Directors had initially decided to raise it from €700,000 to €900,000 on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies.
Annual variable	**Provide an incentive to achieve the Company's financial and extra-financial annual targets**	Determined by the Board of Directors, upon a recommendation from the Compensation Committee, according to strategic priorities, and based on: ■ order of magnitude of variable compensation relative to fixed compensation; ■ annual objectives to be achieved; ■ type and weighting of performance criteria; ■ proportion of quantifiable and qualitative component. ***Of which quantitative (75%):*** structured so as provide an incentive for the achievement of specific and ambitious performance criteria: ■ financial criteria (adjusted operating margin before acquisitions, organic growth, external growth); ■ extra-financial criteria (rate of achievement of the Group's CSR roadmap). ***Of which qualitative (25%):*** structured so as to take account of the year's initiatives deployed to support growth and crisis management.	Minimum value: 0% of fixed compensation Target value: 100% of fixed compensation Maximum value: 150% of fixed compensation
Long-term	**Spur higher long-term financial and extra-financial performance** **Retain and build loyalty over the long term**	Determined by the Board of Directors upon a recommendation from the Compensation Committee, according to strategic priorities and based on: ■ objectives to be achieved; ■ type and weighting of future performance criteria. Determined after application of a continuing service requirement and four demanding performance criteria (each counting for a quarter) measured over three years: ■ target for adjusted operating margin before acquisitions (3-year average of achievement rates); ■ target for organic sales growth (3-year average of achievement rates); ■ rate of achievement of the Group's CSR roadmap (3-year average of achievement rates); ■ Legrand's share price performance relative to the performance of the CAC 40 index (performance gap measured over a 3-year period).	Minimum value: 0% Awarded value (target value): 200% of fixed compensation, reduced to 100% following Benoît Coquart's proposal and the decision made by the Board of Directors as described below Maximum value: 150% of the number of shares initially awarded depending on the achievement of future performance criteria In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided, based on a proposal made by Benoît Coquart, to reduce by 50% the target value for the long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation).

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Implementation for 2020

The Board of Directors, acting on the recommendation of the Compensation Committee, approved the following principles regarding the compensation policy applicable to the Chief Executive Officer in respect of 2020:

- **annual fixed compensation amounting to €700,000.** The Board of Directors decided at its meeting of April 10, 2020 in the light of the global health emergency and economic crisis caused by Covid-19, based on a proposal made by Benoît Coquart, to leave the Chief Executive Officer's annual fixed compensation in respect of 2020 unchanged compared to 2019. Initially, the Board of Directors had decided to raise it from €700,000 to €900,000 on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies;
- **variable compensation, the target value of which was set at 100% of fixed compensation (three-quarters quantitative and one-quarter qualitative),** potentially ranging between 0% and 150% of fixed compensation, depending on the level of achievement of the predefined quantitative and qualitative criteria presented in the "Quantitative performance criteria selected for annual variable compensation and target-setting method" section;
- **long-term compensation in the form of performance share plans**, the target value of which was set at 200% of the fixed compensation, subsequently cut to 100% following Benoît Coquart's proposal and the decision made by the Board of Directors presented below, which will carry entitlement, in certain cases, to the award of shares. The number of shares will lie between 0% and 150% of the initial award based on the level of achievement of four financial and extra-financial criteria measured on the basis of a 3-year average and presented in the "Performance criteria selected for long-term variable compensation and target-setting method" section of this Universal Registration Document. In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided at its meeting on April 10, 2020, based on a proposal made by Benoît Coquart, to reduce by 50% the target value for long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation).

C – Determination of the calculation principles, criteria and weightings applicable to the annual and long-term variable compensation components attributable to the Chairman and Chief Executive Officer in respect of 2020

Annual variable compensation of the Chief Executive Officer in respect of 2020

The principles for calculating the annual variable compensation in respect of 2020, including the criteria applicable and their weighting, as shown in the table below, were determined by the Board of Directors on March 19, 2020, on the recommendation of the Compensation Committee.

Pursuant to the arrangements laid down in III of Article L. 225-100 of the French Commercial Code, payment of the annual variable compensation is contingent upon its prior approval by the Ordinary Shareholders' Meeting (ex post vote).

The compensation policy does not provide for any possibility for the Company to claw back variable compensation paid once it has been paid.

At its meeting on March 19, 2020, on the recommendation of the Compensation Committee, the Board of Directors decided to leave unchanged the nature and weightings of quantitative criteria applicable to annual variable compensation that had been established for 2019, along with its target value and maximum amounts.

Given the context of the crisis caused by Covid-19, the annual targets originally announced on February 13, 2020 were suspended by the Company on March 26, 2020. The values included in the table below are the original targets.

The following changes relative to 2019 should be noted concerning the qualitative criteria of annual variable compensation: (i) clarification of the criteria related to organic growth and the external growth policy, (ii) addition of a new criterion related to sustainable development and efforts to combat global warming, and (iii) a reduction in the weighting given to the external growth policy. These changes increase the number of qualitative criteria to four from three in 2019, but they do not have any effect on the overall weighting of the qualitative portion of annual variable compensation within the total annual variable compensation.

Quantitative performance criteria selected for annual variable compensation and target-setting method

Performance criterion	Reason for selection of the criterion	Target-setting method
Organic sales growth	Alignment with annual targets announced	The range bounds for the performance targets correspond to the Company's annual targets, announced to the market upon publication of the annual financial statements of the previous year (in February).
Adjusted operating margin before acquisitions	Alignment with annual targets announced	
Acquisitions	Consistency with the Group's growth model	Consistency with the Group's growth model (measured by sales growth during the year resulting from changes in scope).
Achievement rate of the CSR roadmap	The CSR roadmap is central to the Group's growth model. It aims to ensure that the Group achieves profitable, sustainable growth while respecting all stakeholders.	Consistency with the Group's social responsibility commitments under its CSR roadmap.

Criteria and targets for annual variable compensation for 2020

				Min	Target	Max
Quantitative: 3/4 of annual variable i.e. 75% of target fixed compensation	Organic sales growth	2020 organic sales growth	As a % of fixed compensation	0%	**15%**	22.5%
			Indicator value	(1%)	1%	3%
	Operating margin	2020 adjusted operating margin (at 2019 scope)	As a % of fixed compensation	0%	**40%**	60%
			Indicator value	19.6%	20.0%	20.4%
	Acquisitions	2020 sales growth resulting from changes in scope	As a % of fixed compensation	0%	**10%**	15%
			Indicator value	0%	5%	10%
	Corporate Social Responsibility (CSR)	Rate of achievement of the Group's CSR roadmap	As a % of fixed compensation	0%	**10%**	15%
			Indicator value	70%	100%	130%
	TOTAL QUANTITATIVE			**0%**	**75%**	**112.5%**
Qualitative: 1/4 of annual variable i.e. 25% of target fixed compensation	Innovation and market positions	Innovation and Research & Development (new products and manufacturing processes), trend in sales generated by products under the Eliot program, market share trends.		0%	**10%**	15%
	Quality of external growth	Strategic fit of acquisitions completed, quality of acquisitions pipeline, emphasis on multiples paid, quality of integration of acquisitions already completed.		0%	**5%**	7.5%
	Sustainable development & efforts to combat global warming	Initiatives to cut CO2 emissions, trend in sales generated by energy savings solutions, Legrand's inclusion in benchmark CSR indices, new initiatives related to sustainable development.		0%	**5%**	7.5%
	General criteria	Crisis management, diversity and gender balance, workforce-related initiatives and dialog.		0%	**5%**	7.5%
	TOTAL QUALITATIVE			**0%**	**25%**	**37.5%**
TOTAL VARIABLE AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**

Long-term compensation of the Chief Executive Officer in respect of 2020

In respect of 2020, the Chief Executive Officer's long-term compensation consists of a performance share plan (the "**2020 Performance Share Plan**"), decided by the Board of Directors at its meeting on March 19, 2020 on the recommendation of the Compensation Committee. This initial award, which will be converted into shares when the Board of Directors meets on May 27, 2020 after the 2020 General Meeting, stands at a target value of 200% of fixed compensation, now reduced to a target value of 100% of fixed compensation following the decision by the Board of Directors laid out below. Depending on future performance criteria, it may vary between 0% and 150% of the initial award.

In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided at its meeting on April 10, 2020, based on a proposal made by Benoît Coquart, to reduce by 50% the target value for long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation).

The nature of performance criteria has remained unchanged compared to the 2019 compensation policy.

In addition, given the crisis caused by Covid-19, the annual targets originally announced on February 13, 2020 were suspended by the Company on March 26, 2020. The values included in the tables below are the original targets.

Performance criteria selected for long-term variable compensation and target-setting method

It should be noted that:

- the first two performance criteria are aligned with the Company's targets disclosed in February. These are annual targets concerning adjusted operating margin before acquisitions and organic sales growth. These indicators are central to Legrand's profitable growth-based business model;
- the third criterion is of an extra-financial nature, based on the fulfillment of the Group's commitments in terms of corporate social responsibility within the framework of its CSR roadmap, which is central to Legrand's model and aims to ensure sustainable growth while taking into account all stakeholders' concerns;
- the last criterion is based on Legrand's share price performance relative to that of the CAC 40 index, so performance is assessed in relative terms, it being specified that no payment would be made if the share price underperforms the CAC 40 index (as outlined in point 4 below).

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The proposed performance criteria thus reflect the Company's model based on profitable and sustainable growth aligned with the interests of shareholders and are transparent.

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Organic sales growth target	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Target for adjusted operating margin before acquisitions	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Annual Group's CSR roadmap achievement rates	Target: arithmetic mean over 3 years of the annual CSR roadmap achievement rates.	1/4
Legrand's share price performance relative to the performance of the CAC 40 index	Performance gap between Legrand's share price and the CAC 40 index over a 3-year period.	1/4

Accordingly, the performance criteria are measured over a three-year period and the number of performance shares awarded definitively to the Chief Executive Officer is calculated using the following method:

1) Organic sales growth criterion

Payment rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	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)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

Determination of the 3-year target based on the 2020 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2020	Equal to -1.0%(4)	Equal to 3.0%(4)
Year 2: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
Year 3: 2022	Disclosed to the market in February 2022	Disclosed to the market in February 2022
3-year target: Average of annual targets	**LR(2)**	**UR(3)**

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

(4) These targets are those announced at the beginning of the year and then suspended on March 26, 2020.

2) Adjusted operating margin before acquisitions criterion

Payment rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	Lower than (LR(2) - 50 bps)	Between (LR(2) - 50 bps) and LR(2)	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)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

Determination of the 3-year target based on the 2020 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2020	Equal to 19.6%(4)	Equal to 20.4%(4)
Year 2: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
Year 3: 2022	Disclosed to the market in February 2022	Disclosed to the market in February 2022
3-year target: Average of annual targets	**LR(2)**	**UR(3)**

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

(4) These targets are those announced at the beginning of the year and then suspended on March 26, 2020.

3) Annual Group CSR roadmap rate of achievement

Payment 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	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

4) Legrand's share price performance

Payment rate(1)	0%	30%	Between 30% and 150%	150%
Difference between the performance of Legrand's share price and that of the CAC 40 index(2)	Below 0 point	Equal to 0 point	Between 0 point and 15 points	Above 15 points

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.
(2) For the 2020 plan, the three-year performance will be measured over the 2020-2022 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 2022) with the average daily closing market prices of the second half of the year preceding the first year of the plan (second half of 2019, i.e. €67.24;*
- *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 of 2022) with the average closing indices of the CAC 40 index of the second half of the year preceding the first year of the plan (second half of 2019), i.e. 5,655.4 points.*

The difference between these two performances will be measured by the difference, in percentage points, between the change in the Legrand share price and the change in the CAC 40 index.

Vesting period and outcome of performance shares in the event that the Chief Executive Officer departs 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 awarded in 2020, the performance criteria and the condition of continuing service will be verified, it being stipulated that the following rules will apply to the Chief Executive Officer with regard to the condition of continuing service:

- should the Chief Executive Officer resign during the vesting period, the shares initially awarded by the Board of Directors will not vest;
- should the Chief Executive Officer be dismissed, not be reappointed or retire during the vesting period, only part of the shares will vest, subject to the performance criteria on the date the vesting period ends, calculated in proportion to his length of service at 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 shares that the Board of Directors initially awarded to the deceased Chief Executive Officer be transferred to them, in accordance with statutory arrangements, 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, he or she may, under French law, request that ownership of all shares that the Board of Directors initially awarded be transferred to him/her without waiting until the end of the vesting period.

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 must retain in registered form a certain percentage, to be determined by the Board of Directors, of the shares awarded until his/her term of office ends.

The Board of Directors decided that the Chief Executive Officer will be required to hold at least 30% of all performance shares acquired under performance share plans until his term of office ends.

Undertaking not to put in place any hedging 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 in relation to the performance shares awarded to him.

C – Other compensation components

Compensation for duties as a director of the Company and for directorships at other Group companies

No compensation will be awarded to the Chief Executive Officer for serving as a director should shareholders pass the fourteenth resolution at the Shareholders' Meeting of May 27, 2020, which would lead to his appointment as a director.

In addition, the Chief Executive Officer will not receive any compensation for any appointments to offices at other Group companies.

Exceptional compensation

There are no plans to award exceptional compensation.

Undertakings governed by 4° of I of article L. 225-37-3 of the French Commercial Code

Pension plans

There is no commitment corresponding to a defined-benefit pension plan.

The Chief Executive Officer continues to benefit from the mandatory collective defined-contribution 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 all other relevant employees.

All of the Group's French executives qualify for the defined-contribution 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 for the calculation of contributions to the mandatory supplementary pension plans (ARRCO-AGIRC). Entitlements accrue through the payment of annual contributions equal to 1.5% of the A, B and C Tranches. The Company pays half this amount (0.75%) and the beneficiaries pay the other half (0.75%).

For 2020, the Company's contribution for the Chief Executive Officer would represent an amount of €2,468.

In accordance with the procedure relating to related-party agreements and undertakings at the time, this commitment was authorized by the Board of Directors on February 7, 2018 and approved by the Company's shareholders at the Combined Shareholders' Meeting of May 30, 2018 (eighth resolution).

Termination benefits

The Chief Executive Officer does not benefit from any undertaking covering components of compensation, indemnities or other benefits that are or may be due as a result of or subsequent to the termination of his term of office or assignment to a different position ("golden parachutes"), even in the event of a change in control of the Company.

Non-compete clause

Given the profile of the Chief 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 a non-compete agreement between the Company and the Chief Executive Officer, whereby the Chief Executive Officer undertakes not to carry out any activity that will compete with that of Legrand for a one-year period starting from the date his term of office ends.

The Company's Board of Directors will decide, when the Chief Executive Officer's term of office ends, whether or not to apply this non-compete clause, and may unilaterally decide to waive the application of this clause.

If applied, the Chief Executive Officer's fulfillment of this undertaking would result, for a one-year period after the end of his term of office as Chief Executive Officer, in the payment by the Company of monthly compensation equal to the monthly average of the reference salary received during the last twelve months of his service at the company, it being stipulated that the reference salary includes the annual fixed and 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 III of article R. 225-29-1 of the French Commercial Code, no compensation under this non-compete clause would be payable should the Chief Executive Officer decide to retire.

The Company's shareholders approved that commitment made to the Chief Executive Officer at the Combined Shareholders' Meeting of May 30, 2018 (seventh resolution), in accordance with the procedure for approving related-party agreements and undertakings in force.

Incentive and profit-sharing plan

The Company has for many years implemented an exceptional incentive and profit-sharing plan covering all its employees and those of its main French subsidiaries. The Chief Executive Officer has no longer enjoyed the benefit of this plan since he was appointed as Chief Executive Officer on February 8, 2018.

Other non-monetary compensation components (executive car, pension plan, supplementary health insurance coverage)

The Chief Executive Officer has the use of an executive 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 "medical expenses" supplementary health insurance and "death, disability and inability to work" insurance available to the Group's French executives, since he is classified as an executive for social security and tax purposes. He receives those benefits on the same terms as the other employees in that category.

For 2020, the Company's contribution for Benoît Coquart is estimated at €6,666. This figure is provided for information purposes only.

The Company's shareholders approved that commitment made to the Chief Executive Officer at the Combined Shareholders' Meeting of May 30, 2018 (eighth resolution), in accordance with the procedure for approving related-party agreements and undertakings in force.

Sign-on bonuses

The Chief Executive Officer did not receive any compensation for taking up his duties, intended to make up for the loss of benefits resulting from his appointment.

6.2.1.4 COMPENSATION POLICY APPLICABLE TO THE DIRECTORS IN RESPECT OF 2020

A – Directors' term of office

Directors are appointed by the Shareholders' Meeting for a term of office of four years, subject to the provisions of the Articles of Association concerning the age limit and the requirements laid down in law and the Code of Corporate Governance on multiple directorships. However, a resolution proposing to shorten directors' term of office to three years will be voted on at the next Shareholders' Meeting of May 27, 2020.

Directors may be reappointed subject to fulfilling the same requirements.

Directors may resign from their office at any time (without giving any notice).

Directors may be dismissed at any time by the Shareholders' Meeting (without giving any notice).

The duties of the director representing employees come to an end prematurely as a matter of course should his/her contract of employment be terminated.

B – Compensation applicable to the directors in respect of 2020

The Board of Directors apportions directors' compensation based on the recommendation of the Compensation Committee and on the total amount authorized by the Shareholders' Meeting.

The maximum amount of attendance fees authorized by the May 30, 2018 Shareholders' General Meeting was €900,000. This amount will remain valid until a new resolution setting out a new amount is adopted by the Shareholders' Meeting. On the recommendation of the Compensation Committee, the Board of Directors decided at its meeting on March 19, 2020 to increase the total allocation to €1,200,000. The increased allocation was adopted given the prospect of a larger number of meetings.

The Chairman of the Board of Directors does not receive any compensation for serving as a director of the Company and that the Chief Executive Officer will not receive any compensation for serving as a director of the Company should he be appointed as a director at the forthcoming Shareholders' Meeting (under the terms of the fourteenth resolution).

Accordingly, the compensation is apportioned between the other directors including the director representing employees.

The apportionment of compensation between directors takes into account directors' actual attendance at meetings of the Board of Directors and of its Board committees. Additional compensation may be awarded, or exceptional compensation paid for specific duties, such as those of the Lead Director.

The Board of Directors decided, from the 2018 financial year onwards, to apportion the compensation paid to directors as follows:

- €20,000 a year paid to each director as the fixed portion of compensation. For each director, this sum is increased by €5,000 for every meeting of the Board of Directors attended. Since the Board of Directors met seven times in 2019, the maximum variable portion of compensation for 2019 amounted to €35,000 paid to each director, in line with the Code of Corporate Governance, which recommends that the variable portion of the compensation granted to directors should outweigh the fixed portion;
- €2,000 is also paid to each director who is also a member of a Board committee for each Board committee meeting they attend (thus, a director who fails to attend any meetings of the Board committee to which he/she belongs would receive no compensation in this regard); and
- an additional €20,000 is paid to the Chairman of the Audit Committee and an additional €10,000 paid to the Chairmen of the other Board committees.

Given the global health emergency and economic crisis caused by Covid-19, members of the Board of Directors decided unanimously at the meeting on April 10, 2020 not to alter the rules for apportioning directors' compensation for 2020.

Initially, the Board of Directors had initially decided to adjust the compensation awarded to directors, acting on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to directors at CAC 40 companies.

Should the Board of Directors decide to entrust any director with specific duties or a specific assignment, he/she may be awarded exceptional compensation that is proportionate for such duties or assignment and in line with market practices.

With regard to the Lead Director and the specific duties this role entails, the Board of Directors decided to award the office holder additional directors' compensation corresponding to one times the fixed portion of directors' compensation in respect of one year (information regarding the Lead Director's duties is provided in section 6.1.2 of the Company's Universal Registration Document). These rules for apportioning directors' compensation comply with the Code of Corporate Governance.

It should be noted that according to the Director's Charter, which forms part of the Company's internal rules, each director is required to acquire gradually during his/her term of office a number of shares (which he/she will personally hold) equivalent to one full year of his/her portion of directors' compensation. For calculation purposes, it is assumed that (i) the relevant director attends, over one financial year, all meetings of the Board and of the Board committee(s) to which he/she belongs, and (ii) the reference Legrand share price is Legrand's average share price over the previous financial year. The minimum number of shares to be held personally and kept throughout his/her term of office mandate is set at 500.

Lastly, each director is entitled to the reimbursement of travel expenses incurred in performing his/her duties, subject to the upper limits laid down in the policy applicable within the Company and provided the expense claims are supported by receipts.

6.2.2 - Total compensation and benefits paid in 2019 or awarded in respect of the same year to the company officers

6.2.2.1 TOTAL COMPENSATION AND BENEFITS PAID IN 2019 OR AWARDED IN RESPECT OF THE SAME YEAR TO Mr. GILLES SCHNEPP

The tables summarizing the components of compensation and benefits of any kind paid in respect of the financial year ended December 31, 2019 or awarded in respect of the same year to Gilles Schnepp, Chairman of the Board of Directors are shown below.

Table 1 – Summary of compensation, stock options and shares awarded to Mr. Gilles Schnepp

		2018	2019
Gilles Schnepp, Chairman of the Board of Directors from February 8, 2018			
Compensation awarded in respect of the year (see table 2 below for details)			
	(in euros)	625,000	**625,000**
Value of the options awarded during the year (see table 4 below for details)			
	Number of options		
	(in euros)		
Value of performance shares awarded during the year (see table 6 below for details)			
	Number of shares		
	Value *(in euros)*		
Value of long-term variable compensation awarded during the year			
	Number of shares		
	Value *(in euros)*		
TOTAL *(in euros)*		**625,000**	**625,000**

Table 2 – Summary of compensation awarded to Mr. Gilles Schnepp

	2018		2019	
(in euros)	Amounts awarded	Amounts paid in respect of the previous year	Amounts awarded	Amounts paid in respect of the previous year
Gilles Schnepp, Chairman of the Board of Directors from February 8, 2018				
Fixed compensation	625,000	625,000	625,000	625,000
Annual variable compensation				
Long-term variable compensation(1)				
Exceptional compensation				
Compensation awarded for serving as a director				
Benefits in kind(2)				
TOTAL	**625,000**	**625,000**	**625,000**	**625,000**

(1) No award was made in respect of the previous financial year.
As regards the 2014 Performance Unit Plan, the vesting period expired on March 6, 2017, and the achievement rate 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-up period 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 Euronext Paris market over those two years. The value of Future Performance Units is €60.33 each, equal to Legrand's average closing share price on Euronext Paris on the last day of the two-year lock-up period, i.e. on March 7, 2019. The total amount calculated – on the basis of the achievement rate (92.2%) of the future performance criteria, the average share price (€60.33) and the capitalization of 2017 and 2018 dividends – stands at €849,037. The amount corresponding to 2014 Future Performance Units allotted to Gilles Schnepp and approved by the Shareholders' Meeting both at the time of their award and at the end of the vesting period was paid to Gilles Schnepp in June 2019.

(2) The Group did not fund any benefit.

Fixed compensation

In respect of 2019, the fixed compensation paid to Gilles Schnepp was €625,000, unchanged since 2011.

Annual variable compensation

In addition, Gilles Schnepp does not receive annual variable compensation as Chairman of the Board of Directors.

Long-term compensation

Future Performance Units

In 2019, no award was made in respect of the previous financial year. The long-term variable compensation awarded during previous financial years and paid out during 2019 is presented in the "Performance unit plans in force" section of this Universal Registration Document.

Stock options

In 2019, no options to purchase or subscribe shares were awarded.

Performance shares

In 2019, no performance shares were awarded.

Table 4 – Stock options awarded in 2019 to Mr. Gilles Schnepp by the Company or by any Group company during the financial year

Neither the Company nor any other Group company awarded any stock options to Gilles Schnepp during 2019.

Existing stock option plans and performance share plans

General principles

Stock option and performance share plans put in place by the Company in respect of previous financial years are presented in sections 7.2 and 7.3 of this Universal 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 stock options or performance shares.

Gilles Schnepp has formally undertaken to refrain from using any hedging instruments for the options and/or performance shares awarded to him.

The Company abides by the rules relating to awards of options and performance shares laid down in the Code of Corporate Governance.

Stock option plans

Since March 4, 2010, no stock options have been awarded

Table 5 – Stock options exercised by Mr. Gilles Schnepp during the financial year

Name of executive officer	Date of plan	Number of options exercised during the financial year	Exercise price(1)
Gilles Schnepp	2010 Plan (March 4, 2010)	0	€21.32

(1) As mentioned in section 7.2 of this Universal Registration document, given the dividend payment arrangements approved by the Company's Combined Shareholders' Meetings of May 29, 2015, May 27, 2016, May 31, 2017, May 30, 2018, and May 29, 2019, 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 grantees, as provided for in article L. 228-99 of the French Commercial Code

Gilles Schnepp exercised all his options under the 2010 plan on March 2, 2020.

Table 6 – Shares awarded free of charge by the Shareholders' Meeting during the financial year to Mr. Gilles Schnepp by the Company and by any Group company

Name of executive officer	Date of plan	Number of shares awarded during the year	Value of the shares according to the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance criterion
Gilles Schnepp	N/A	Nil	N/A	N/A	N/A	N/A

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 creation of performance share plans (the "2015 Performance Share Plan", "2016 Performance Share Plan" and the "2017 Performance Share Plan", respectively) benefiting Gilles Schnepp among others.

The number of performance shares awarded definitively to Gilles Schnepp will vary between 0% and 150% of the number of shares initially awarded, subject to a condition of continuing service and various performance criteria as described in the tables below.

Type of performance criteria	Description of performance criteria	Weighting of performance criteria by plan 2015	2016-2017
"External" financial performance criterion	Comparison between the arithmetic mean of Legrand's consolidated EBITDA margin(1) over a 3-year period as shown in the consolidated financial statements and the arithmetic mean of the EBITDA margins of constituents of the MSCI World Capital Goods index over the same period.	1/2	1/3
"Internal" financial performance criterion	Arithmetic mean of normalized free cash flow(1) as a percentage of sales over a 3-year period, as shown in the consolidated financial statements.	1/2	1/3
Extra-financial performance criterion	Arithmetic mean of the average achievement rate of Group CSR Roadmap priorities over a three-year period.	N/A	1/3

(1) As stated on page 201 of the 2017 registration document, a change in accounting standard (IFRS 16) affects 2019 EBITDA and free cash flow. 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 pages 259-260 of the 2018 registration document.
Given this change, on March 20, 2019 the Board of Directors, on the recommendation of the Compensation Committee, decided to replace the EBITDA and free cash flow criteria for the purpose of measuring the 2019 performance under the 2017 plan with operating margin and adjusted organic growth before acquisitions criteria, in line with the Company's publicly stated 2019 targets, The calculation methods are presented in the "Financial performance criteria (applicable to the measurement of 2019 performance under the 2017 plan)" section of this Universal Registration Document

The procedure for calculating the number of performance shares definitively awarded to Gilles Schnepp is as follows:

"External" financial performance criterion

Payment rate(1)	0%	100%	150%
Average gap in EBITDA margin in Legrand's favor between Legrand and the MSCI average over a 3-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	4 points or less	Equal to 8.3 points	10.5 points or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	3.5 points or less	Equal to 7.8 points	10.0 points or more
	2017 Plan:	**2017 Plan:**	**2017 Plan:**
	3.1 points or less	Equal to 7.4 points	9.6 points or more

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

"Internal" financial performance criteria

Payment rate(1)	0%	100%	150%
Average normalized free cash flow as a percentage of sales over a 3-year period	**2015 Plan:**	**2015 Plan:**	**2015 Plan:**
	9.4% or less	Equal to 12,8%	14.5% or more
	2016 Plan:	**2016 Plan:**	**2016 Plan:**
	8.8% or less	Equal to 12,2%	13.9% or more
	2017 Plan:	**2017 Plan:**	**2017 Plan:**
	8.6% or less	Equal to 12%	13.7% or more

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

Extra-financial performance criterion (applicable to the 2016 and 2017 performance share plans)

Payment rate(1)	0%	Between 70% and 90%	Between 90% and 97%	Between 97% and 150%	Capped at 150%
Average achievement rate of Group CSR Roadmap priorities over a 3-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 payment rate is calculated on a straight-line basis.

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Financial performance criteria (applicable to the measurement of 2019 performance under the 2017 plan)

1) Adjusted operating margin before acquisitions criterion

Payment rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
Adjusted operating margin before acquisitions	Below 19.4%	Between 19.4% and 19.9%	Equal to 19.9%	Between 19.9% and 20.7%	Equal to 20.7%	Between 20.7% and 21.2%	Above 21.2%

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

2) Organic sales growth criterion

Payment rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
2019 organic growth	Below - 2.0%	Between - 2.0% and 0.0%	Equal to 0.0%	Between 0.0% and 4.0%	Equal to 4.0%	Between 4.0% and 6.0%	Above 6.0%

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

Table 7 – Shares awarded to Mr. Gilles Schnepp free of charge subject to a lock-up period that ended in 2019

Name of executive officer	Date of plan	Number of shares subject to a lock-up period that ended during the year	Vesting condition
Gilles Schnepp	May 29, 2015	13,434	N/A

Table 10 – Summary of the long-term variable compensation awarded to Mr. Gilles Schnepp in previous financial years by the Company or by any Group company

	2014
Gilles Schnepp	2014 Future Performance Unit Plan
Date of plan	March 5, 2014
Min	0%
Target	100%
Max	150%
(as a % of fixed compensation)	
IFRS valuation *(in euros)* prior to share price indexation and application of performance criteria	600,508
Performance criteria	Please refer to the “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 award of Future Performance Units” section of this Universal Registration Document for a full presentation of the applicable performance criteria
Date on which the continuing service requirement and performance criteria were considered	March 6, 2017
Achievement rate of future performance criteria	92.2% of the target and 61.5% of the maximum
Method used to index the value of Future Performance Units to the share price	Please refer to the “Method used to index the value of vested Future Performance Units awarded definitively to the share price during the additional two-year lock-up period” section of this Universal Registration Document for a full presentation of the method used to index the value of the Future Performance Units to the share price over the two-year lock-up period.

Under the 2014 Performance Unit Plan, the value of Future Performance Units is equal to €60.33 each, Legrand's average daily closing share price on Euronext Paris on the last day of the two-year lock-up period, i.e. on March 7, 2019. The total theoretical amount calculated – on the basis of the future performance criteria achievement rate (92.2%), the average share price (€60.33) and the capitalization of 2017 and 2018 dividends – is €849,037.

Existing performance unit plans

For 2014, the long-term variable compensation approved by the Board of Directors and presented in the table above consists of Future Performance Unit Plans.

On the recommendation of the Compensation Committee, the Board of Directors decided at its meeting of March 5, 2014 to put in place Future Performance Unit plans (the "**2014 Performance Unit Plan**" respectively) benefiting Gilles Schnepp, among others.

The target value of these plans was set at 100% of fixed compensation (for 2014) and may vary between 0% and 150% (maximum) of said fixed compensation, depending on the achievement of "external" and "internal" performance criteria, and depending on indexation to the share price.

Overview of the Performance Unit Plans in practice

The 2014 Performance Unit Plans are subject to a continuing service requirement and performance criteria. Details are shown below:

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 award of Future Performance Units

The applicable performance criteria, which cover all performance units, are identical to those attached to the Performance Shares, as presented in the section "Existing Performance Shares Plans" of this Universal Registration Document, except with respect to the extra-financial performance criterion, relating to the average achievement rate of the Group's CSR roadmap priorities over three years, which was introduced in 2016, and the criterion of Legrand's share price performance, which was introduced in 2018.

For each Future Performance Unit Plan, based 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 awarded definitively to beneficiaries will be calculated using the following method:

2014 Performance Unit Plan

"External" financial performance criterion

Payment rate(1)	0%	100%	150%	Actual: 81.4%
Average difference, in favor of Legrand, between Legrand's EBITDA margin and the MSCI average over a 3-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

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

"Internal" financial performance criteria

Payment rate(1)	0%	100%	150%	Actual: 102.9%
Average normalized free cash flow as a percentage of sales over a 3-year period	Lower than or equal to 9.4%	Equal to 12.8%	Equal to or higher than 14.5%	Actual: 12.9%

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

Overall achievement rate of the 2014 Performance Unit Plan: 92.2% of the target and 61.5% of the maximum.

Methodology for indexing the value of vested Future Performance Units to the share price during the additional two-year lock-up period

An additional two-year lock-up 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 Legrand's share price.

Under the 2014 Performance Unit Plan, the value of each Future Performance Unit is equal to €60.33, corresponding to the average daily closing price of Legrand shares on Euronext Paris during the two-year lock-up period, that is on March 7, 2019. The total amount calculated – on the basis of the achievement rate (92.2%) of the future performance criteria, the average share price (€60.33) and the capitalization of 2017 and 2018 dividends – stands at €849,037.

Table 11 – Compensation and benefits due on termination of Mr. Gilles Schnepp's office as an executive officer at the Company

Executive officer	Employment contract		Supplementary pension plan		Payments or benefits due or potentially due as a result of termination or change of office		Non-compete compensation	
	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Schnepp								
Chairman of the Board of Directors		X		X		X		X
Start of term of office: Feb. 8, 2018								

Other compensation components

Compensation for serving as a director

The Chairman of the Board of Directors does not receive any compensation for serving as a director of the Company.

Exceptional compensation

There are no plans to award exceptional compensation.

Undertakings governed by 4° of I of article L. 225-37-3 of the French Commercial Code

Pension plans

There is no commitment corresponding to a defined-benefit pension plan.

Indemnity payments due on termination of duties: termination benefit/non-compete compensation

The Chairman of the Board of Directors does not benefit from any undertaking covering components of compensation, indemnities or other benefits that are or may be due as a result of or subsequent to the termination of his term of office or assignment to a different position ("golden parachutes"), even in the event of a change in control.

No non-compete agreement has been entered into between the Chairman of the Board of Directors and the Company.

Compensation paid or awarded by a company within the scope of consolidation as defined in article L. 233-16 of the French Commercial Code

No compensation was paid or awarded by a company within the scope of consolidation as defined in article L. 233-16 of the French Commercial Code to the Chairman of the Board of Directors.

Fairness ratio between the compensation of the Chairman of the Board of Directors and the average and median compensation of the Company's employees in the five most recent financial years pursuant to article L. 225-37-3 of the French Commercial Code

France Economic and Social Unit		2015	2016	2017
Chairman of the Board of Directors	Average ratio	36.9	35.1	34.2
	Median ratio	45.4	44.5	43.7

France Economic and Social Unit		2018 actual	2018 proforma(1)	2019
Chairman of the Board of Directors	Average ratio	21.9	11.8	11.7
	Median ratio	27.2	14.7	14.2

(1) based solely on the fixed compensation of the Chairman of the Board of Directors in respect of 2018, not taking account of the short-term variable compensation paid in 2018 in respect of 2017.

Comparison between the annual increase in Mr. Gilles Schnepp's compensation, the Company's performance, and the average compensation on a full-time equivalent basis of the Company's employees in the five most recent financial years pursuant to article L. 225-37-3 of the French Commercial Code

	2015	2016	2017	2018 proforma	2019
Compensation (€)					
Chairman and Chief Executive Officer	1,800,909	1,819,375	1,828,381	-	-
change (as a %)		*1.0%*	*0.5%*		
Employees (average excluding executive officers)	48,863	51,809	53,445	52,849	53,423
change (as a %)		*6.0%*	*3.2%*	*(1.1%)*	*1.1%*
Performance indicators					
Sales (€ m)	4,809.9	5,018.9	5,520.8	5,997.2	6,622.3
change (as a %)		*4.3%*	*10.0%*	*8.6%*	*10.4%*
Adjusted operating profit (€ m)	930.4	978.5	1,104.9	1,212.1	1,326.1
change (as a %)		*5.2%*	*12.9%*	*9.7%*	*9.4%*
Achievement rate of the CSR roadmap targets	120.0%	122.0%	122.0%	122.0%	113.0%
Share price at Dec. 31 (€)	52.2	54.0	64.2	49.3	72.6
change (as a %)		*3.4%*	*19.0%*	*(23.2%)*	*47.3%*

	2015	2016	2017	2018 proforma	2019
Compensation (€)					
Chairman of the Board of Directors				625,000	625,000
change (as a %)					*0.0%*
Employees (average excluding executive officers)	48,863	51,809	53,445	52,849	53,423
change (as a %)		*6.0%*	*3.2%*	*(1.1%)*	*1.1%*
Performance indicators					
Sales (€ m)	4,809.9	5,018.9	5,520.8	5,997.2	6,622.3
change (as a %)		*4.3%*	*10.0%*	*8.6%*	*10.4%*
Adjusted operating profit (€ m)	930.4	978.5	1,104.9	1,212.1	1,326.1
change (as a %)		*5.2%*	*12.9%*	*9.7%*	*9.4%*
Achievement rate of the CSR roadmap targets	120.0%	122.0%	122.0%	122.0%	113.0%
Share price at Dec. 31 (€)	52.2	54.0	64.2	49.3	72.6
change (as a %)		*3.4%*	*19.0%*	*(23.2%)*	*47.3%*

Conformity of the total compensation paid in 2019 or awarded in respect of the same year to Mr. Gilles Schnepp, Chairman of the Board of Directors, with the compensation policy approved by the Shareholders' Meeting of May 29, 2019 under the sixth resolution and how this vote was taken into account

The total compensation paid to Gilles Schnepp in respect of 2019, i.e., fixed compensation of €625,000, is in line with compensation policy applicable to the Chairman of the Board of Directors as set out in the sixth resolution of the Shareholders' Meeting on May 29, 2019 since the latter stated that the most suitable compensation structure for the Chairman of the Board of Directors in respect of 2019 was to pay him solely fixed compensation amounting to €625,000 and no other components of compensation.

Please refer to section 6.2.1.2 Compensation policy applicable to the Chairman of the Board of Directors in respect of 2019 on page 209 of the Company's 2018 Registration Document for more information.

This compensation contributes to the Company's long-term performance insofar as it provides compensation for the key role of the Chairman of the Board of Directors in connection with all the responsibilities that fall upon the Board of Directors and its Board committees, provides the Company with the benefit of a Chairman of the Board of Directors possessing the expertise and experience required to carry out these responsibilities and thus enables the Company to continue upholding the best governance practices.

The Board of Directors took the view that this policy was suitable, given the high level of approval of the sixth resolution at the Shareholders' Meeting of May 29, 2019 concerning the compensation policy applicable to the Chairman of the Board of Directors in respect of 2019.

6.2.2.2 TOTAL COMPENSATION AND BENEFITS PAID IN 2019 OR AWARDED IN RESPECT OF THE SAME YEAR TO Mr. BENOIT COQUART

The tables summarizing the components of compensation and benefits of any kind paid in the financial year ended December 31, 2019 or awarded in respect of the same year to Benoît Coquart, Chief Executive Officer, are shown below.

Table 1 – Summary of compensation, stock options and shares allotted to Mr. Benoît Coquart

		2018	2019
Benoît Coquart, Chief Executive Officer from February 8, 2018			
Compensation due in respect of the year (see table 2 below for details)			
	(in euros)	1,285,025	1,550,013
Value of the options awarded during the year			
	Number of options		
	(in euros)		
Value of performance shares awarded during the year (see table 6 below for details)			
	Number of shares		
	Value *(in euros)*	1,104,465 (1)	1,204,245 (2)
Value of long-term variable compensation awarded during the year			
	Number of shares		
	Value *(in euros)*	0	0
TOTAL *(in euros)*		**2,389,490**	**2,754,258**

(1) Value pro-rated with effect from the date of the Chief Executive Officer's appointment, i.e., February 8, 2018, of performance shares awarded in 2018, as determined by an independent expert pursuant to IFRS 2, subject to the future performance conditions presented in the section on "Existing performance share plans" in the Company's Universal Registration Document. Benoît Coquart's long-term compensation in respect of 2018 amounted to €1,226,528 on an annual basis.

(2) Value of performance shares awarded in 2019, as determined by an independent expert pursuant to IFRS 2, subject to the future performance conditions presented in the section on "Existing performance share plans" in the Company's Universal Registration Document.

Table 2 – Summary of compensation awarded to Mr. Benoît Coquart

(in euros)	2018 Amounts awarded	2018 Amounts paid	2019 Amounts awarded	2019 Amounts paid
Benoît Coquart, Chief Executive Officer from February 8, 2018				
Fixed compensation	627,083 (1)	627,083 (1)	700,000	700,000
Annual variable compensation	654,048 (2)		845,600	654,048
Long-term variable compensation				
Exceptional compensation				
Compensation awarded for serving as a director				
Benefits in kind(3)	3,894 (4)	3,894 (4)	4,413	4,413
TOTAL	**1,285,025**	**630,977**	**1,550,013**	**1,358,461**

(1) Amount pro-rated from the date on which the Chief Executive Officer was appointed, i.e. February 8, 2018. Benoît Coquart's fixed compensation in respect of 2018 amounted to €700,000 on an annual basis.

(2) Amount pro-rated from the date on which the Chief Executive Officer was appointed, i.e. February 8, 2018. Benoît Coquart's variable compensation in respect of 2018 amounted to €730,100 on an annual basis, corresponding to an achievement rate of 69.5% (104.3% divided by 150%) of the maximum, i.e., 104.3% (104.3% divided by 100%) of the target of all quantitative and qualitative targets. Details of the calculations are provided in the "Annual variable compensation of the Chief Executive Officer" section.

(3) At the date of this Universal Registration Document, the Chief Executive Officer had the use of an executive car.

(4) Amount pro-rated from the date on which the Chief Executive Officer was appointed, i.e. February 8, 2018.

Fixed compensation

In respect of 2019, the amount of Benoît Coquart's fixed compensation was €700,000.

Annual variable compensation

Benoît Coquart's variable compensation in respect of 2018 was determined by the Board of Directors on March 20, 2019, based on the recommendation of the Compensation Committee and after applying the criteria set by the Compensation Committee and subsequently table below.approved by the Board of Directors as presented in the In respect of 2018, the achievement rate of the quantitative and qualitative targets was 69.5% (104.3% divided by 150%) of the maximum annual variable compensation and 104.3% (104.3% divided by 100%) of the target, i.e. €730,100 on an annual basis and €654,048 on a pro rata basis from February 8, 2018.

This amount had already been approved by the Company's shareholders at the Combined Shareholders' Meeting of May 29, 2019 (fifth resolution).

				Min	Target	Max	Actual
Quantitative: 3/4 of annual variable i.e. 75% of target fixed compensation	Operating sales growth	2019 organic sales growth	As a % of fixed compensation	0%	**15%**	22.5%	17.3%
			Indicator value	0%	2%	4%	2.6%
	Operating margin	2019 adjusted operating margin (at 2018 scope)	As a % of fixed compensation	0%	**40%**	60%	45%
			Indicator value	19.9%	20.3%	20.7%	20.4%
	External growth	2019 sales growth resulting from changes in scope	As a % of fixed compensation	0%	**10%**	15%	10.3%
			Indicator value	0%	5%	10%	5.3%
	Corporate Social Responsibility (CSR)	Rate of achievement of the Group's CSR roadmap	As a % of fixed compensation	0%	**10%**	15%	12.2%
			Indicator value	70%	100%	130%	113.0%
	TOTAL QUANTITATIVE			**0%**	**75%**	**112.5%**	**84.8%**
Qualitative: 1/4 of annual variable i.e. 25% of target fixed compensation	Sales growth	Market share trends, new products, sales policies, access to new markets, alliances (including outside France), expansion in new economies		0%	**10%**	15%	14%
	External growth strategy	Compliance with priorities, emphasis on multiples paid, emphasis on any dilutive effects of acquisitions on the Group's performance, quality of the integration of newly acquired companies		0%	**10%**	15%	15%
	General criteria	Risk management, workforce-related initiatives and dialog, diversity and gender balance, succession plans		0%	**5%**	7.5%	7%
	TOTAL QUALITATIVE			**0%**	**25%**	**37.5%**	**36%**
TOTAL VARIABLE AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**	**120.8%**

In respect of 2019, the achievement rate of quantitative and qualitative targets was 80.5% (equal to 120.8% divided by 150%) of the maximum annual variable compensation and 120.8% (equal to 120.8% divided by 100%) of the target, i.e. €845,600 on an annual basis.

The principles (as well as the achievements) governing the determination of the variable portion of Benoît Coquart's 2019 annual compensation, as calculated in the above table, are as follows:

- the target value of the quantitative portion was set at 75% of the fixed compensation and may vary between 0% and 112.5% of said fixed compensation. The 2019 achievement rate for this quantitative portion came to 84.8% of fixed compensation, determined as follows:
  - 40% of the fixed compensation as a target value based on a reported 2019 adjusted operating margin of 20.3% (based on the 2018 scope). The compensation awarded varies between 0% and 60% of fixed compensation for an adjusted operating margin (based on the 2018 scope) of between 19.9% and 20.7% (annual target announced to the market at the beginning of 2019). The performance achieved in 2019 was 20.4%, giving an entitlement equal to 45% of fixed compensation,
  - 15% of the fixed compensation as a target value based on the achievement of organic sales growth of 2%. The compensation awarded varies between 0% and 22.5% of fixed compensation for organic sales growth of between 0% and 4% (annual target announced to the market at the beginning of 2019). The performance achieved in 2019 was 2.6%, giving an entitlement equal to 17.3% of fixed compensation,
  - 10% of the fixed compensation as a target value based on the achievement of 2019 sales growth through acquisitions of 5%. The compensation awarded varies between 0% and 15% of fixed compensation for sales growth through acquisitions of between 0% and 10.0%. The performance

achieved in 2019 was 5.3%, giving an entitlement equal to 10.3% of fixed compensation,

  - 10% of fixed compensation as a target value for an achievement rate of the Group's CSR roadmap set at 100%. The compensation awarded varies between 0% and 15% of fixed compensation for a roadmap achievement rate of between 70% and 130%. The performance achieved in 2019 was 113%, giving an entitlement equal to 12.2% of fixed compensation;

- the target value of the qualitative portion was set at 25% of the fixed compensation and may vary between 0% and 37.5% of said fixed compensation. The 2019 achievement rate for this qualitative portion came to 36% of the fixed compensation. The Compensation Committee considered, in the light of the criteria below, that particularly significant efforts had been made in these areas. This 2019 achievement rate was determined on the basis of the following criteria:

  - 14% of fixed compensation (10% target value) based on sales growth: attributable in particular to the increase in market share; new products, with a particular ramp-up in products developed as part of the Eliot program; sales policies; accessing new markets; and alliances and partnerships (including outside France) including major projects completed across all regions,

  - 15% of fixed compensation (10% target value) linked to the external growth policy: attributable in particular to compliance with predetermined geographical and business priorities (including consolidating a position in the US lighting segment); emphasis on multiples paid compared to those paid traditionally for peers under the same market and geographical conditions; emphasis also on the potential dilutive effects of acquisitions on the Group's performance; the quality of integration with respect to acquisitions already made, particularly the integration of Netatmo, which has delivered very positive results to date,

  - 7% of the fixed compensation (5% target value) linked to other general criteria including risk management, with highly satisfactory risk mapping in particular, workforce-related initiatives and dialog, diversity and gender balance, and progress achieved in this area.

Long-term compensation

Future Performance Units

In 2019, no award of Future Performance Units was made in respect of the previous financial year.

Stock options

In 2019, no options to purchase or subscribe shares were awarded.

Performance shares

As concerns the award of performance shares in 2019, Benoît Coquart was awarded 22,954 performance shares subject to the future performance criteria presented in the "Existing performance share plans" section of this Universal Registration Document. Their value was determined by an independent expert pursuant to IFRS 2 and amounts to €1,204,245.

The vesting period of the performance shares awarded in 2019 will end on June 16, 2022. On that date, the continuing service requirement and performance criteria will be reviewed, it being specified that with respect to presence, the following rules are applicable to Benoît Coquart:

- should the Chief Executive Officer resign during the vesting period, the shares initially awarded by the Board of Directors will not vest;

- should the Chief Executive Officer be dismissed, not be reappointed or retire during the vesting period, only part of the shares will vest, subject to the performance criteria on the date the vesting period ends, calculated in proportion to his length of service at 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 shares that the Board of Directors initially awarded to the deceased Chief Executive Officer be transferred to them, in accordance with statutory arrangements, 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, he or she may, under French law, request that ownership of all shares that the Board of Directors initially awarded be transferred to him/her without waiting until the end of the vesting period.

Table 6 – Shares awarded free of charge by the Shareholders' Meeting during the financial year to Mr. Benoît Coquart by the Company and by any Group company

Name of executive officer	Date of plan	Number of shares awarded during the year	Value of the shares according to the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance criterion
Benoît Coquart	2019 Plan (May 30, 2019)	22,954	€1,204,245 (1)	June 16, 2022	May 31, 2024	For a description of the applicable performance criteria, please refer to the "Existing performance share plans" section of this Universal Registration Document

(1) The value of the 22,954 shares allotted to Benoît Coquart was determined by an independent expert pursuant to IFRS 2.

Existing performance share plans

On the recommendation of the Compensation Committee, the Board of Directors on May 29, 2019 approved the creation of the performance share plan of which Benoît Coquart is a beneficiary (the "**2019 Performance Share Plan**").

The number of performance shares that will be awarded definitively to Benoît Coquart will vary between 0% and 150% of the number of shares initially awarded, subject to a condition of continuing service and various performance criteria as shown in the tables below:

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Organic sales growth target	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Target for adjusted operating margin before acquisitions	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Annual Group's CSR roadmap achievement rates	Target: arithmetic mean over 3 years of the annual CSR roadmap achievement rates.	1/4
Legrand's share price performance relative to the performance of the CAC 40 index	Performance gap between Legrand's share price and the CAC 40 index over a 3-year period.	1/4

Accordingly, the performance criteria are measured over a three-year period and the number of performance shares awarded definitively to the Chief Executive Officer is calculated using the following method:

Organic sales growth criterion

Payment rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	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)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

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Determination of the 3-year target based on the 2019 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2019	Equal to 0.0%	Equal to 4.0%
Year 2: 2020	Equal to -1.0%	Equal to 3.0%
Year 3: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
3-year target: Average of annual targets	**LR**(2)	**UR**(3)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

Criterion of adjusted operating margin before acquisitions

Payment rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	Lower than (LR(2) - 50 bps)	Between (LR(2) - 50 bps) and LR(2)	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)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

Determination of the 3-year target based on the 2019 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2019	Equal to 19.9%	Equal to 20.7%
Year 2: 2020	Equal to 19.6%	Equal to 20.4%
Year 3: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
3-year target: Average of annual targets	**LR**(2)	**UR**(3)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

Group CSR roadmap annual achievement rates

Payment 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	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

Legrand's share price performance

Payment rate[1]	0%	30%	Between 30% and 150%	150%
Difference between the performance of Legrand's share price and that of the CAC 40 index[2]	Below 0 point	Equal to 0 point	Between 0 point and 15 points	Above 15 points

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.
(2) For the 2019 plan, the three-year performance will be measured over the 2019-2021 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 2021) with the average daily closing market prices of the second half of the year preceding the first year of the plan (second half of 2018, i.e. €58.94;*
- *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 of 2021) with the average closing indices of the CAC 40 index of the second half of the year preceding the first year of the plan (second half of 2018), i.e. 5,213.7 points.*

The difference between these two performances will be measured by the difference, in percentage points, between the change in the Legrand share price and the change in the CAC 40 index.

Table 7 – Shares awarded to Mr. Benoît Coquart free of charge subject to a lock-up period that ended in 2019

Name of executive officer	Date of plan	Number of shares that vested during the year	Vesting conditions
Benoît Coquart	May 29, 2015	8,395[1]	N/A

(1) Shares awarded in respect of duties prior to Benoît Coquart's appointment as Chief Executive Officer.

Table 11 – Compensation and benefits due on termination of Mr. Benoît Coquart's office as an executive officer at the Company

	Employment contract		Supplementary pension plan		Payments or benefits due or potentially due as a result of termination or change of office		Non-compete compensation	
Executive officer	Yes	No	Yes	No	Yes	No	Yes	No
Benoît Coquart								
Chief Executive Officer		X	X			X	X	
Start of term of office: Feb. 8, 2018								

Other compensation components

Compensation for serving as a director

The Chief Executive Officer receives no compensation in respect of the office he holds in Group companies.

Compensation paid or awarded by a company within the scope of consolidation as defined in article L. 233-16 of the French Commercial Code

No compensation was paid or awarded by a company within the scope of consolidation as defined in article L. 233-16 of the French Commercial Code to the Chief Executive Officer.

Exceptional compensation

There are no plans to award exceptional compensation.

Undertakings governed by 4° of I of article L. 225-37-3 of the French Commercial Code

The Chief Executive Officer does not benefit from any undertaking covering components of compensation, indemnities or other benefits that are or may be due as a result of or subsequent to the termination of his term of office or assignment to a different position ("golden parachutes"), even in the event of a change in control of the Company.

Contract of employment of the Chief Executive Officer and length of the Chief Executive Officer's term of office

In accordance with the Code of Corporate Governance, no employment contract remains between the Chief Executive Officer and the Company.

On the recommendation of the Nominating and Governance Committee, the Board of Directors decided at its meeting on February 7, 2018 that the Chief Executive Officer's term of office would be indefinite.

Other non-monetary compensation components (executive car, pension plan, supplementary health insurance coverage)

The Chief Executive Officer has the use of an executive 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 "medical expenses" supplementary health insurance and "death, disability and inability to work" insurance available to the Group's French executives, since he is classified as an executive for social security and tax purposes. He receives those benefits on the same terms as the other employees in that category.

For 2019, the Company's contribution for Benoît Coquart is estimated at €6,579.

The Company's shareholders approved that commitment made to the Chief Executive Officer at the Combined Shareholders' Meeting of May 30, 2018 (eighth resolution), in accordance with the procedure for approving related-party agreements and undertakings in force.

Fairness ratio between the compensation of the Chief Executive Officer and the average and median compensation of the Company's employees in the five most recent financial years pursuant to article L. 225-37-3 of the French Commercial Code

France Economic and Social Unit		2018 actual	2018 proforma[1]	2019
Chief Executive Officer	Average ratio	32.7	46.7	48.0
	Median ratio	40.6	57.9	58.1

(1) based on the Chief Executive Officer's annual compensation (12 months) in respect of 2018, including in this pro forma figure the short-term variable compensation paid in 2018 in respect of 2017 to the former Chairman and Chief Executive Officer (who subsequently became the Chairman of the Board of Directors).

Comparison between the annual increase in Mr. Benoît Coquart's compensation, the Company's performance, and the average compensation on a full-time equivalent basis of the Company's employees in the five most recent financial years pursuant to article L. 225-37-3 of the French Commercial Code

	2015	2016	2017	2018 proforma	2019
Compensation (€)					
Chief Executive Officer				2,660,974	2,754,258
change (as a %)					*3.5%*
Employees (average excluding executive officers)	48,863	51,809	53,445	52,849	53,423
change (as a %)		*6.0%*	*3.2%*	*(1.1%)*	*1.1%*
Performance indicators					
Sales (€ m)	4,809.9	5,018.9	5,520.8	5,997.2	6,622.3
change (as a %)		*4.3%*	*10.0%*	*8.6%*	*10.4%*
Adjusted operating profit (€ m)	930.4	978.5	1,104.9	1,212.1	1,326.1
change (as a %)		*5.2%*	*12.9%*	*9.7%*	*9.4%*
Achievement rate of the CSR roadmap targets	120.0%	122.0%	122.0%	122.0%	113.0%
Share price at Dec. 31 (€)	52.2	54.0	64.2	49.3	72.6
change (as a %)		*3.4%*	*19.0%*	*(23.2%)*	*47.3%*

Conformity of the total compensation paid in 2019 to Mr. Benoît Coquart, Chief Executive Officer, with the compensation policy approved by the Shareholders' Meeting of May 29, 2019 under the seventh resolution and how this vote was taken into account

The total compensation paid or awarded to Benoît Coquart in respect of 2019, i.e., total compensation amounting to €2,754,258 made up of fixed compensation of €700,000, annual variable compensation of €845,600, a benefit in kind with a value of €4,413 and long-term compensation calculated to be worth €1,204,245, is in line with the compensation policy applicable to the Chief Executive Officer as set out in the seventh resolution of the Shareholders' Meeting on May 29, 2019, since the latter provided for target total compensation of €2,800,000.

Please refer to section 6.2.1.3 Compensation policy applicable to the Chief Executive Officer in respect of 2019 on pages 209 to 216 of the Company's 2018 Registration Document for more information.

This compensation contributes to the Company's long-term performance insofar as the proportion of total compensation accounted for by variable compensation was increased and thus serves as an incentive to deliver a stronger financial and extra-financial performance over the long term.

The Board of Directors took the view that this policy was suitable given the high level of approval of the seventh resolution at the Shareholders' Meeting of May 29, 2019 concerning the compensation policy applicable to the Chief Executive Officer in respect of 2019.

6.2.2.3 COMPENSATION PAID IN 2019 OR AWARDED IN RESPECT OF THE SAME YEAR TO THE NON-EXECUTIVE COMPANY OFFICERS

Rules for apportioning the compensation awarded to the directors for performing their duties

The rules for apportioning the compensation awarded to the directors for performing their duties are presented in section 6.2.1.4 Compensation policy applicable to the directors in respect of 2020 of this Universal Registration Document.

Summary of amounts paid to the directors during the 2018 and 2019 financial years

The table below presents the amounts of compensation awarded to the directors for performing their duties during the 2019 and 2018 financial years concerning their participation in the work performed in the previous year. The amount of compensation is adjusted according to directors' actual attendance at meetings of the Board of Directors and Board committees of which they are members.

Table 3 – Compensation received by non-executive company officers

Non-executive company officers	Gross amounts paid during 2018 in respect of 2017 *(in euros)*	Gross amounts paid during 2019 in respect of 2018 *(in euros)*
Olivier Bazil		
Compensation for serving as a director	64,000	70,000
Other payments	0	0
Isabelle Boccon-Gibod		
Compensation for serving as a director	66,000	84,000
Other payments	0	0
Christel Bories		
Compensation for serving as a director	70,000	85,000
Other payments	0	0
Angeles Garcia-Poveda		
Compensation for serving as a director	105,000	118,000
Other payments	0	0
E.A Gilhuly (1)		
Compensation for serving as a director	0	34,000
Other payments	0	0
François Grappotte (2)		
Compensation for serving as a director	50,000	25,000
Other payments	0	0
Philippe Jeulin (3)		
Compensation for serving as a director	0	30,000
Other payments	0	0
Patrick Koller (1)		
Compensation for serving as a director	0	32,000
Other payments	0	0
Michel Landel (4)		
Compensation for serving as a director	0	0
Other payments	0	0
Thierry de La Tour d'Artaise(2)		
Compensation for serving as a director	51,000	7,000
Other payments	0	0
Dongsheng Li(2)		
Compensation for serving as a director	35,000	5,000
Other payments	0	0
Annalisa Loustau Elia		
Compensation for serving as a director	56,000	66,000
Other payments	0	0
Éliane Rouyer-Chevalier		
Compensation for serving as a director	90,000	97,000
Other payments	0	0
TOTAL	**587,000**	**653,000**

(1) Directors whose appointment was approved by the Shareholders' Meeting of May 30, 2018.
(2) Director not reappointed on May 30, 2018.
(3) Director whose appointment was in effect at June 30, 2018, the above table does not include compensation paid to the director representing employees under his/her employment contract.
(4) Director whose appointment was approved by the Shareholders' Meeting of May 29, 2019.

Philippe Jeulin irrevocably decided upon taking office that the full amount of the attendance fees (net of social security contributions) he receives from the Company for serving as a director will be paid instead to the Électriciens sans frontières NGO for his entire term of office as a director representing employees. The net amount of these attendance fees is thus paid by the Company directly to the Électriciens sans frontières NGO.

The Board of Directors' meeting of March 19, 2020 approved the payment in 2020 of €736,083 in compensation granted to the directors in respect of 2019.

6.2.3 - Company officers' shareholdings in the Company

Please see appendix 3 to the management report of this Universal 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 applicable in respect of 2020 and compensation components paid in 2019 or awarded in respect of the same year to company officers requiring shareholders' approval

6.2.5.1 COMPENSATION POLICY IN RESPECT OF 2020 APPLICABLE TO THE COMPANY OFFICERS SUBJECT TO SHAREHOLDERS' APPROVAL

In accordance with article L. 225-37-2 of the French Commercial Code, the compensation policies applicable to the Chairman of the Board of Directors, the Chief Executive Officer and the directors in respect of 2020 are submitted for shareholders' approval at the next Shareholders' Meeting to be convened in 2020 to approve the financial statements for the 2019 financial year.

The amounts that would result from the implementation of the compensation policy will be submitted for shareholder approval at the Shareholders' Meeting to be convened in 2021 to approve the financial statements for the 2020 financial year, it being stipulated that payment of variable and exceptional compensation components is contingent on approval by the 2021 Shareholders' Meeting.

Compensation policy for the Chairman of the Board of Directors in respect of 2020 requiring shareholders' approval

The components that make up the policy relating to the 2020 compensation attributable to the Chairman of the Board of Directors are presented in the table below:

Compensation components attributable in respect of the 2020	Amount/Percentage weighting of fixed compensation	Details
Fixed compensation	€625,000	Gross annual fixed compensation approved by the Board of Directors on March 20, 2018 and renewed by the Board of Directors on March 20, 2019 and then again on March 19, 2020, on the recommendation of the Compensation Committee. This amount of annual fixed compensation for the Chairman of the Board of Directors was determined by the Board of Directors, on the recommendation of the Compensation Committee, in accordance with the principles laid down in section 6.2.1.1 of this 2019 Universal Registration Document, and in line with the responsibilities and duties performed by the Chairman of the Board of Directors and related to that office, as provided for by law, the Articles of Association and the internal rules. The main factors considered 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 fulfill those responsibilities and (ii) the 2018 benchmarking study analyzing the compensation awarded to the non-executive chairmen of CAC 40 companies. As part of the change in the Company's governance arrangements effective July 1, 2020, the Board of Directors, acting on the recommendation of the Committee responsible for overseeing the change in the Company's governance and based on the benchmarking studies analyzing the compensation of non-executive chairmen of comparable CAC 40 companies, decided that the compensation for the new Chairwoman of the Board of Directors, Angeles Garcia-Poveda, would be identical to the compensation received by Gilles Schnepp, that is, fixed compensation of €625,000. The fixed compensation of the Chairman of the Board of Directors will be split on a pro rata basis between Gilles Schnepp, who will serve from January 1 until June 30, 2020 and Angeles Garcia-Poveda, who will serve from July 1 until December 31, 2020.
Annual variable compensation	Not applicable	There are no plans to award any annual variable compensation. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Deferred variable compensation	Not applicable	There are no plans to award any deferred variable compensation.
Long term cash compensation	Not applicable	There are no plans to award any long-term cash compensation. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place 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 award any stock-options. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.
	Performance shares	There are no plans to award any performance shares. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance. At the date Gilles Schnepp's duties come to an end, that is, June 30, 2020, he will no longer hold any rights under the stock option plans or performance share plans, except for the 2017 performance share plan. As stated in section 6.2.1.2 of the Company's 2019 Universal Registration Document, the Board of Directors decided at its meeting of February 12, 2020, on the recommendation of the Compensation Committee, given the exceptional contribution made by Gilles Schnepp to Legrand's development, to lift the condition of continuing service applicable to the 2017 performance share plan, while applying the pro rata rule, which means that the number of performance shares from which Gilles Schnepp would benefit, after taking the performance conditions into account, would be scaled down on a pro rata basis to reflect his actual length of service as executive officer during the vesting period (that is 3 years and 13 days, rather the full vesting period of 4 years). The number of performance shares awarded to Gilles Schnepp under the 2017 plan upon at its expiration, that is on June 17, 2021, would thus be reduced to 10,632, after factoring in a performance condition achievement rate of 111.6%.

	Other awards of securities: not applicable	There are no plans to make other awards of securities The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Exceptional compensation	Not applicable	There are no plans to award any exceptional compensation.
Compensation for serving as a director	Not applicable	The Chairman of the Board of Directors does not receive any compensation for appointments held at the Company or its subsidiaries.
Value of benefits of any kind	Not applicable	There is no undertaking in this regard.
Termination benefit	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.

Sign-on bonus in the event of the appointment of a new Chairman of the Board of Directors during 2020

There is no provision for any sign-on bonus compensating for the loss of benefits should a new Chairman of the Board of Directors be appointed in the course of 2020.

Compensation policy for the Chief Executive Officer in respect of 2020 requiring shareholders' approval

The components that make up the policy relating to the 2020 compensation attributable to the Chief Executive Officer are presented in the table below:

Compensation components attributable in respect of the 2020	Amount/Percentage weighting of fixed compensation	Details
Fixed compensation	€700,000	Gross annual fixed compensation determined by the Board of Directors on April 10, 2020 The Board of Directors decided at its meeting of April 10, 2020 in the light of the global health emergency and economic crisis caused by Covid-19, based on a proposal made by Mr. Benoît Coquart, to leave the Chief Executive Officer's annual fixed compensation in respect of 2020 unchanged compared to 2019 even though the Board of Directors had initially decided to raise it from €700,000 to €900,000 on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies.
Annual variable compensation	Minimum Value: 0% of fixed compensation Target value: 100% Maximum value: 150% of fixed compensation	At its meeting on March 19, 2020, on the recommendation of the Compensation Committee, the Board of Directors decided to leave unchanged the nature and weightings of quantitative criteria applicable to annual variable compensation that had been established for 2019, along with its target value and maximum amounts. The following changes relative to 2019 should be noted concerning the qualitative criteria of annual variable compensation: (i) clarification of the criteria related to organic growth and the external growth policy, (ii) addition of a new criterion related to sustainable development and efforts to combat global warming, and (iii) a reduction in the weighting given to the external growth policy. These changes increase the number of qualitative criteria to four from three in 2019, but they do not have any effect on the overall weighting of the qualitative portion of annual variable compensation within the total annual variable compensation. The Board of Directors decided that the variable compensation paid to the Chief Executive Officer in respect of 2020 may vary between 0% and 150% of annual fixed compensation (with a target value set at 100% of annual fixed compensation) and would be determined as follows: ■ a quantitative portion representing 3/4 of this annual variable compensation: it may thus vary from 0% to 112.5% of the annual fixed compensation (with a target value set at 75%) and will be calculated based on criteria relating to (i) the achievement of a specific level of 2020 adjusted operating margin before acquisitions, (ii) 2020 organic sales growth, (iii) 2020 sales growth resulting from acquisitions (scope effect) and (iv) the rate of achievement of the Group CSR roadmap; and ■ a qualitative portion representing 1/4 of this variable compensation: it may thus vary from 0% to 37.5% of the annual fixed compensation (with a target value set at 25%) and will be calculated based on criteria relating to (i) innovation and market position (Innovation, Research & Development - new product and manufacturing process, trend in sales generated by products under the Eliot program, relative market share trends), (ii) quality of acquisitions (strategic fit of acquisitions completed, quality of acquisition pipeline, emphasis on multiples paid, quality of integration of acquisitions already completed), (iii) sustainable development and efforts to combat global warming (initiatives to cut CO2 emissions, trend in sales generated by energy savings solutions, Legrand's inclusion in benchmark CSR indices, new initiatives related to sustainable development), (iv) other general criteria, including diversity and gender balance, risk management, workforce-related initiatives, and dialog. These quantitative and qualitative criteria, as well as the targets set, are described in detail in section 6.2.1.3 of this Universal Registration Document.
Deferred variable compensation	Not applicable	There are no plans to award any deferred variable compensation.
Long term cash compensation	Not applicable	There are no plans to award any long-term cash compensation.

Stock options, performance shares or any other long-term compensation component	Stock-options: not applicable	There are no plans to award any stock-options.
	Performance shares Minimum value: 0% Awarded value (target value): 200%, reduced to 100% Maximum value: 150% of the number of shares initially awarded depending on the achievement of future performance criteria	On the recommendation of the Compensation Committee, the Board of Directors decided at its meeting on March 19, 2020 to introduce long-term compensation in 2020 in the form of a 2020 Performance Share Plan. The target value of this plan is 200% of fixed compensation, reduced to 100% of fixed compensation following Mr. Benoît Coquart's proposal and the decision made by the Board of Directors as described below, and will be converted into shares. The number of shares to be awarded definitively will be between 0% and 150% of the initial award of shares according to the level of achievement of four financial and extra-financial criteria measured on the basis of a 3-year average and presented in the "Performance criteria selected for long-term variable compensation and target-setting method" section of this Universal Registration Document. In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided, based on a proposal made by Mr. Benoît Coquart, to reduce by 50% the target value for long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation). The nature of performance criteria has remained unchanged compared to the 2019 compensation policy. This plan is described, including the performance criteria applicable to the awarded shares and the calculation method for determining the number of shares awarded definitively, in section 6.2.1.3 of the Company's 2019 Universal Registration Document. It should be noted that: ■ the first two performance criteria are aligned with the Company's targets disclosed in February 2020. These are annual targets for adjusted operating margin before acquisitions and organic sales growth. These indicators are central to Legrand's profitable growth-based business model; ■ the third criterion is of an extra-financial nature, based on the fulfillment of the Group's commitments in terms of corporate social responsibility under its CSR roadmap, which is central to Legrand's model and aims to deliver sustainable growth while taking into account all stakeholders' concerns; ■ the last criterion is based on Legrand's share price performance compared to that of the CAC 40 index, so performance is assessed in relative terms, it being specified that no payment would be made if the share price underperforms the CAC 40 index. The proposed performance criteria thus reflect the Company's model based on profitable and sustainable growth aligned with the interests of shareholders and are transparent. To recap, the Board of Directors had been granted authorization on March 19, 2020 by the Combined Shareholders' Meeting of May 30, 2018, in its seventeenth resolution (Authorization to award performance shares).
	Other awards of securities: Not applicable	There are no plans to make other awards of securities.
Exceptional compensation	Not applicable	There are no plans to award any exceptional compensation.
Compensation for serving as a director	Not applicable	The Chairman of the Board of Directors does not receive any compensation for appointments held at the Company or its subsidiaries.
Value of benefits of any kind	€6,135	An executive car is made available to the Chief Executive Officer. This amount is given for information purposes only for 2020.

Sign-on bonus in the event of appointment of a new Chief Executive Officer in the course of 2020

There is no provision for any sign-on bonus intended to compensate for loss of benefits in the event that a new Chief Executive Officer is appointed in the course of 2020.

Compensation policy for the directors in respect of 2020 requiring shareholders' approval

The components making up the compensation policy for 2020 applicable to the directors are presented in section 6.2.14 Compensation policy applicable to the directors in respect of 2020.

6.2.5.2 TOTAL COMPENSATION AND BENEFITS PAID DURING 2019 OR AWARDED IN RESPECT OF THE SAME YEAR TO COMPANY OFFICERS REQUIRING SHAREHOLDERS' APPROVAL

In accordance with articles L. 225-37-3 and L. 225-100 of the French Commercial Code, the components of compensation paid for performing their duties during 2019 or awarded for performing their duties in respect of that same year to the company officers will be submitted for approval by shareholders at the Shareholders' Meeting to be convened in 2020 to approve the financial statements of the 2019 financial year, it being stipulated that the payment of the variable and exceptional components of compensation is contingent on the approval by said General Meeting.

Compensation and benefits paid during 2019 or awarded in respect of that same period to Mr. Gilles Schnepp for serving as Chairman of the Board of Directors

Compensation components paid or awarded in respect of 2019	Amounts paid during the financial year now ended	Amounts awarded in respect of the financial year now ended or accounting value	Details
Fixed compensation	€625,000		Gross annual fixed compensation approved by the Board of Directors on March 20, 2018 and unchanged since that date, on the recommendation of the Compensation Committee, corresponding to the amount attributable to Mr. Gilles Schnepp for serving as Chairman of the Board of Directors since the roles of Chairman of the Board of Directors and of Chief Executive Officer were split and unchanged since that date. This amount of annual fixed compensation for the Chairman of the Board of Directors was determined by the Board of Directors, on the recommendation of the Compensation Committee, in accordance with the principles laid down in section 6.2.1.1 of the Company's 2019 Universal Registration Document, and in line with the responsibilities and duties performed by the Chairman of the Board of Directors and related to that office, as provided for by 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 given 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) benchmarking studies analyzing the compensation awarded to the non-executive chairmen of CAC 40 companies.
Annual variable compensation	Not applicable	Not applicable	There are no plans to award any annual variable compensation. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Deferred variable compensation	Not applicable	Not applicable	There are no plans to award any deferred variable compensation.
Long term cash compensation(1)	€849,037 Component already approved by the Shareholders' Meeting when it was granted and when the vesting period came to an end	Not applicable	There are no plans to award any long-term cash compensation. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place 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	Stock-options: not applicable	There are no plans to award any stock-options. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.
	Performance shares	Performance shares	There are no plans to award any performance shares. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance. At the date Mr. Gilles Schnepp's office as Chairman of the Board of Directors come to an end, that is, June 30, 2020, he will no longer hold any rights under the stock option plans or performance share plans, except for the performance share plan approved by the Board of Directors on May 31, 2017. For more information, please refer to the "Long-term compensation plans settled in shares benefiting Gilles Schnepp" section.
	Other awards of securites: not applicable	Other awards of securites: not applicable	There are no plans to make other awards of securities. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.

Exceptional compensation	Not applicable	Not applicable	There are no plans to award any exceptional compensation.
Compensation for serving as a director	Not applicable	Not applicable	The Chairman of the Board of Directors does not receive any compensation for appointments held at the Company or its subsidiaries.
Value of benefits of any kind	Not applicable	Not applicable	There is no undertaking in this regard.
Termination benefit	Not applicable	Not applicable	There is no undertaking in this regard.
Non-compete compensation	Not applicable	Not applicable	There is no undertaking in this regard.
Supplementary pension plan	Not applicable	Not applicable	There is no undertaking in this regard.

(1) An amount of €849,037 corresponding to 2014 Future Performance Units allotted to Gilles Schnepp and approved by the Shareholders' Meeting at the time of their award and at the end of the vesting period was paid to Gilles Schnepp in June 2019.

Compensation and benefits paid during 2019 or awarded in respect of that same period to Mr. Benoît Coquart for serving as Chief Executive Officer

Compensation components paid or awarded in respect of 2019	Amounts paid during the financial year now ended	Amounts awarded in respect of the financial year now ended or accounting value	Details
Fixed compensation	€700,000		Gross annual fixed compensation set by the Board of Directors on March 20, 2018 and unchanged since that date, 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 based on a benchmarking study analyzing compensation practices for similar duties in CAC 40 companies.
Annual variable compensation[1]	Annual amount awarded in respect of 2018 and paid in 2019: €730,100 Amount pro-rated from February 8, 2018 awarded in respect of 2018 and paid in 2019: €654,048, payment of which was approved by the Shareholders' Meeting of May 29, 2019	Amount awarded in respect of 2019 and payable in 2020: €845,600	The Board of Directors decided at its meeting of March 20, 2019 that the variable compensation paid to Mr. Benoît Coquart in respect of 2019 may vary between 0% and 150% of annual fixed compensation (with a target value set at 100% of annual fixed compensation) and would be determined as follows: ■ a quantitative portion representing 3/4 of this annual variable compensation, varying from 0% to 112.5% of the annual fixed compensation (with a target value set at 75%) and calculated based on criteria relating to (i) the achievement of a specific level of 2019 adjusted operating margin before acquisitions, (ii) 2019 organic sales growth, (iii) 2019 sales growth resulting from acquisitions (scope effect) and (iv) the rate of achievement of the Group CSR roadmap; and ■ a qualitative portion representing 1/4 of this variable compensation, which may vary from 0% to 37.5% of the annual fixed compensation (with a target value set at 25%) calculated based on criteria relating to (i) positive sales trends (market share trends, new products, sales policies, access to new markets, alliances (including outside France), expansion in new economies), (ii) external growth strategy: compliance with priorities, emphasis on multiples paid, emphasis on any dilutive effects of acquisitions on the Group's performance, quality of the integration of newly acquired companies, and (iv) other general criteria, including risk management, workforce-related initiatives and dialog, diversity, and gender balance in the workplace. Based on work done and the proposals made by the Compensation Committee, the Board, at its meeting on March 19, 2020, set: ■ the variable portion of 2019 compensation resulting from the achievement of quantitative targets at 84.8% of the annual fixed compensation; ■ the variable portion of 2019 compensation resulting from the achievement of qualitative targets at 36% of the annual fixed compensation; That reflects an achievement rate of 80.5% (120.8% divided by 150%) of the maximum annual variable compensation and 120.8% (120.8% divided by 100%) of the target, i.e., €845,600 (full details of the rate of achievement of quantitative and qualitative criteria are provided in section 6.2.2.2 of the Universal Registration Document).
Deferred variable compensation	Not applicable	Not applicable	There are no plans to award any deferred variable compensation.
Long term cash compensation	Not applicable[1]	Not applicable[1]	There are no plans to award any long-term cash compensation.

	Stock-options: not applicable	Stock-options: not applicable	There are no plans to award any stock-options.
Stock options, performance shares or any other long-term compensation component		Performance shares: value €1,204,245	On the recommendation of the Compensation Committee, the Board of Directors decided on May 29, 2019 to establish the 2019 Performance Share Plan. This plan (including the performance criteria applicable to the awarded shares) is presented in section 6.2.2.2 of the Company's Universal Registration Document and in section 7.3 of the same document. The award under this plan to Mr. Benoît Coquart corresponds to 4% of the overall award(2). A total of 22,954 performance shares were awarded to Mr. Benoît Coquart. This number of shares to vest definitively may subsequently vary between 0% and 150% of the number of shares initially awarded, according to the level of achievement of financial performance criteria. To recap, the Board of Directors had been granted authorization on May 30, 2018 by the Shareholders' Meeting of May 30, 2018 in its seventeenth resolution (Authorization to award performance shares).
		Other awards of securites: not applicable	There are no plans to make other awards of securities.
Exceptional compensation	Not applicable	Not applicable	There are no plans to award any exceptional compensation.
Compensation for serving as a director	Not applicable	Not applicable	Benoît Coquart does not receive any compensation for appointments held at the Company or its subsidiaries.
Value of benefits of any kind		€4,413	A high-end company car classified as a benefit in kind was made available to the Chief Executive Officer in 2019.
Termination benefit	Not applicable	Not applicable	There is no undertaking in this regard.
Non-compete compensation	1 year's reference salary (annual fixed + variable) at the Company's sole initiative	1 year's reference salary (annual fixed + variable) at the Company's sole initiative	Given the profile of the new Chief 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 a non-compete agreement between the Company and the Chief Executive Officer, whereby the Chief Executive Officer undertakes not to carry out any activity that will compete with Legrand's business for a one-year period starting from the date his term of office ends. The Company's Board of Directors will decide, after the Chief Executive Officer's term of office ends, whether or not to apply this non-compete clause, and may unilaterally decide to waive the application of this clause. If applied, the Chief Executive Officer's fulfillment of this undertaking would result, for a one-year period after the end of his term of office as Chief Executive Officer, in the payment by the Company of monthly compensation equal to the monthly average of the reference salary received during the last twelve months of his service at the company, it being stipulated that the reference salary includes the annual fixed and 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 in force at the time, this agreement was authorized by the Board of Directors on March 20, 2018 and was approved by the Combined Shareholder' Meeting of May 30, 2018 (seventh resolution)

Supplementary pension plan	€2,431	There is no commitment corresponding to a defined-benefit pension plan. The Chief Executive Officer continues to benefit from the mandatory collective defined-contribution 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 all other relevant employees. All of the Group's French executives qualify for the defined-contribution 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 for the calculation of contributions to the mandatory supplementary pension plans (ARRCO-AGIRC). Entitlements accrue through the payment of annual contributions equal to 1.5% of the A, B and C Tranches. The Company pays half this amount (0.75%) and the beneficiaries pay the other half (0.75%). In accordance with the procedure relating to related-party agreements and undertakings in force at the time, this commitment was authorized by the Board of Directors on February 7, 2018 having already been approved by the Combined Shareholders' Meeting of May 30, 2018 (eighth resolution).
Personal protection and medical expenses plan	€6,579	The Chief Executive Officer benefits from "medical expenses" supplementary health insurance and "death, disability and inability to work" insurance available to the Group's French executives, since he is classified as an executive for social security and tax purposes. He receives those benefits on the same terms as the other employees in that category. In accordance with the procedure relating to related-party agreements and undertakings in force at the time, this commitment was authorized by the Board of Directors on February 7, 2018 having already been approved by the Combined Shareholders' Meeting of May 30, 2018 (eighth resolution).

(1) Compensation component, payment of which is contingent upon the approval of the Combined Shareholders' Meeting of May 27, 2020, pursuant to paragraph 2 of section II of article L. 225-100 of the French Commercial Code.
(2) This calculation takes into account the adjustment of the number of performance shares to reflect the dividend payment arrangements decided upon by the Company's Combined Shareholders' Meeting on May 29, 2019, to factor in the impact of this transaction on the interests of grantees of performance shares (for more details, please refer to section 7.3 of the 2019 Universal Registration Document).
(3) An amount of €424,079, corresponding to the 2014 Future Performance Units awarded to Mr. Benoît Coquart with respect to his duties prior to his appointment as Chief Executive Officer, was paid to him in June 2019.

Compensation and benefits paid in 2019 or awarded in respect of the same year to the directors

The compensation paid for performing their duties during 2019 or awarded for performing their duties in respect of the same year to the directors is presented in section 6.2.2.3 Compensation of the non-executive company officers of this Universal Registration Document.

SHARE OWNERSHIP

7

7.1 - SHARE CAPITAL OWNERSHIP STRUCTURE

Unless otherwise stated, the information presented in this chapter is accurate as at December 31, 2019.

7.1.1 - Shareholder structure at December 31, 2019 and changes to the shareholder structure in 2019

7.1.1.1 SHAREHOLDER STRUCTURE AT DECEMBER 31, 2019

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable in Shareholders' General Meetings	
Shareholders	Number	%	Number	%	Number	%
Employees and similar[(1)]	9,783,398	3.66	9,783,398	3.66	9,783,398	3.66
Treasury stock[(2)]	313,406	0.12	313,406	0.12	0	0
Free float	257,179,324	96.22	257,179,324	96.22	257,179,324	96.34
TOTAL	**267,276,128**	**100**	**267,276,128**	**100**	**266,962,722**	**100**

(1) Relates to shares held in registered form by current and former employees and executive officers of the Group, and to shares held by current and former employees through an employee savings investment fund (FCPE).

(2) Voting rights not exercisable in Shareholders' General Meetings.

7.1.1.2 CHANGES IN THE SHAREHOLDER STRUCTURE DURING THE 2019 FINANCIAL YEAR AND INFORMATION ON CROSSINGS OF STATUTORY OWNERSHIP THRESHOLDS

The Company was notified of the following crossings of statutory ownership thresholds during the 2019 financial year:

Company	Declaration date	Date threshold crossed	Statutory threshold	Increase/ decrease	% of capital	% of voting rights
Massachusetts Financial Services Company	2/14/2019	2/13/2019	10% of the capital	Increase	11.14%	11.14%
Massachusetts Financial Services Company	9/26/2019	9/25/2019	10% of the capital	Decrease	10.96%	10.96%

Between the end of the 2019 financial year and the date of this universal registration document, the Company was notified that the following legal thresholds had been breached:

Company	Declaration date	Date threshold crossed	Statutory threshold	Increase/ decrease	% of capital	% of voting rights
Massachusetts Financial Services Company	3/20/2020	3/17/2020	10% of the capital	Increase	11.01%	11.01%

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 ("MFS") Company, holds, directly or indirectly, alone or in concert, more than 5% of its share capital or voting rights at the date of this universal registration document.

7.1.2 - Shareholder structure at December 31, 2018 and changes to the shareholder structure in 2018

The Company's shareholder structure at December 31, 2018 was as follows:

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable in Shareholders' General Meetings	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Employees and similar(1)	10,371,821	3.89	10,371,821	3.88	10,371,821	3.89
Treasury stock(2)	905,347	0.34	905,347	0.34	0	0
Free float	256,217,981	95.78	256,217,981	95.78	256,217,981	96.11
TOTAL	**267,495,149**	**100**	**267,495,149**	**100**	**266,589,802**	**100**

(1) Relates to shares held in registered form by current and former employees and executive officers of the Group, and to shares held by current and former employees through an employee savings investment fund (FCPE).

(2) Voting rights not exercisable in Shareholders' General Meetings.

Information on crossings of statutory ownership thresholds and changes to the shareholder structure during the 2018 financial year can be found in section 7.1.1 of the 2018 registration document filed with the AMF under no. D.19-0306.

7.1.3 - Shareholder structure at December 31, 2017 and changes to the shareholder structure in 2017

The Company's shareholder structure at December 31, 2017 was as follows:

	Shares comprising the share capital		Theoretical voting rights		Voting rights exercisable in Shareholders' General Meetings	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Employees and similar(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 employees and executive officers of the Group, and to shares held by current and former employees through an employee savings investment fund (FCPE).

(2) Voting rights not exercisable in Shareholders' General Meetings.

Information on crossings of statutory ownership thresholds and changes to the shareholder structure during the 2017 financial year can be found in section 7.1.1 of the 2017 registration document filed with the AMF under no. D.18-0292.

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 universal registration document that governs relations between its shareholders, nor are any shareholders acting in concert.

7.2 - STOCK OPTION PLANS

Table 8 – Historical stock option awards

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:

	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007
Grant date	March 4, 2009	March 4, 2010
Total number of options granted	1,192,949 (1)	3,288,702 (1)
o/w to Executive Officer	*95,459* (1)	*224,083* (1)
- Gilles Schnepp	*48,711* (1)	*138,813* (1)
- Olivier Bazil	*46,748* (1)	*85,270* (1)
Start of exercise period	March 5, 2013	March 5, 2014
Expiry of exercise period	March 4, 2019	March 4, 2020
Exercise price	€12.82 (1) Average closing price over the 20 trading days preceding the grant date	€21.12 (1) Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(2) (3)	(2) (3)
Number of options exercised as of December 31, 2019	(1,074,938)	(2,590,054)
Number of options cancelled or forfeited	(118,011)	(240,817)
STOCK OPTIONS OUTSTANDING AS OF DECEMBER 31, 2019	**0**	**457,831**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016, on May 31, 2017, on May 30, 2018 and on May 29, 2019, 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 twelve months ended December 31, 2014).

The weighted average market price of the Company's shares upon exercise of stock options in 2019 was €62.39.

If all these options were to be exercised (i.e. 457,831 options), the Company's capital would be diluted at most by 0.2% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2019.

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 top ten employees who are not corporate officers

The table below shows the options granted to and exercised by the top ten employees who were not corporate officers of the Company during the financial year ended December 31, 2019:

			2010 Plan		2009 Plan	
Stock options granted to and exercised by the top ten employees who are not corporate officers	**Total number of options granted/ shares subscribed or purchased**	**Weighted average price**	**before adjustment(1)**	**after adjustment(1)**	**before adjustment(1)**	**after adjustment(1)**
		20.072	**21.316**	**21.12**	**12.818**	
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 the highest number of shares (total)	76,921		36,797	30,424	9,700	

(1) In view of the dividend payment terms approved by the Combined Ordinary and Extraordinary Shareholders' General Meeting of 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.

Information on the options granted to and exercised by Company officers during the year ended December 31, 2019 is included in section 6.2.2.1 of the Company's universal registration document.

Company officers are subject to the requirement to hold at least 30% of all shares acquired (including options and performance shares) until the termination of his duties.

7.3 - PERFORMANCE SHARES

Table 10 – Historical bonus share grants

2015, 2016, 2017, 2018 and 2019 performance share plans

The following performance share plans were also approved by the Company's Board of Directors:

	2015 Plan	2016 Plan	2017 Plan	2018 Plans	2019 Plans
Date approved by shareholders	May 24, 2013	May 24, 2013	May 27, 2016	May 27, 2016	May 30, 2018
Grant date	May 29, 2015	May 27, 2016	May 31, 2017	May 30, 2018	May 29, 2019
Total number of performance share rights initially granted	394,108 (1)	502,924 (1)	492,254 (1)	524,123 (1)	617,818 (1)
o/w to Executive Officer	*13,434* (1)	*15,504* (1)	*12,503* (1)	*19,546* (1)	*22,954* (1)
- Gilles Schnepp	*13,434*	*15,504*	*12,503*	*0*	*0*
- Benoît Coquart	*N/A*	*N/A*	*N/A*	*19,546*	*22,954*
Total IFRS 2 charge *(in € millions)*	16.3 (2)	20.3 (2)	24.8 (2)	28.5 (2)	31.0 (2)
End of vesting period	June 17, 2019	June 17, 2020	June 17, 2021	June 15, 2021 (3) June 15, 2022 (4)	June 15, 2022 (3) June 15, 2023 (4)
End of lock-up period	June 17, 2019	June 17, 2020	June 17, 2021	June 15, 2023 (3) June 15, 2022 (4)	June 15, 2024 (3) June 15, 2023 (4)
Number of performance shares acquired as of December 31, 2019	(331,335)	0	0	0	0
Number of performance share rights cancelled, forfeited or adjusted	(62,773) (5)	(29,823)	(29,233)	(20,246)	(9,948)
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2019	**0**	**473,101**	**463,021**	**503,877**	**607,870**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016, on May 31, 2017, on May 30, 2018 and on May 29, 2019, 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 Gilles Schnepp's decision to waive part of his entitlement to performance shares initially 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 vesting periods.

(3) Date applicable to the Executive Officer and members of the Executive Committee.

(4) Date applicable to beneficiaries other than the Executive Officer and members of the Executive Committee.

(5) Including the number of performance shares adjusted for the performance criteria fulfillment at 90.8%.

If all the performance shares from the 2016 to 2019 plans were to vest according to the target allocation before application of the performance criteria (i.e., 2,047,869 shares) and if those shares were transferred following capital increases, the Company's capital would be diluted by 0.8% as of December 31, 2019.

Under the 2019 Plan, in respect of the 2019 financial year, 87,703 performance shares were awarded free of charge to the 10 non-corporate officer 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 Company Officers or vested during the financial year ended December 31, 2019 is included in section 6.2.2.1 of the Company's universal registration document.

Company Officers are 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

7.4.1 - Description and designation

The Company has adopted an internal charter relating to the designation of agreements, which can be viewed on the Company's website at *www.legrandgroup.com*.

7.4.2 - Statutory auditors' special report on regulated agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2019

This is a translation into English of the statutory auditors' special report on regulated agreements report of LEGRAND issued in French and it is provided solely for the convenience of English speaking users. This report on regulated agreements 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 (code de commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To Annual General Meeting of Legrand

In our capacity as statutory auditors of your Company, we hereby report 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 brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such 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 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 relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS PREVIOUSLY APPROVED BY ANNUAL GENERAL MEETING

Agreements approved during previous years

We inform you that we have not been advised of any agreement previously approved by annual general meeting that remained in force during the year.

AGREEMENTS SUBMITTED TO THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements authorized since the year-end

In accordance with Article L. 225-38 of the French Commercial Code, we inform you that we have not been advised of any agreements authorized during the year to be submitted for the approval of the Annual General Meeting.

Neuilly-sur-Seine and Paris-La Défense, April 16, 2020

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	Deloitte & Associés
Camille Phelizon	Jean-François Viat

CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES, FINANCIAL POSITION AND RESULTS

8

8.1 - CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

8.1.1 - Consolidated statement of income

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Net sales (Notes 2.1 et 2.2)	**6,622.3**	**5,997.2**
Operating expenses (Note 2.3)		
Cost of sales	(3,184.5)	(2,869.7)
Administrative and selling expenses	(1,764.4)	(1,606.8)
Research and development costs	(312.0)	(276.5)
Other operating income (expenses)	(124.0)	(105.2)
Operating profit	**1,237.4**	**1,139.0**
Financial expenses	(91.1)	(79.1)
Financial income	11.9	12.0
Exchange gains (losses)	(2.0)	2.2
Financial profit (loss)	**(81.2)**	**(64.9)**
Profit before tax	**1,156.2**	**1,074.1**
Income tax expense (Note 2.4)	(318.3)	(301.3)
Share of profits (losses) of equity-accounted entities	**(1.8)**	**(0.4)**
Profit for the period	**836.1**	**772.4**
Of which:		
- Net profit attributable to the Group	**834.8**	**771.7**
- Minority interests	**1.3**	**0.7**
Basic earnings per share *(euros)* (Note 4.1.3)	3.129	2.892
Diluted earnings per share *(euros)* (Note 4.1.3)	3.103	2.869

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.2 - Consolidated statement of comprehensive income

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Profit for the period	836.1	772.4
Items that may be reclassified subsequently to profit or loss		
Translation reserves	77.2	42.6
Cash flow hedges	0.4	0.0
Income tax relating to components of other comprehensive income	4.4	6.0
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Note 4.5.1.1)	(33.2)	(1.5)
Deferred taxes on actuarial gains and losses	7.7	(0.1)
Other (Note 5.1.1.1)	(0.9)	4.8
Comprehensive income for the period	**891.7**	**824.2**
Of which:		
- Comprehensive income attributable to the Group	**890.3**	**823.5**
- Minority interests	**1.4**	**0.7**

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.3 - Consolidated balance sheet

ASSETS

(in € millions)	December 31, 2019	December 31, 2018
Non-current assets		
Intangible assets (Note 3.1)	2,474.4	2,309.7
Goodwill (Note 3.2)	4,566.2	4,322.0
Property, plant and equipment (Note 3.3)	707.7	661.4
Right-of-use assets (Note 3.4)	312.1	0.0
Investments in equity-accounted entities	18.8	17.4
Other investments	1.9	2.1
Other non-current assets	34.9	14.3
Deferred tax assets (Note 4.7)	107.6	107.8
TOTAL NON CURRENT ASSETS	**8,223.6**	**7,434.7**
Current assets		
Inventories (Note 3.5)	852.6	885.9
Trade receivables (Note 3.6)	756.8	666.4
Income tax receivables	60.2	89.6
Other current assets (Note 3.7)	217.5	206.0
Other current financial assets	1.2	1.2
Cash and cash equivalents (Note 3.8)	1,710.9	1,022.5
TOTAL CURRENT ASSETS	**3,599.2**	**2,871.6**
TOTAL ASSETS	**11,822.8**	**10,306.3**

The accompanying Notes are an integral part of these consolidated financial statements.

8

EQUITY AND LIABILITIES

(in € millions)	December 31, 2019	December 31, 2018
Equity		
Share capital (Note 4.1)	1,069.1	1,070.0
Retained earnings (Notes 4.2 and 4.3.1)	4,486.6	4,051.8
Translation reserves (Note 4.3.2)	(453.5)	(530.6)
Equity attributable to equity holders of Legrand	5,102.2	4,591.2
Minority interests	9.9	5.9
TOTAL EQUITY	**5,112.1**	**4,597.1**
Non-current liabilities		
Long-term provisions (Notes 4.4 and 4.5.2)	146.7	145.2
Provisions for post-employment benefits (Note 4.5.1)	181.0	155.9
Long-term borrowings (Note 4.6.1)	3,575.4	2,918.6
Deferred tax liabilities (Note 4.7)	750.8	701.0
TOTAL NON-CURRENT LIABILITES	**4,653.9**	**3,920.7**
Current liabilities		
Trade payables	654.2	662.0
Income tax payables	28.3	31.5
Short-term provisions (Note 4.4)	104.1	87.9
Other current liabilities (Note 4.8)	653.0	605.2
Short-term borrowings (Note 4.6.2)	616.2	400.5
Other current financial liabilities	1.0	1.4
TOTAL CURRENT LIABILITIES	**2,056.8**	**1,788.5**
TOTAL EQUITY AND LIABILITIES	**11,822.8**	**10,306.3**

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.4 - Consolidated statement of cash flows

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Profit for the period	**836.1**	**772.4**
Adjustments for non-cash movements in assets and liabilities:		
– Depreciation and impairment of tangible assets (Note 2.3)	113.6	100.9
– Amortization and impairment of intangible assets (Note 2.3)	95.9	78.2
– Amortization and impairment of capitalized development costs (Note 2.3)	27.4	28.1
– Amortization of right-of-use assets (Note 3.4)	69.7	0.0
– Amortization of financial expenses	2.8	2.5
– Impairment of goodwill (Note 3.2)	0.0	0.0
– Changes in long-term deferred taxes	24.4	64.3
– Changes in other non-current assets and liabilities (Notes 4.4 and 4.5)	40.2	41.5
– Unrealized exchange (gains)/losses	5.1	6.3
– Share of (profits) losses of equity-accounted entities	1.8	0.4
– Other adjustments	(0.3)	0.8
– Net (gains)/losses on sales of assets	5.0	5.1
Changes in working capital requirement:		
– Inventories (Note 3.5)	66.2	(121.4)
– Trade receivables (Note 3.6)	(51.1)	(11.3)
– Trade payables	(22.1)	30.3
– Other operating assets and liabilities (Notes 3.7 and 4.8)	24.7	(72.8)
Net cash from operating activities	**1,239.4**	**925.3**
– Net proceeds from sales of fixed and financial assets	7.1	5.3
– Capital expenditure (Notes 3.1 and 3.3)	(166.9)	(150.6)
– Capitalized development costs	(35.3)	(33.7)
– Changes in non-current financial assets and liabilities	(8.6)	1.6
– Acquisitions of subsidiaries, net of cash acquired (Note 1.3.2)	(452.7)	(394.4)
Net cash from investing activities	**(656.4)**	**(571.8)**
– Proceeds from issues of share capital and premium (Note 4.1.1)	6.3	13.2
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)	(18.0)	(52.1)
– Dividends paid to equity holders of Legrand (Note 4.1.3)	(357.1)	(336.8)
– Dividends paid by Legrand subsidiaries	0.0	(0.3)
– Proceeds from long-term financing (Note 4.6)	402.4	418.7
– Repayment of long-term financing* (Note 4.6)	(72.2)	(400.5)
– Debt issuance costs	(6.3)	(3.7)
– Increase (reduction) in short-term financing (Note 4.6)	148.5	249.2
– Acquisitions of ownership interests with no gain of control (Note 1.3.2)	(5.0)	(39.9)
Net cash from financing activities	**98.6**	**(152.2)**
Translation net change in cash and cash equivalents	6.8	(1.8)
Increase (decrease) in cash and cash equivalents	**688.4**	**199.5**
Cash and cash equivalents at the beginning of the period	1,022.5	823.0
Cash and cash equivalents at the end of the period (Note 3.8)	**1,710.9**	**1,022.5**
Items included in cash flows:		
– Interest paid during the period**	76.0	77.9
– Income taxes paid during the period	261.5	255.0

** Of which €67.0 million corresponding to lease financial liabilities repayment for the 12 months ended December 31, 2019.*

*** Interest paid is included in the net cash from operating activities; of which €9.7 million interests on lease financial liabilities for the 12 months ended December 31, 2019.*

The accompanying Notes are an integral part of these consolidated financial statements.

8.1.5 - 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, 2017	**1,067.2**	**3,706.7**	**(573.2)**	**(62.1)**	**4,138.6**	**9.5**	**4,148.1**
Profit for the period		771.7			771.7	0.7	772.4
Other comprehensive income		10.8	42.6	(1.6)	51.8	0.0	51.8
Total comprehensive income		782.5	42.6	(1.6)	823.5	0.7	824.2
Dividends paid		(336.8)			(336.8)	(0.3)	(337.1)
Issues of share capital and premium	2.8	10.4			13.2		13.2
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		(52.1)			(52.1)		(52.1)
Change in scope of consolidation**		(18.8)			(18.8)	(4.0)	(22.8)
Current taxes on share buybacks		0.7			0.7		0.7
Share-based payments		22.9			22.9		22.9
As of December 31, 2018	**1,070.0**	**4,115.5**	**(530.6)**	**(63.7)**	**4,591.2**	**5.9**	**4,597.1**
Profit for the period		834.8			834.8	1.3	836.1
Other comprehensive income		3.9	77.1	(25.5)	55.5	0.1	55.6
Total comprehensive income		838.7	77.1	(25.5)	890.3	1.4	891.7
Dividends paid		(357.1)			(357.1)	0.0	(357.1)
Issues of share capital and premium (Note 4.1.1)	1.3	5.0			6.3		6.3
Cancellation of shares held in treasury (Note 4.1.1)	(2.2)	(32.7)			(34.9)		(34.9)
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 4.1.2)		16.9			16.9		16.9
Change in scope of consolidation**		(22.2)			(22.2)	2.6	(19.6)
IFRS 16 transition impact (Note 1.2.1.1)		(12.7)			(12.7)		(12.7)
Current taxes on share buybacks		(1.3)			(1.3)		(1.3)
Share-based payments (Note 4.2)		25.7			25.7		25.7
As of December 31, 2019	**1,069.1**	**4,575.8**	**(453.5)**	**(89.2)**	**5,102.2**	**9.9**	**5,112.1**

** 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.

8.1.6 - Notes to the consolidated financial statements

KEY FIGURES

(in € millions)	2019	2018
Net sales	**6,622.3**	**5,997.2**
Adjusted operating profit	**1,326.1**	**1,212.1**
As % of net sales	20.0% (1)	20.2%
	20.4% before acquisitions (2)	
Operating profit	**1,237.4**	**1,139.0**
As % of net sales	18.7% (1)	19.0%
Net profit attributable to the Group	**834.8**	**771.7**
As % of net sales	12.6% (3)	12.9%
Normalized free cash flow	**1,009.8**	**893.5**
As % of net sales	15.2% (4)	14.9%
Free cash flow	**1,044.3**	**746.3**
As % of net sales	15.8% (4)	12.4%
Net financial debt at December 31	**2,480.7** (5)	**2,296.6**

(1) Including a favorable impact of around +0.1 points linked to implementation of the IFRS 16 standard.

(2) At 2018 scope of consolidation.

(3) Implementation of the IFRS 16 standard does not have a significant impact on net profit attributable to the Group.

(4) Including a favorable impact of around +1.0 point linked to implementation of the IFRS 16 standard.

(5) Including €319.8 million in lease financial liabilities (implementation of the IFRS 16 standard since January 1, 2019).

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.

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 months' 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.

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.

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 key figures with the financial statements is available in Note 5.6.

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 close to 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 2018 Registration Document was filed with the AMF (French Financial Markets Authority) on April 10, 2019 under no. D. 19-0306.

The consolidated financial statements were approved by the Board of Directors on February 12, 2020.

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, 2019. 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, 2019.

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, 2019 that have an impact on the Group's 2019 financial statements

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 this model, the lease expense is recognized partly as a depreciation charge within operating expenses and partly as an interest expense within financial expenses.

The IFRS 16 standard was applied from January 1, 2019 using the simplified retrospective transition method ("cumulative catch-up" method). As a result, the 2018 comparative period has not been restated.

The net transition impact as of January 1, 2019 resulted in a decrease in equity of €12.7 million following the recognition of:

- €249.1 million in right-of-use assets (excluding the reclassification of capitalized leased assets existing as of December 31, 2018);
- €270.2 million in lease financial liabilities; and
- €8.4 million mainly in deferred tax assets.

The reconciliation in millions of euros between the value of off-balance sheet commitments related to leases contracts as of end December 2018 and the value of transition lease financial liabilities is detailed as follows:

Off-balance sheet commitments related to lease contracts as of end December 2018	**265**
Off-balance sheet commitments related to lease contracts outside the scope of IFRS 16	(5)
Off-balance sheet commitments related to lease contracts in the scope of IFRS 16 and starting after the transition	(12)
Off-balance sheet commitments related to lease contracts within the transition scope	**248**
Renewal options taken into account during the transition (not included in off-balance sheet commitments)	66
Discounting effect	(44)
Transition lease financial liabilities	**270**
Weighted average discount rate for the transition	*2.8%*

The main impacts resulting from the implementation of this standard are mentioned in the key figures and are further described in Note 3.4.

IFRIC 23 - Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23 – Uncertainty over Income Tax Treatments.

According to this interpretation, when it is not probable that the relevant tax authority will accept a given tax treatment, this uncertainty should be reflected in income tax calculations, while the risk of detection by the tax authority should be considered as certain.

The application of IFRIC 23 had no material impact on the Group's financial statements as of January 1, 2019.

1.2.1.2 *New standards, amendments and interpretations with mandatory application from January 1, 2019 that have no impact on the Group's 2019 financial statements*

Amendments to IAS 19 – Employee Benefits

In February 2018, the IASB issued limited amendments to IAS 19 – Employee Benefits.

These amendments specify that, in case of amendment, curtailment or settlement of a defined benefit pension plan, the entity must use the updated actuarial assumptions to determine the service cost and the net interest cost for the period following the plan amendment.

They also specify that the impact of such cases on any plan surpluses must be accounted for in the income statement even if these surpluses were not previously recognized.

1.2.1.3 *New standards, amendments and interpretations adopted by the European Union and not applicable to the Group until future periods*

Not applicable.

1.2.1.4 *New standards, amendments and interpretations not yet adopted by the European Union and not applicable to the Group until future periods*

Amendments to IAS 1 and IAS 8 – Definition of Materiality

In October 2018, the IASB issued amendments to IAS 1 – Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

These amendments clarify that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of the financial statements make.

These amendments, which have not yet been adopted by the European Union, should be effective for annual periods beginning on or after January 1, 2020.

The Group reviewed these amendments, to determine their possible impact on the consolidated financial statements and related disclosures. These amendments should have no material impact on the Group.

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 either:

- 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); or
- joint control (a situation where the Group's participation 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 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, right-of-use assets, 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 200 subsidiaries.

The main operating subsidiaries as of December 31, 2019, all of which being 100% owned and fully consolidated, are as follows:

Europe		
Legrand Group Belgium	Belgium	Diegem
Legrand France	France	Limoges
Legrand SNC	France	Limoges
Legrand ZRT	Hungary	Szentes
Bticino SpA	Italy	Varese
Legrand Nederland B.V.	Netherlands	Boxtel
Legrand Polska	Poland	Zabkowice
Legrand LLC	Russia	Moscow
Legrand Group España	Spain	Madrid
Inform Elektronik	Turkey	Pelitli
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
Kenall Manufacturing Co.	United States	Kenosha
Legrand AV Inc.	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
Server Technology Inc.	United States	Reno
Starline Holdings LLC	United States	Canonsburg
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

1.3.2 Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2018 were as follows:

2018	March 31	June 30	September 30	December 31
Full consolidation method				
Modulan	Balance sheet only	Balance sheet only	6 months' profit	9 months' profit
GemNet		Balance sheet only	Balance sheet only	7 months' profit
Shenzen Clever Electronic			Balance sheet only	6 months' profit
Kenall				Balance sheet only
Debflex				Balance sheet only
Netatmo				Balance sheet only
Trical				Balance sheet only

2019	March 31	June 30	September 30	December 31
Full consolidation method				
Modulan	3 months' profit	6 months' profit	9 months' profit	12 months' profit
GemNet	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Shenzen Clever Electronic	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Kenall	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Debflex	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Netatmo	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Trical	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Universal Electric		Balance sheet only	6 months' profit	9 months' profit
Connectrac				Balance sheet only
Jobo Smartech				Balance sheet only

The main acquisitions carried out in 2019 were as follows:

- Universal Electric Corporation, the US leader in busways. Universal Electric Corporation reports annual sales of over $175 million;
- Connectrac, an innovative US company specializing in over-floor power and data distribution for new construction and renovation of commercial buildings. Connectrac reports annual sales of around $20 million;
- Jobo Smartech, a leading Chinese provider of connected management solutions for China's hotel segment. Jobo Smartech generates annual sales of over €10 million.

Acquisitions of subsidiaries (net of cash acquired) came to a total of €452.7 million in 2019.

As of December 31, 2019, these acquisitions led to the recognition of €116.4 million in intangible assets excluding goodwill, €53.2 million in other acquired assets net of liabilities, and consequently €283.1 million in goodwill.

NOTE 2 - RESULTS FOR THE YEAR

2.1 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 have been allocated for internal reporting purposes into three operating segments since January 1, 2019, following the recent change in the Group's front office organization:

- Europe, including France, Italy and 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).

These three operating segments are under the responsibility of three segment managers who are 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, sold mainly through third-party distributors.

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12 months ended December 31, 2019

(in € millions)	Europe	North and Central America	Rest of the world	Total
Net sales to third parties	**2,758.0** (1)	**2,602.9** (2)	**1,261.4**	**6,622.3**
Cost of sales	(1,230.4)	(1,254.9)	(699.2)	(3,184.5)
Administrative and selling expenses, R&D costs	(883.5)	(860.5)	(332.4)	(2,076.4)
Other operating income (expenses)	(71.3)	(40.3)	(12.4)	(124.0)
Operating profit	**572.8**	**447.2**	**217.4**	**1,237.4**
- of which acquisition-related amortization, expenses and income				
· accounted for in administrative and selling expenses, R&D costs	(12.5)	(63.4)	(12.8)	(88.7)
· accounted for in other operating income (expenses)				0.0
- of which goodwill impairment				0.0
Adjusted operating profit	**585.3**	**510.6**	**230.2**	**1,326.1**
- of which depreciation expense	(65.5)	(22.7)	(25.0)	(113.2)
- of which amortization expense	(9.6)	(2.3)	(0.9)	(12.8)
- of which amortization of development costs	(26.1)	0.0	(1.3)	(27.4)
- of which amortization of right-of-use assets	(26.5)	(23.9)	(19.3)	(69.7)
- of which restructuring costs	(21.1)	(3.2)	(6.6)	(30.9)
Capital expenditure	(112.4)	(24.3)	(30.2)	(166.9)
Capitalized development costs	(33.5)	0.0	(1.8)	(35.3)
Net tangible assets	435.8	138.4	133.5	707.7
Total current assets	2,157.9	729.9	711.4	3,599.2
Total current liabilities	1,268.3	368.0	420.5	2,056.8

(1) Of which France: €1,124.3 million.
(2) Of which United States: €2,410.1 million.

12 months ended December 31, 2018

(in € millions)	Europe *	North and Central America	Rest of the world	Total
Net sales to third parties	**2,589.5** (1)	**2,223.2** (2)	**1,184.5**	**5,997.2**
Cost of sales	(1,137.1)	(1,069.6)	(663.0)	(2,869.7)
Administrative and selling expenses, R&D costs	(822.8)	(746.4)	(314.1)	(1,883.3)
Other operating income (expenses)	(40.6)	(29.5)	(35.1)	(105.2)
Operating profit	**589.0**	**377.7**	**172.3**	**1,139.0**
- of which acquisition-related amortization, expenses and income				
· accounted for in administrative and selling expenses, R&D costs	(6.1)	(53.6)	(11.2)	(70.9)
· accounted for in other operating income (expenses)	(2.2)	0.0	0.0	(2.2)
- of which goodwill impairment				0.0
Adjusted operating profit	**597.3**	**431.3**	**183.5**	**1,212.1**
- of which depreciation expense	(58.7)	(19.3)	(23.8)	(101.8)
- of which amortization expense	(7.6)	(2.8)	(0.9)	(11.3)
- of which amortization of development costs	(26.9)	0.0	(1.2)	(28.1)
- of which amortization of right-of-use assets				0.0
- of which restructuring costs	(11.1)	(4.4)	(12.4)	**(27.9)**
Capital expenditure	(100.9)	(22.0)	(27.7)	(150.6)
Capitalized development costs	(31.8)	0.0	(1.9)	(33.7)
Net tangible assets	414.8	119.1	127.5	661.4
Total current assets	1,476.9	647.3	747.4	2,871.6
Total current liabilities	1,077.4	320.3	390.8	**1,788.5**

(1) Of which France: €1,032.4 million.

(2) Of which United States: €2,039.6 million.

** For the period ended December 31, 2018, the presentation of the published data has been modified to reflect the change in operating segments starting January 1, 2019.*

2.2 NET SALES

The Group derived the large majority of its revenue from product sales to generalist and specialist distributors. The two largest distributors accounted for more than 17% of consolidated net sales in 2019. The Group estimates that no other distributor accounted for more than 5% of consolidated net sales.

Contracts with distributors are signed for a one-year period. As a general rule, there is only one performance obligation in these contracts, which is to sell and deliver products to the customer (the performance obligation related to delivery is not material within the context of customer contracts).

Within the context of these contracts, the Group owns the main risks and benefits resulting from the product sales, and therefore acts as the principal (and not as an agent).

Net sales are generally recognized at one point in time, corresponding to the date on which the control of the asset (products or, more rarely, services) is transferred to the customer, usually the date of shipment in the case of product sales. In the specific case of service sales where the customer consumes the service benefits over the period in which they are provided, net sales are recognized over time, i.e. spread over the period in which the services are provided to the customer.

Contracts with customers generally include variable payments in their favor, primarily deferred discounts and rebates, and occasionally commercial returns. These variable payments to customers are estimated at their most likely amount and accounted for when net sales are recognized, so that they will not subsequently generate any significant adverse adjustments. By default, variable payments to customers are accounted for as a deduction from net sales. Only payments made to customers in exchange for the transfer of products or services by these customers are accounted for as selling expenses, for the portion of these payments corresponding to the transferred products' or services' fair value.

In 2019, the Group's consolidated net sales came to €6,622.3 million, up +10.4% in total compared with 2018 due to organic growth (+2.6%), changes in scope of consolidation (+5.3%) and the favorable impact of exchange rates (+2.2%).

The Group sells its products in mature countries as well as many new economies (Eastern Europe and Turkey in the Europe operating segment, Central America and Mexico in the North and Central America operating segment, Asia excluding South Korea, Latin America, Africa and the Middle East in the Rest of the world operating segment).

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Net sales (by destination) in these two geographical areas are as follows:

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Mature countries	4,813.1	4,280.0
New economies	1,809.2	1,717.2
TOTAL	**6,622.3**	**5,997.2**

2.3 OPERATING EXPENSES

Operating expenses include the following main categories of costs:

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Raw materials and component costs	(2,152.9)	(1,972.4)
Personnel costs	(1,641.6)	(1,512.3)
Other external costs	(1,163.1)	(1,060.2)
Amortization of right-of-use assets	(69.7)	0.0
Depreciation and impairment of tangible assets	(113.6)	(100.9)
Amortization and impairment of intangible assets	(123.3)	(106.3)
Restructuring costs	(30.9)	(27.9)
Goodwill impairment	0.0	0.0
Other	(89.8)	(78.2)
OPERATING EXPENSES	**(5,384.9)**	**(4,858.2)**

"Other" primarily includes impairment losses and reversals on inventories (Note 3.5), trade receivables (Note 3.6), and provisions for contingencies (Note 4.4).

The Group had an average of 39,007 employees in 2019 (versus 38,377 in 2018), of which 31,389 back-office employees and 7,618 front-office employees (versus 30,957 and 7,420, respectively, in 2018).

2.4 INCOME TAX EXPENSE

Income tax expense consists of the following:

(in € millions)	12 months ended December 31, 2019	12 months ended December 31, 2018
Current taxes:		
France	(50.4)	(52.8)
Outside France	(244.1)	(188.6)
TOTAL	**(294.5)**	**(241.4)**
Deferred taxes:		
France	(8.1)	3.4
Outside France	(15.7)	(63.3)
TOTAL	**(23.8)**	**(59.9)**
Total income tax expense:		
France	(58.5)	(49.4)
Outside France	(259.8)	(251.9)
TOTAL	**(318.3)**	**(301.3)**

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 € 1,156.2 million in 2019 (versus € 1,074.1 million in 2018):

(Tax rate)	12 months ended December 31, 2019	12 months ended December 31, 2018
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
- Effect of foreign income tax rates	(9.87%)	(8.92%)
- Non-taxable items	0.64%	1.41%
- Income taxable at specific rates	(0.21%)	(0.17%)
- Other	2.89%	0.39%
	27.88%	**27.14%**
Impact on deferred taxes of:		
- Changes in tax rates	(0.37%)	0.39%
- Recognition or non-recognition of deferred tax assets	0.02%	0.52%
EFFECTIVE TAX RATE	**27.53%**	**28.05%**

NOTE 3 - DETAILS ON NON-CURRENT AND CURRENT ASSETS

3.1 INTANGIBLE ASSETS

(in € millions)	December 31, 2019	December 31, 2018
Trademarks	1,868.2	1,820.1
Patents	149.8	92.7
Other intangible assets	456.4	396.9
NET VALUE AT THE END OF THE PERIOD	**2,474.4**	**2,309.7**

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, 2019	December 31, 2018
Gross value at the beginning of the period	2,092.7	2,042.4
- Acquisitions	82.9	35.5
- Disposals	0.0	0.0
- Translation adjustments	11.2	14.8
Gross value at the end of the period	**2,186.8**	**2,092.7**
Accumulated amortization and impairment at the beginning of the period	(272.6)	(232.1)
- Amortization expense	(42.4)	(36.9)
- Reversals	0.0	0.0
- Translation adjustments	(3.6)	(3.6)
Accumulated amortization and impairment at the end of the period	**(318.6)**	**(272.6)**
NET VALUE AT THE END OF THE PERIOD	**1,868.2**	**1,820.1**

To date, no significant 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, 2019:

(in € millions)	Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Value in use Discount rate (before tax)	Value in use Growth rate to perpetuity
	Value in use	**1,408.0**	**9.6 to 11.4%**	**2.9 to 3.2%**

No impairment was recognized in the period ended December 31, 2019.

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 unfavorable 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, 2018:

(in € millions)	Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Value in use Discount rate (before tax)	Value in use Growth rate to perpetuity
	Value in use	**1,408.0**	**9.8 to 11.1%**	**2.9 to 3.1%**

No impairment was recognized in the period ended December 31, 2018.

3.1.2 Patents

Patents can be analyzed as follows:

(in € millions)	December 31, 2019	December 31, 2018
Gross value at the beginning of the period	697.3	672.9
- Acquisitions	71.7	17.3
- Disposals	0.0	0.0
- Translation adjustments	3.4	7.1
Gross value at the end of the period	**772.4**	**697.3**
Accumulated amortization and impairment at the beginning of the period	(604.6)	**(591.2)**
- Amortization expense	(16.6)	**(10.4)**
- Reversals	0.0	**0.0**
- Translation adjustments	(1.4)	**(3.0)**
Accumulated amortization and impairment at the end of the period	**(622.6)**	**(604.6)**
NET VALUE AT THE END OF THE PERIOD	**149.8**	**92.7**

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:

- customer relationships acquired in business combinations. Corresponding to contractual relationships with key customers, they are measured using the excess earnings method, and are amortized over a period ranging from 3 to 20 years;
- 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.

Other intangible assets can be analyzed as follows:

(in € millions)	December 31, 2019	December 31, 2018
Capitalized development costs	410.5	381.1
Software	145.2	133.6
Other	448.7	368.2
Gross value at the end of the period	**1,004.4**	**882.9**
Accumulated amortization and impairment at the end of the period	(548.0)	(486.0)
NET VALUE AT THE END OF THE PERIOD	**456.4**	**396.9**

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 on 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, 2019	December 31, 2018
Europe	1,531.9	1,573.8
Of which France	*819.9*	*867.3*
North and Central America	2,349.4	2,082.5
Rest of the world	684.9	665.7
NET VALUE AT THE END OF THE PERIOD	**4,566.2**	**4,322.0**

The North and Central America operating segment is considered to be a single cash-generating unit (CGU), whereas both the Europe and Rest of the world operating segments include several CGUs. Within these two operating segments, France and Italy, China, India and South America, are respectively the largest CGUs.

Only the goodwill allocated to the North and Central America CGU and the goodwill allocated to the France CGU represent more than 10% of total goodwill.

Changes in goodwill can be analyzed as follows:

(in € millions)	December 31, 2019	December 31, 2018
Gross value at the beginning of the period	4,359.0	3,967.8
- Acquisitions	398.0	382.9
- Adjustments*	(203.2)	(42.1)
- Translation adjustments	49.3	50.4
Gross value at the end of the period	**4,603.1**	**4,359.0**
Impairment value at the beginning of the period	(37.0)	(37.5)
- Impairment losses	0.0	0.0
- Translation adjustments	0.1	0.5
Impairment value at the end of the period	**(36.9)**	**(37.0)**
NET VALUE AT THE END OF THE PERIOD	**4,566.2**	**4,322.0**

**Adjustments correspond to the difference between provisional and final goodwill.*

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, 2019	December 31, 2018
- Trademarks	82.9	35.5
- Deferred taxes on trademarks	(5.3)	(7.7)
- Patents	71.7	17.3
- Deferred taxes on patents	(10.4)	(3.6)
- Other intangible assets	74.3	0.0
- Deferred taxes on other intangible assets	(1.0)	0.0
- Tangible assets	0.0	0.0
- Deferred taxes on tangible assets	0.0	0.0

The following impairment testing parameters were used in the period ended December 31, 2019:

			Value in use	
	Recoverable amount	Carrying amount of goodwill	Discount rate (before tax)	Growth rate to perpetuity
Europe		1,531.9	8.2 to 18.5%	2.0 to 5.0%
Of which France	Value in use	*819.9*	*8.6 %*	*2.0 %*
North and Central America		2,349.4	9.4%	3.1%
Rest of the world		684.9	9.5 to 14.3%	2.0 to 5.0 %
NET VALUE AT THE END OF THE PERIOD		**4,566.2**		

No goodwill impairment losses were identified in the period ended December 31, 2019 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 for any of the CGUs taken individually.

The following impairment testing parameters were used in the period ended December 31, 2018:

			Value in use	
	Recoverable amount	Carrying amount of goodwill	Discount rate (before tax)	Growth rate to perpetuity
Europe		1,573.8	8.1 to 19.7%	2.0 to 5.0%
Of which France	Value in use	*867.3*	*8.6%*	*2.0 %*
North and Central America		2,082.5	9.5%	3.1%
Rest of the World		665.7	9.6 to 16.1%	2.0 to 5.0 %
NET VALUE AT THE END OF THE PERIOD		**4,322.0**		

No goodwill impairment losses were identified in the period ended December 31, 2018.

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
Building fixtures	15 years

As of January 1, 2019, assets acquired under finance lease agreements (that transfer substantially most of the risks and rewards of ownership to the Group), representing a net book value of €23.2 million as of December 31, 2018, have been transferred from property, plant and equipment to right-of-use assets.

	December 31, 2019				
(in € millions)	**Land**	**Buildings**	**Machinery and equipment**	**Assets under construction and other**	**Total**
Gross value					
At the beginning of the period	47.7	632.2	1,800.3	328.3	2,808.5
- Acquisitions	0.0	5.9	44.1	104.7	154.7
- Disposals	(0.9)	(12.1)	(78.6)	(26.9)	(118.5)
- Transfers and changes in scope of consolidation	(0.2)	(2.2)	58.1	(56.8)	(1.1)
- Translation adjustments	0.6	3.6	8.6	4.7	17.5
At the end of the period	**47.2**	**627.4**	**1,832.5**	**354.0**	**2,861.1**
Depreciation and impairment					
At the beginning of the period	(0.7)	(426.9)	(1,524.6)	(194.9)	(2,147.1)
- Depreciation expense	0.0	(20.3)	(76.7)	(17.1)	(114.1)
- Reversals	0.7	10.8	77.3	26.3	115.1
- Transfers and changes in scope of consolidation	(0.1)	11.2	(4.5)	(3.6)	3.0
- Translation adjustments	0.0	(1.9)	(6.1)	(2.3)	(10.3)
At the end of the period	**(0.1)**	**(427.1)**	**(1,534.6)**	**(191.6)**	**(2,153.4)**
Net value					
At the beginning of the period	47.0	205.3	275.7	133.4	661.4
- Acquisitions/Depreciation	0.0	(14.4)	(32.6)	87.6	40.6
- Disposals/Reversals	(0.2)	(1.3)	(1.3)	(0.6)	(3.4)
- Transfers and changes in scope of consolidation	(0.3)	9.0	53.6	(60.4)	1.9
- Translation adjustments	0.6	1.7	2.5	2.4	7.2
At the end of the period	**47.1**	**200.3**	**297.9**	**162.4**	**707.7**

As of December 31, 2019, total property, plant and equipment includes €4.3 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, 2018				
(in € millions)	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	55.6	627.7	1,746.5	306.8	2,736.6
- Acquisitions	0.0	3.2	34.5	101.5	139.2
- Disposals	(0.6)	(9.7)	(66.8)	(12.8)	(89.9)
- Transfers and changes in scope of consolidation	(7.4)	10.9	94.9	(67.0)	31.4
- Translation adjustments	0.1	0.1	(8.8)	(0.2)	(8.8)
At the end of the period	**47.7**	**632.2**	**1,800.3**	**328.3**	**2,808.5**
Depreciation and impairment					
At the beginning of the period	0.0	(414.7)	(1,505.7)	(193.8)	(2,114.2)
- Depreciation expense	(0.7)	(19.2)	(65.0)	(15.6)	(100.5)
- Reversals	0.0	8.2	63.2	12.7	84.1
- Transfers and changes in scope of consolidation	0.0	(0.9)	(22.5)	3.2	(20.2)
- Translation adjustments	0.0	(0.3)	5.4	(1.4)	3.7
At the end of the period	**(0.7)**	**(426.9)**	**(1,524.6)**	**(194.9)**	**(2,147.1)**
Net value					
At the beginning of the period	55.6	213.0	240.8	113.0	622.4
- Acquisitions/Depreciation	(0.7)	(16.0)	(30.5)	85.9	38.7
- Disposals/Reversals	(0.6)	(1.5)	(3.6)	(0.1)	(5.8)
- Transfers and changes in scope of consolidation	(7.4)	10.0	72.4	(63.8)	11.2
- Translation adjustments	0.1	(0.2)	(3.4)	(1.6)	(5.1)
At the end of the period	**47.0**	**205.3**	**275.7**	**133.4**	**661.4**

3.4 RIGHT-OF-USE ASSETS AND LEASE CONTRACTS

Right-of-use assets are initially measured at an amount equal mainly to the sum of:

- initial values of the lease financial liability;
- prepayments (including the first lease payment in case of lease payments made at the beginning of lease periods); and
- restoration costs.

Right-of-use assets value is subsequently remeasured whenever the lease financial liability value is remeasured.

Right-of-use assets are depreciated using the straight-line method over the estimated lease contract duration. This latter is determined by taking into account the existence of lease renewal options and early termination options whose exercise is subject solely to the Group's decision.

More specifically, regardless of the nature of these options, whenever there is significant capital expenditures on leased buildings, the depreciation period applied to the tangible assets resulting from these expenditures is used to determine the estimated lease contract duration of these buildings.

Lease financial liabilities are initially measured at the present value of future lease payments (excluding variable lease payments and service payments whenever it is possible to identify these payments within total lease payments, while including, when applicable, the purchase option value if the exercise of this option is deemed probable), using as the discount rate the borrowing rate available for a Group entity for both the currency and the maturity corresponding to the estimated duration of the lease contract.

Lease financial liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the lease term (following the subsequent exercise of an extension or an early termination option).

Lease financial liabilities are analyzed in Note 4.6.1.

The Group has elected not to recognize right-of-use assets and lease financial liabilities for short-term leases (not exceeding a one-year period) and/or leases of low-value assets.

Right-of-use assets can be analyzed as follows:

	December 31, 2019			
(in € millions)	Buildings	Machinery and equipment	Other	Total
Gross value				
At the beginning of the period	0.0	0.0	0.0	0.0
- Transition impact	382.0	6.3	61.4	449.7
- Reclassification of finance leases	35.9	0.0	0.3	36.2
- Increases	75.6	1.4	12.7	89.7
- Decreases	(51.0)	(1.1)	(9.2)	(61.3)
- Changes in scope of consolidation	27.8	0.4	3.9	32.1
- Translation adjustments	5.8	0.1	0.8	6.7
At the end of the period	**476.1**	**7.1**	**69.9**	**553.1**
Depreciation and impairment				
At the beginning of the period	0.0	0.0	0.0	0.0
- Transition impact	(166.9)	(3.1)	(30.6)	(200.6)
- Reclassification of finance leases	(12.7)	0.0	(0.3)	(13.0)
- Depreciation expense	(60.2)	(1.0)	(8.5)	(69.7)
- Reversals	44.3	0.7	6.2	51.2
- Changes in scope of consolidation	(5.2)	(0.1)	(0.7)	(6.0)
- Translation adjustments	(2.5)	0.0	(0.4)	(2.9)
At the end of the period	**(203.2)**	**(3.5)**	**(34.3)**	**(241.0)**
Net value				
At the beginning of the period	0.0	0.0	0.0	0.0
- Transition impact	215.1	3.2	30.8	249.1
- Reclassification of finance leases	23.2	0.0	0.0	23.2
- Increases/Depreciation	15.4	0.4	4.2	20.0
- Decreases/Reversals	(6.7)	(0.4)	(3.0)	(10.1)
- Changes in scope of consolidation	22.6	0.3	3.2	26.1
- Translation adjustments	3.3	0.1	0.4	3.8
At the end of the period	**272.9**	**3.6**	**35.6**	**312.1**

"Buildings" right-of-use assets mainly concern lease contracts for production sites, commercial offices and warehouses. Most of these lease contracts offer both extension and early termination options, while very few of them include purchase options or restoration costs. Therefore, the corresponding right-of-use assets do not include any material amount for purchase options or restoration costs.

"Machinery and equipment" right-of-use assets comprises mainly industrial machinery.

"Other" right-of-use assets mainly concern vehicles, forklifts and some IT equipment. Although most of these lease contracts include purchase options, these options are generally not exercised.

Renewal options not included in lease financial liabilities' value as of December 31, 2019 represent a discounted value of roughly €76 million.

A significant portion of this value corresponds to renewal options related to building lease contracts in the United States, the exercise of which is subject solely to the Group's decision. The exercise of these renewal options, which represent an additional lease period ranging from 5 to 10 years according to lease contracts, is not currently deemed certain by management and would not occur before several years.

3.5 INVENTORIES

Inventories are measured at the lower of cost (of acquisition or production) and 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, 2019	December 31, 2018
Purchased raw materials and components	342.5	347.6
Sub-assemblies, work in progress	103.3	98.5
Finished products	550.0	563.7
Gross value at the end of the period	**995.8**	**1,009.8**
Impairment	(143.2)	(123.9)
Net value at the end of the period	**852.6**	**885.9**

3.6 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.

In accordance with IFRS 9, expected credit losses on trade receivables are estimated based on a provision table, by applying provision rates depending on the receivables aging.

Furthermore, a provision can be recognized in the income statement when there is objective evidence of impairment such as:

- 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, 2019	December 31, 2018
Trade receivables	842.0	750.4
Impairment	(85.2)	(84.0)
NET VALUE AT THE END OF THE PERIOD	**756.8**	**666.4**

The Group uses factoring contracts to reduce the risk of late payments.

During 2019, a total of €793.5 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 about €1 million.

As of December 31, 2019, these factoring contracts allowed the Group to derecognize trade receivables for an amount of €108.0 million (€126.2 million as of December 31, 2018), as they transfer all credit and late payment risks to the factoring companies. The only risk that is not transferred is limited to dilution risk, which is historically very low.

Past-due trade receivables can be analyzed as follows:

(in € millions)	December 31, 2019	December 31, 2018
Less than 3 months past due receivables	143.5	128.5
From 3 to 12 months past due receivables	33.3	32.0
More than 12 months past due receivables	38.7	35.2
TOTAL	**215.5**	**195.7**

Provisions for impairment of past-due trade receivables amounted to €78.0 million as of December 31, 2019 (€76.3 million as of December 31, 2018). These provisions break down as follows:

(in € millions)	December 31, 2019	December 31, 2018
Provisions for less than 3 months past due receivables	12.7	13.4
Provisions for 3 to 12 months past due receivables	26.6	27.7
Provisions for more than 12 months past due receivables	38.7	35.2
TOTAL	**78.0**	**76.3**

3.7 OTHER CURRENT ASSETS

Other current assets are as follows:

(in € millions)	December 31, 2019	December 31, 2018
Employee advances	3.8	3.4
Prepayments	55.1	49.1
Taxes other than income tax	123.2	110.3
Other receivables	35.4	43.2
NET VALUE AT THE END OF THE PERIOD	**217.5**	**206.0**

These assets are valued at amortized cost.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, short-term deposits and other liquid financial assets (possibility to realize the assets in less than 3 months at any time), readily convertible to known amounts of cash and are not subject to any material risk of change in value. These other financial assets usually have an original maturity of less than or equal to one year.

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 €1,710.9 million as of December 31, 2019 (versus €1,022.5 million as of December 31, 2018). Of this amount, €1.4 million was not available to the Group in the short term as of December 31, 2019 (versus €2.1 million as of December 31, 2018).

NOTE 4 - DETAILS ON NON-CURRENT AND CURRENT LIABILITIES

4.1 SHARE CAPITAL AND EARNINGS PER SHARE

Share capital as of December 31, 2019 amounted to €1,069,104,512 represented by 267,276,128 ordinary shares with a par value of €4 each, for 267,276,128 theoretical voting rights and 266,962,722 exercisable voting rights (after subtracting shares held in treasury by the Group as of this date).

As of December 31, 2019, the Group held 313,406 shares in treasury, versus 905,347 shares as of December 31, 2018, which represents 591,941 fewer shares corresponding to:

- the net acquisition of 600,000 shares outside of the liquidity contract;
- the transfer of 331,335 shares to employees under performance share plans;
- the cancellation of 550,000 shares;
- the net sale of 310,606 shares under the liquidity contract (Note 4.1.2.2).

As of December 31, 2019, among the 313,406 shares held in treasury by the Group, 273,793 shares have been allocated according to the allocation objectives described in Note 4.1.2.1, and 39,613 shares are held under the liquidity contract.

4.1.1 Changes in share capital

Changes in share capital in 2019 were as follows:

	Number of shares	Par value	Share capital (*euros*)	Premiums (euros)
As of December 31, 2018	267,495,149	4	1,069,980,596	721,214,426
Exercise of options under the 2009 plan	82,578	4	330,312	728,173
Exercise of options under the 2010 plan	248,401	4	993,604	4,277,098
Cancellation of shares	(550,000)	4	(2,200,000)	(32,734,305)
Repayment of paid-in capital*				(146,768,602)
As of December 31, 2019	**267,276,128**	**4**	**1,069,104,512**	**546,716,790**

** Portion of dividends distributed in June 2019 deducted from the premium account.*

On February 13, 2019, the Board of Directors decided to cancel 550,000 shares acquired under the share buyback program (shares bought back in 2018). The €32,734,305 difference between the buyback price of the cancelled shares and their par value was deducted from the premium account.

In 2019, 330,979 shares were issued under the 2009 and 2010 stock option plans, resulting in a capital increase representing a total amount of €6.3 million (premiums included).

4.1.2 Share buybacks and transactions under the liquidity contract

As of December 31, 2019, the Group held 313,406 shares in treasury (905,347 as of December 31, 2018, of which 555,128 under the share buyback program and 350,219 under the liquidity contract) which can be analyzed as follows:

4.1.2.1 *Share buybacks*

During 2019, the Group acquired 600,000 shares, at a cost of €36.7 million.

As of December 31, 2019, the Group held 273,793 shares, acquired at a total cost of €16.8 million. These shares are being held for the following purposes:

- for allocation, upon exercise of performance share plans, of 8,793 shares purchased at a cost of €0.5 million; and
- for cancellation of 265,000 shares acquired at a cost of €16.3 million.

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, 2019, the Group held 39,613 shares under this contract, purchased at a total cost of €2.9 million.

During 2019, transactions under the liquidity contract led to a cash inflow of €18.7 million corresponding to the net sale of 310,606 shares.

4.1.3 Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Group by the weighted average 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 the Group 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, 2019	**December 31, 2018**
Net profit attributable to the Group (*in € millions*)	A	834.8	771.7
Average number of shares (excluding shares held in treasury)	B	266,833,977	266,878,862
Average dilution from:			
- Performance shares		*1,802,477*	*1,425,121*
- Stock options		*425,481*	*719,713*
Average number of shares after dilution (excluding shares held in treasury)	C	269,061,935	269,023,696
Number of stock options and performance share grants outstanding at the period end		2,505,700	2,593,923
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(289,394)	(860,219)
Shares transferred during the period under performance share plans		331,335	0
Basic earnings per share *(in euros)*	A/B	3.129	2.892
Diluted earnings per share (*in euros*)	A/C	3.103	2.869
Dividend per share (*in euros*)		1.340	1.260

As mentioned above, during 2019, the Group:

- acquired 265,000 shares for future cancellation;
- issued 330,979 shares under stock option plans;
- transferred 331,335 shares under performance share plans, out of the 326,207 shares bought back in 2019 and 5,128 shares bought back from previous years for this purpose; and
- sold a net 310,606 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, 2019, earnings per share and diluted earnings per share would have amounted to €3.127 and €3.098 respectively for the 12 months ended December 31, 2019.

During 2018, the Group:

- acquired 550,000 shares for cancellation;
- issued 689,398 shares under stock option plans; and;
- purchased a net 310,219 shares under the liquidity contract.

These movements were taken into account on an accruals basis in calculating 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, 2018, basic earnings per share and diluted earnings per share would have amounted to €2.895 and €2.868 respectively for the 12 months ended December 31, 2018.

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 personnel 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, except for the number of shares related to stock market performance criteria.

4.2.1 Performance share plans

The following performance share plans were approved by the Company's Board of Directors:

	2015 Plan	2016 Plan	2017 Plan	2018 Plans	2019 Plans
Date approved by shareholders	May 24, 2013	May 24, 2013	May 27, 2016	May 27, 2016	May 30, 2018
Grant date	May 29, 2015	May 27, 2016	May 31, 2017	May 30, 2018	May 29, 2019
Total number of performance share rights initially granted	394,108 (1)	502,924 (1)	492,254 (1)	524,123 (1)	617,818 (1)
o/w to Executive Officer	*13,434* (1)	*15,504* (1)	*12,503* (1)	*19,546* (1)	*22,954* (1)
- Gilles Schnepp	*13,434*	*15,504*	*12,503*	*0*	*0*
- Benoît Coquart	*N/A*	*N/A*	*N/A*	*19,546*	*22,954*
Total IFRS 2 charge *(in € millions)*	16.3 (2)	20.3 (2)	24.8 (2)	28.5 (2)	31.0 (2)
End of vesting period	June 17, 2019	June 17, 2020	June 17, 2021	June 15, 2021 (3) June 15, 2022 (4)	June 15, 2022 (3) June 15, 2023 (4)
End of lock-up period	June 17, 2019	June 17, 2020	June 17, 2021	June 15, 2023 (3) June 15, 2022 (4)	June 15, 2024 (3) June 15, 2023 (4)
Number of performance shares acquired as of December 31, 2019	(331,335)	0	0	0	0
Number of performance share rights cancelled, forfeited or adjusted	(62,773) (5)	(29,823)	(29,233)	(20,246)	(9,948)
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2019	**0**	**473,101**	**463,021**	**503,877**	**607,870**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016, on May 31, 2017, on May 30, 2018 and on May 29, 2019, 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 Gilles Schnepp's decision to waive part of his entitlement to performance shares initially 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 vesting periods.

(3) Date applicable to the Executive Officer and members of the Executive Committee.

(4) Date applicable to beneficiaries other than the Executive Officer and members of the Executive Committee.

(5) Including the number of performance shares adjusted for the performance criteria fulfillment at 90.8%.

4.2.1.1 *2015, 2016 and 2017 performance share plans*

The final number of shares ultimately granted to beneficiaries is determined based on a service condition and several performance criteria. The vesting period is four years.

		Weight of performance criteria by plan	
Type of performance criteria	**Description of performance criteria**	**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.	1/2	1/3
"Internal" financial performance criterion	Arithmetic mean of normalized free cash flow as a percentage of sales over a three-year period, as published in the consolidated financial statements.	1/2	1/3
Non-financial performance criterion	Arithmetic mean of the average achievement rate of Group CSR Roadmap priorities over a three-year period.	N/A	1/3

Following the application of IFRS 16, on March 20, 2018 the Board of Directors decided to replace the EBITDA and free cash flow criteria for the 2019 performance assessment under the 2017 plan with the adjusted operating margin before acquisitions and organic sales growth criteria, in line with the Company's 2019 targets.

4.2.1.2 *2018 and 2019 performance share plans*

The final number of shares granted to beneficiaries is determined on the condition that the beneficiary is present within the Group at the time the vesting period expires and according to several performance criteria.

For the Executive Officer and members of the Executive Committee, the term of the vesting period is three years, with an additional two-year holding period; for other beneficiaries, the vesting period is four years, with no holding period

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Performance criteria applicable to the Executive Officer and members of the Executive Committee

The performance criteria applicable to the Executive Officer and members of the Executive Committee are defined as follows:

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Organic sales growth target	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Target for adjusted operating margin before acquisitions(1)	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Annual Group's CSR roadmap achievement rates	Target: arithmetic mean over 3 years of the annual CSR roadmap achievement rates.	1/4
Legrand's share price performance relative to the performance of the CAC 40 index	Performance gap between Legrand's share price and the CAC 40 index over a 3-year period.	1/4

(1) The adjusted operating margin before acquisitions corresponds to the adjusted operating profit (see key figures)

Performance criteria applicable to beneficiaries other than the Executive Officer and members of the Executive Committee

The performance criteria applicable to beneficiaries other than the Executive Officer and members of the Executive Committee are defined as follows:

Type of performance criteria	Description of target-setting criteria and method	Weight of performance criteria
Target for organic sales growth	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(1)	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

(1) The adjusted operating margin before acquisitions corresponds to the adjusted operating profit (see key figures).

The final pay-out rate for each criterion corresponds to the arithmetic average over a three-year period of the annual achievement rates.

If all the performance shares from the 2016 to 2019 plans were to vest according to the target allocation before application of the performance criteria (i.e., 2,047,869 shares) and if those shares were transferred following capital increases, the Company's capital would be diluted by 0.8% as of December 31, 2019.

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:

	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007
Grant date	March 4, 2009	March 4, 2010
Total number of options granted	1,192,949 (1)	3,288,702 (1)
o/w to Executive Officer	*95,459* (1)	*224,083* (1)
- Gilles Schnepp	*48,711* (1)	*138,813* (1)
- Olivier Bazil	*46,748* (1)	*85,270* (1)
Start of exercise period	March 5, 2013	March 5, 2014
Expiry of exercise period	March 4, 2019	March 4, 2020
Exercise price	€12.82 (1) Average closing price over the 20 trading days preceding the grant date	€21.12 (1) Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(2) (3)	(2) (3)
Number of options exercised as of December 31, 2019	(1,074,938)	(2,590,054)
Number of options cancelled or forfeited	(118,011)	(240,817)
STOCK OPTIONS OUTSTANDING AS OF DECEMBER 31, 2019	**0**	**457,831**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016, on May 31, 2017, on May 30, 2018 and on May 29, 2019, 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 twelve months ended December 31, 2014).

The weighted average market price of the Company stock upon exercises of stock options in 2019 was €62.39.

If all these options were to be exercised (i.e., 457,831 options), the Company's capital would be diluted at most by 0.2% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2019.

4.2.3 Share-based payments (IFRS 2 expense)

In accordance with IFRS 2, an expense of €25.7 million was recorded in 2019 (€22.9 million in 2018) 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

The Group's consolidated retained earnings as of December 31, 2019 amounted to €4,486.6 million.

As of the same date, the Company had retained earnings including profit for the period of €951.4 million available for distribution.

4.3.2 Translation

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 the potential Group's loss of control over the entity.

Translation reserves record the impact of fluctuations in the following currencies:

(in € millions)	December 31, 2019	December 31, 2018
US dollar	16.2	(47.0)
Other currencies	(469.7)	(483.6)
TOTAL	**(453.5)**	**(530.6)**

The Group operates in close to 90 countries. It is mainly exposed to a dozen currencies other than the euro and the US dollar, including the Australian dollar, Brazilian real, British pound, Chilean peso, Chinese yuan, Indian rupee, Mexican peso, Russian ruble and Turkish lira.

Under IFRS 9, 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.

Consequently, unrealized foreign exchange gains and losses on US dollar-denominated 8.5% Debentures (Yankee bonds) are recognized in translation reserves. Losses on these bonds recognized in translation reserves in 2019 amounted to €6.4 million, resulting in a net negative balance of €67.7 million as of December 31, 2019.

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. Losses on this derivative financial instrument recognized in translation reserves in 2019 amounted to €5.4 million, resulting in a net positive balance of €13.0 million as of December 31, 2019.

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 2019 amounted to €1.4 million, resulting in a net positive balance of €3.8 million as of December 31, 2019.

4.4 PROVISIONS

Changes in provisions in 2019 are as follows:

	December 31, 2019					
(in € millions)	Product warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At the beginning of the period	44.6	69.4	30.2	24.1	64.8	233.1
Changes in scope of consolidation	1.9	2.4	(0.2)	0.0	(3.1)	1.0
Increases	20.8	32.9	8.6	12.4	21.5	96.2
Utilizations	(9.4)	(9.1)	(1.7)	(11.8)	(25.1)	(57.1)
Reversals of surplus provisions	(4.9)	(19.5)	(2.9)	(0.1)	(4.5)	(31.9)
Reclassifications	0.5	1.0	4.4	(1.1)	3.6	8.4
Translation adjustments	0.0	0.2	(0.1)	0.2	0.8	1.1
AT THE END OF THE PERIOD	**53.5**	**77.3**	**38.3**	**23.7**	**58.0**	**250.8**
Of which non-current portion	*35.0*	*40.4*	*19.8*	*1.7*	*49.8*	*146.7*

"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 €18.1 million as of December 31, 2019.

Changes in provisions in 2018 were as follows:

	December 31, 2018					
(in € millions)	Product warranties	Claims and litigation	Tax and employee risks	Restructuring	Other	Total
At the beginning of the period	29.1	68.7	27.2	15.9	83.0	223.9
Changes in scope of consolidation	0.9	0.0	0.3	0.1	1.3	2.6
Increases	23.8	28.1	7.5	17.1	17.3	93.8
Utilizations	(6.3)	(6.7)	(1.5)	(7.8)	(31.9)	(54.2)
Reversals of surplus provisions	(2.6)	(21.7)	(1.5)	(1.0)	(4.9)	(31.7)
Reclassifications	(0.1)	1.0	(0.5)	0.0	2.1	2.5
Translation adjustments	(0.2)	0.0	(1.3)	(0.2)	(2.1)	(3.8)
AT THE END OF THE PERIOD	**44.6**	**69.4**	**30.2**	**24.1**	**64.8**	**233.1**
Of which non-current portion	*29.4*	*36.8*	*18.1*	*3.2*	*57.7*	*145.2*

"Other" includes long-term provisions for employee benefits, corresponding mainly to cash-settled long-term employee benefit plans for an amount of €33.9 million as of December 31, 2018.

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.

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Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in € millions)	December 31, 2019	December 31, 2018
France (Note 4.5.1.2)	100.2	85.4
Italy (Note 4.5.1.3)	37.0	35.4
United Kingdom (Note 4.5.1.4)	122.1	99.9
United States (Note 4.5.1.5)	84.1	72.5
Other countries	48.2	39.6
TOTAL PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS	**391.6**	**332.8**

The total amount of those defined benefit obligations is €391.6 million as of December 31, 2019 (€332.8 million as of December 31, 2018), and is analyzed in Note 4.5.1.1.

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 defined benefit plans, consisting primarily of plans in France, Italy, the United States and United Kingdom, is as follows:

(in € millions)	December 31, 2019	December 31, 2018
Defined benefit obligation		
Projected benefit obligation at the beginning of the period	332.8	343.7
Service cost	8.6	8.3
Interest cost	9.8	8.6
Benefits paid or unused	(24.4)	(22.3)
Employee contributions	0.4	0.4
Actuarial losses/(gains)	53.2	(7.7)
Curtailments, settlements, special termination benefits	(1.3)	0.0
Translation adjustments	7.6	1.7
Other	4.9	0.1
PROJECTED BENEFIT OBLIGATION AT THE BEGINNING OF THE PERIOD	**391.6**	**332.8**
Fair value of plan assets		
Fair value of plan assets at the beginning of the period	176.3	182.2
Expected return on plan assets	6.2	5.5
Employer contributions	7.2	7.5
Employee contributions	1.6	0.7
Benefits paid	(14.3)	(13.2)
Actuarial (losses)/gains	20.0	(9.2)
Translation adjustments	6.2	2.8
Other	3.6	0.0
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**206.8**	**176.3**
PROVISION RECOGNIZED IN THE BALANCE SHEET	**188.0**	**160.5**
Current liability	7.0	4.6
Non-current liability	181.0	155.9
Non-current asset	**3.2**	**4.0**

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Actuarial losses recognized in equity in 2019 amounted to €33.2 million.

These €33.2 million actuarial losses resulted from:

- €35.7 million in losses from changes in financial assumptions;
- €0.6 million in losses from changes in demographic assumptions; and
- €3.1 million in experience gains.

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: Citigroup 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 €24 million and would increase the provision as of December 31, 2019 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 €5 million and would increase the provision as of December 31, 2019 by the same amount.

Discounted future payments for the Group's pension and other post-employment benefit plans are as follows:

(in € millions)	
2020	19.2
2021	15.3
2022	13.9
2023	14.7
2024 and beyond	328.5
TOTAL	**391.6**

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, 2019	December 31, 2018
Service cost	(8.6)	(8.3)
Net interest cost*	(3.6)	(3.1)
TOTAL	**(12.2)**	**(11.4)**

* *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, 2019:

(as a percentage)	United Kingdom	United States	Weighted total
Equity instruments	49.7	41.8	46.0
Debt instruments	44.5	57.8	50.8
Insurance funds	5.8	0.4	3.2
TOTAL	**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 amounted to €100.2 million as of December 31, 2019 (€85.2 million as of December 31, 2018) corresponding to the difference between the projected benefit obligation of €100.2 million as of December 31, 2019 (€85.4 million as of December 31, 2018), and the fair value of the related plan assets of €0.0 million as of December 31, 2019 (€0.2 million as of December 31, 2018).

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 2019 was based on a salary increase rate of 2.8% and a discount rate of 0.9% (respectively 2.8% and 1.9% in 2018).

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, 2006 plus the ensuing actuarial revisions, amounted to €37.0 million as of December 31, 2019 (€35.4 million as of December 31, 2018).

The calculation in 2019 was based on a discount rate of 0.4% (1.6% in 2018).

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 2.2% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 40.8% and retired participants for 57.0%.

The provisions recorded in the consolidated balance sheet amounted to €25.2 million as of December 31, 2019 (€17.8 million as of December 31, 2018) corresponding to the difference between the projected benefit obligation of €122.1 million as of December 31, 2019 (€99.9 million as of December 31, 2018) and the fair value of the related plan assets of €96.9 million as of December 31, 2019 (€82.1 million as of December 31, 2018).

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 2019 was based on a salary increase rate of 4.2% and a discount rate and an expected return on plan assets of 1.9% (respectively 4.5% and 2.9% in 2018).

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. Since January 1, 2018, active plan participants can no longer cumulate new rights.

Active plan participants account for 11.9% of the projected benefit obligation, other participants who are no longer accumulating benefit entitlements for 19.4% and retired participants for 68.7%.

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, 2019 (€0.0 million as of December 31, 2018) reflecting the fact that the fair value of the plan assets is higher than the value of the projected benefit obligation.

The calculation in 2019 was based on a discount rate and an expected return on plan assets of 2.9% (4.3% in 2018).

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 still being 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 2018, a net expense of €(7.5) million was recognized in operating profit in respect to these plans. As mentioned in Note 4.4, the resulting provision amounted to €18.1 million as of December 31, 2019 (including payroll taxes).

See also Note 4.2 for equity-settled long-term employee benefit plans and the resulting IFRS 2 expense.

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 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 seven and fifteen 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.

In March 2018, the Group carried out a €400.0 million 1.0% six-year bond issue. The bonds will be redeemable at maturity on March 6, 2026.

In June 2019, the Group carried out a €400.0 million 0.625% nine-year bond issue. The bonds will be redeemable at maturity on June 24, 2028.

Yankee bonds

On February 14, 1995, Legrand France issued $400.0 million worth of 8.5% 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 a Credit Facility with six banks to set up a €900.0 million revolving multicurrency credit line for a five-year period with two successive one-year period renewal options. As per this contract, the margin applied to market rates is determined on the basis of the Group's credit rating.

In July 2014, the Group signed an agreement that amends and extends this Credit Facility 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.

In December 2019, the Group signed a new agreement that amends and extends this Credit Facility with all banks party to this contract. Following this agreement:

- the maximum maturity of the €900.0 million revolving credit line is extended by five and half years, i.e., up to December 2026, including two successive one-year period renewal options, and at improved financing terms compared with July 2014, and
- the margin applied to market rates is still determined on the basis of the Group's credit rating, but it will be increased or decreased each year according to the Group yearly achievement rate on its CSR roadmap.

The 2011 Credit Facility does not contain any covenants.

As of December 31, 2019, the Credit Facility had not been drawn down.

4.6.1 Long-term borrowings

Long-term borrowings are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

Long-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2019	December 31, 2018
Bonds	2,900.0	2,500.0
Yankee bonds	347.2	340.4
Lease financial liabilities	258.1	6.5
Other borrowings	89.2	87.3
Long-term borrowings excluding debt issuance costs	**3,594.5**	**2,934.2**
Debt issuance costs	(19.1)	(15.6)
TOTAL	**3,575.4**	**2,918.6**

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, 2019	December 31, 2018
Euro	2,908.0	2,455.8
US dollar	505.0	373.2
Other currencies	181.5	105.2
LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS	**3,594.5**	**2,934.2**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2019 can be analyzed by maturity as follows:

(in € millions)	Bonds	Yankee bonds	Lease financial liabilities	Other borrowings
Due in one to two years	0.0	0.0	38.3	26.5
Due in two to three years	400.0	0.0	42.8	43.3
Due in three to four years	400.0	0.0	36.2	9.5
Due in four to five years	500.0	0.0	29.2	9.9
Due beyond five years	1,600.0	347.2	111.6	0.0
LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS	**2,900.0**	**347.2**	**258.1**	**89.2**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2018 can be analyzed by maturity as follows:

(in € millions)	Bonds	Yankee bonds	Lease financial liabilities	Other borrowings
Due in one to two years	0.0	0.0	1.5	13.1
Due in two to three years	0.0	0.0	1.5	24.3
Due in three to four years	400.0	0.0	1.3	40.8
Due in four to five years	400.0	0.0	2.1	9.1
Due beyond five years	1,700.0	340.4	0.1	0.0
LONG-TERM BORROWINGS EXCLUDING DEBT ISSUANCE COSTS	**2,500.0**	**340.4**	**6.5**	**87.3**

Average interest rates on borrowings are as follows:

	12 months ended	
	December 31, 2019	December 31, 2018
Bonds	1.46%	1.65%
Yankee bonds	8.50%	8.50%
Lease financial liabilities	3.11%	N/A
Other borrowings	2.70%	2.87%

4.6.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2019	December 31, 2018
Negotiable commercial paper	500.0	363.5
Lease financial liabilities	61.7	1.5
Other borrowings	54.5	35.5
TOTAL	**616.2**	**400.5**

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, 2019	Cash flows	Variations not impacting cash flows: Acquisitions	Reclassifications	Translation adjustments	Other	December 31, 2018
Long-term borrowings	3,575.4	396.6	25.6	(73.3)	9.4	298.5	2,918.6
Short-term borrowings	616.2	75.8	8.9	73.3	1.4	56.3	400.5
Gross financial debt	**4,191.6**	**472.4**	**34.5**	**0.0**	**10.8**	**354.8**	**3,319.1**

"Other" variations not impacting cash flows include the €270.2 million transition impact of the IFRS 16 standard.

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, 2019	December 31, 2018
Deferred taxes recorded by French companies	(242.5)	(220.6)
Deferred taxes recorded by foreign companies	(400.7)	(372.6)
TOTAL	**(643.2)**	**(593.2)**
Origin of deferred taxes:		
- Impairment losses on inventories and receivables	54.7	54.7
- Margin on inventories	21.1	23.1
- Recognized operating losses carried forward	6.3	9.8
- Leases	2.7	(3.1)
- Fixed assets	(224.5)	(205.4)
- Trademarks	(445.0)	(445.8)
- Patents	(18.2)	(9.9)
- Other provisions	(54.8)	(9.1)
- Pensions and other post-employment benefits	38.6	31.1
- Fair value adjustments to derivative instruments	(0.7)	(0.9)
- Other	(23.4)	(37.7)
TOTAL	**(643.2)**	**(593.2)**
- Of which deferred tax assets	107.6	107.8
- Of which deferred tax liabilities	(750.8)	(701.0)

The timing of expected reversal of deferred taxes can be analyzed as follows:

(in € millions)	December 31, 2019	December 31, 2018
Deferred tax assets (liabilities) reversing in the short term	88.2	91.2
Deferred tax assets (liabilities) reversing in the long term	(731.4)	(684.4)
TOTAL	**(643.2)**	**(593.2)**

Tax losses carried forward break down as follows:

(in € millions)	December 31, 2019	December 31, 2018
Recognized operating losses carried forward	**27.4**	**33.5**
Recognized deferred tax assets	6.3	9.8
Unrecognized operating losses carried forward	**111.8**	**111.9**
Unrecognized deferred tax assets	23.8	20.1
Total net operating losses carried forward	**139.2**	**145.4**

4.8 OTHER CURRENT LIABILITIES

Other current liabilities can be analyzed as follows:

(in € millions)	December 31, 2019	December 31, 2018
Taxes other than income tax	87.3	76.1
Accrued employee benefits expense	288.4	260.6
Statutory and discretionary profit-sharing reserve	25.8	25.8
Payables related to fixed asset purchases	31.3	24.3
Accrued expenses	123.3	120.4
Accrued interest	34.6	32.9
Deferred revenue	26.2	25.4
Other current liabilities	36.1	39.7
TOTAL	**653.0**	**605.2**

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, 2019			December 31, 2018	
		Impact on equity			
(in € millions)	Impact on financial profit (loss)	Fair value	Translation adjustment	Impact on financial profit (loss)	Impact on equity
Other investments		(0.9)		0.0	4.8
Trade receivables	(1.3)			(0.9)	0.0
Cash and cash equivalents	10.6		6.8	10.9	(1.8)
Trade payables	0.0			0.0	0.0
Borrowings	(84.3)		(6.4)	(74.2)	(15.5)
Derivatives	13.3	0.4	(5.4)	8.5	1.1
TOTAL	**(61.8)**	**(0.5)**	**(5.0)**	**(55.8)**	**(11.4)**

In accordance with IFRS 9, other investments are valued at fair value through equity. Therefore, changes in the fair value of other investments only impact the consolidated balance sheet and the consolidated statement of comprehensive income.

Yankee bonds denominated in US dollars and the derivative financial instrument denominated in British pounds 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, 2019						December 31, 2018
				Levels of valuation			
(in € millions)	Carrying amount	Amortized cost	Fair value	Level 1 (1)	Level 2 (2)	Level 3 (3)	Carrying amount
ASSETS							
Non-current assets							
Other investments	1.9		1.9			1.9	2.1
Other non-current assets	34.9	31.7	3.2		34.9		14.3
TOTAL NON-CURRENT ASSETS	**36.8**	**31.7**	**5.1**	**0.0**	**34.9**	**1.9**	**16.4**
Current assets							
Trade receivables	756.8	756.8			756.8		666.4
Other current financial assets	1.2		1.2		1.2		1.2
Cash and cash equivalents	1,710.9		1,710.9		1,710.9		1,022.5
TOTAL CURRENT ASSETS	**2,468.9**	**756.8**	**1,712.1**	**0.0**	**2,468.9**	**0.0**	**1,690.1**
EQUITY AND LIABILITIES							
Non-current liabilities							
Long-term borrowings	3,575.4	299.3	3,565.2	3,553.8	299.3	11.4	2,918.6
TOTAL NON-CURRENT LIABILITIES	**3,575.4**	**299.3**	**3,565.2**	**3,553.8**	**299.3**	**11.4**	**2,918.6**
Current liabilities							
Short-term borrowings	616.2	616.2	0.0	0.0	616.2	0.0	400.5
Trade payables	654.2	654.2			654.2		662.0
Other current financial liabilities	1.0		1.0		1.0		1.4
TOTAL CURRENT LIABILITIES	**1,271.4**	**1,270.4**	**1.0**	**0.0**	**1,271.4**	**0.0**	**1,063.9**

(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.

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, 2019							December 31, 2018
(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	1,710.9	0.0	0.0	0.0	0.0	0.0	1,710.9	1,022.5
Financial liabilities**								
Fixed rate	(66.5)	(59.4)	(472.2)	(445.7)	(539.1)	(2,058.8)	(3,641.7)	(2,916.7)
Variable rate	(549.7)	(5.4)	(13.9)	0.0	0.0	0.0	(569.0)	(418.0)
Net exposure								
Fixed rate	(66.5)	(59.4)	(472.2)	(445.7)	(539.1)	(2,058.8)	(3,641.7)	(2,916.7)
Variable rate	1,161.2	(5.4)	(13.9)	0.0	0.0	0.0	1,141.9	604.5

**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, 2019		December 31, 2018	
(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	4.0	4.0	6.7	6.7
Impact of a 100-bps decrease in interest rates	(9.0)	(9.0)	(8.6)	(8.6)

The impact of a 100-basis point increase in interest rates would result in a gain of €4.0 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 €9.0 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, 2019, the Group has set up forward contracts in Australian dollars, Canadian dollars, US dollars, Singaporean dollars, Mexican pesos, British pounds, Chinese yuan and Polish zloty 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, 2019					December 31, 2018
(in € millions)	Financial assets*	Financial liabilities**	Net exposure before hedging	Hedging	Net exposure after hedging	Net exposure after hedging
Euro	1,062.9	(3,587.9)	(2,525.0)	(52.4)	(2,577.4)	(2,333.2)
US dollar	452.4	(499.3)	(46.9)	(38.2)	(85.1)	(213.8)
Other currencies	195.6	(123.5)	72.1	90.6	162.7	234.8
TOTAL	**1,710.9**	**(4,210.7)**	**(2,499.8)**	**0.0**	**(2,499.8)**	**(2,312.2)**

** 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, 2019		December 31, 2018	
	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	0.3	49.4	0.1	34.4
Other currencies	6.4	11.3	0.2	2.0

	December 31, 2019		December 31, 2018	
	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	(0.3)	(44.9)	(0.1)	(31.3)
Other currencies	(5.8)	(10.3)	(0.2)	(1.9)

Operating assets and liabilities break down as follows by reporting currency:

	December 31, 2019			December 31, 2018
(in € millions)	Current operating assets excluding taxes	Current operating liabilities excluding taxes	Net exposure	Net exposure
Euro	496.2	652.5	(156.3)	(122.9)
US dollar	591.9	336.1	255.8	248.1
Other currencies	738.8	422.7	316.1	278.0
TOTAL	**1,826.9**	**1,411.3**	**415.6**	**403.2**

The table below presents the breakdown of net sales and operating expenses by reporting currency as of December 31, 2019:

(in € millions)	Net sales		Operating expenses	
Euro	2,218.0	33.5%	1,764.7	32.8%
US dollar	2,521.8	38.1%	2,083.8	38.7%
Other currencies	1,882.5	28.4%	1,536.4	28.5%
Total	**6,622.3**	**100.0%**	**5,384.9**	**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 2019 in a decrease in net sales of approximately €400 million (€357 million in 2018) and a decrease in operating profit of approximately €71 million (€62 million in 2018), while a 10% decrease would have resulted in 2019 in an increase in net sales of approximately €440 million (€392 million in 2018) and an increase in operating profit of approximately €78 million (€68 million in 2018).

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 €589 million in 2019.

A 10% increase in the price of the above-mentioned consumption would theoretically feed through to around a €58 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 over the long term.

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 2019.

5.1.2.4 *Credit risk*

As explained in Note 2.2, 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 regular 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 financial debt (€2,480.7 million as of December 31, 2019) is fully financed by financing facilities expiring at the earliest in 2020 and at the latest in 2032. The average maturity of gross debt is 5.3 years.

Legrand is rated "A-" with a stable outlook by Standard & Poor's.

Raiting agency	Long-term debt	Outlook
S&P	A-	Stable

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 and the Chairman of the Board of Directors.

As a reminder, the offices of Chairman and of Chief Executive Officer have been separated since the beginning of 2018.

Compensation and benefits provided to the members of the Executive Committee and to the Chairman of the Board of Directors for their services are detailed in the following table:

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Compensation (amounts paid during the period)	**7.4**	**7.6**
out of which fixed compensation	4.3	4.6
out of which variable compensation	3.0	2.9
out of which other short-term benefits (1)	0.1	0.1
Other long-term benefits (charge for the period) (2)(3)	**4.0**	**6.1**
Termination benefits (charge for the period)	**0.0**	**0.0**
Share-based payments (charge for the period) (4)	**0.4**	**(0.3)**

(1) Other short-term benefits include benefits in kind.

(2) As per the cash-settled benefit plans described in Note 4.5.2, with a 100% pay-out rate assumption.

(3) As per the equity-settled benefit plans described in Note 4.2.1, with a 100% pay-out rate assumption.

(4) Change in the obligation's present value (in accordance with IAS 19).

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;
- Note 3.4: Right-of-use assets;
- 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, 2019	December 31, 2018
Guarantees given to banks	151.6	136.5
Guarantees given to other organizations	48.7	46.1
TOTAL	**200.3**	**182.6**

Most of these guarantees are given by the Company to banks for Group subsidiaries located outside of France.

5.3.2.2 *Lease contracts outside the scope of IFRS 16*

As of December 31, 2019, the Group holds short-term or low value lease contracts which are outside the scope of IFRS 16.

These lease contracts relate mostly to low value assets. The resulting future minimum rental commitments are not material as of December 31, 2019.

5.3.2.3 *Commitments to purchase property, plant and equipment*

Commitments to purchase property, plant and equipment amounted to €20.9 million as of December 31, 2019.

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, knowing that no provision is recorded for claims and legal proceedings for which the Group considers that the provision recognition criteria under IFRS are not met.

On September 6, 2018, Legrand was raided, while fully cooperating with the relevant authorities.

5.4 STATUTORY AUDITORS' FEES

The total amount of statutory auditors' fees invoiced to the group in 2019 can be detailed as follows:

(in euros excluding taxes)	PricewaterhouseCoopers Audit SAS		Deloitte & Associés	
Statutory audit and related services	614,143	96%	644,028	86%
Non-audit services	23,000	4%	101,300	14%
TOTAL	**637,143**	**100%**	**745,328**	**100%**

5.5 SUBSEQUENT EVENTS

No significant events occurred between December 31, 2019 and the date when the consolidated financial statements were prepared.

5.6 KEY FIGURES RECONCILIATION

Reconciliation of adjusted operating profit with profit for the period:

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Profit for the period	**836.1**	**772.4**
Share of profits (losses) of equity-accounted entities	1.8	0.4
Income tax expense	318.3	301.3
Exchange (gains) / losses	2.0	(2.2)
Financial income	(11.9)	(12.0)
Financial expense	91.1	79.1
Operating profit	**1,237.4**	**1,139.0**
Amortization & depreciation of revaluation of assets at the time of acquisitions and other P&L impacts relating to acquisitions	88.7	73.1
Impairment of goodwill	0.0	0.0
Adjusted operating profit	**1,326.1**	**1,212.1**

Reconciliation of cash flow from operations, free cash flow and normalized free cash flow with profit for the period:

	12 months ended	
(in € millions)	December 31, 2019	December 31, 2018
Profit for the period	**836.1**	**772.4**
Adjustments for non-cash movements in assets and liabilities:		
Depreciation, amortization and impairment	309.4	209.7
Changes in other non-current assets and liabilities and long-term deferred taxes	64.6	105.8
Unrealized exchange (gains)/losses	5.1	6.3
(Gains)/losses on sales of assets, net	5.0	5.1
Other adjustments	1.5	1.2
Cash flow from operations	**1,221.7**	**1,100.5**
Decrease (Increase) in working capital requirement	17.7	(175.2)
Net cash provided from operating activities	**1,239.4**	**925.3**
Capital expenditure (including capitalized development costs)	(202.2)	(184.3)
Net proceeds from sales of fixed and financial assets	7.1	5.3
Free cash flow	**1,044.3**	**746.3**
Increase (Decrease) in working capital requirement	(17.7)	175.2
(Increase) Decrease in normalized working capital requirement	(16.8)	(28.0)
Normalized free cash flow	**1,009.8**	**893.5**

Calculation of net financial debt:

	12 months ended	
(in € millions)	**December 31, 2019**	**December 31, 2018**
Short-term borrowings	616.2	400.5
Long-term borrowings	3,575.4	2,918.6
Cash and cash equivalents	(1,710.9)	(1,022.5)
Net financial debt	**2,480.7**	**2,296.6**

Calculation of working capital requirement:

(in € millions)	**December 31, 2019**	**December 31, 2018**
Trade receivables	756.8	666.4
Inventories	852.6	885.9
Other current assets	217.5	206.0
Income tax receivables	60.2	89.6
Deferred tax assets / (liabilities) reversing in the short term	88.2	91.2
Trade payables	(654.2)	(662.0)
Other current liabilities	(653.0)	(605.2)
Income tax payables	(28.3)	(31.5)
Short-term provisions	(104.1)	(87.9)
Working capital required	**535.7**	**552.5**

8.2 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEAR ENDED DECEMBER 31, 2019

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in 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

OPINION

In compliance with the engagement entrusted to us by your General Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Legrand SA for the year ended December 31, 2019.

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 at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2019 to the date of our report, and, in particular, we did not provide any non audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Furthermore, the non-audit services that we provided to Legrand SA and its controlled undertakings during the reporting period that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

- for both firms: comfort letters for a bond issue by private placement;
- for PricewaterhouseCoopers Audit: an assessment of the compliance of the transfer pricing policy documentation;
- for Deloitte et 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 and a certificate on sales.

EMPHASIS OF MATTER

We draw your attention to the matters described the Notes 1.2.1.1 and 3.4 to the consolidated financial statements relating to the impacts of the application of IFRS 16 "Leases" since January 1, 2019. Our opinion is not modified in respect of these matter.

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 relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Recoverable value of goodwill and trademarks with indefinite useful lives

Description of risk

At December 31, 2019, the net carrying amount of Group's intangible assets were chiefly composed of trademarks with indefinite useful lives (€1.408 million) and goodwill broken down by geographical area (€4.566 million).

There is a risk of impairment due to changes in the internal or external factors affecting some of 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, the mid-term profitability, 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.

The method for grouping the CGUs in order to perform impairment tests implies furthermore Group management judgements.

In light of the Group's external growth strategy, we deemed the measurement of the value in use of some 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 assessed the consistency with management monitoring and pertinence of the approach taken by management in terms of grouping the relevant CGUs. We adjusted our audit strategy to take into account our assessment of the risk of impairment, which varies depending on the CGU.

Our valuation 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, the Group management budgets 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 evaluation of goodwill and trademarks with indefinite useful lives and the underlying assumptions.

SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information presented in the Group management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the management report includes the consolidated non-financial information statement required under article L.225-102-1 of the French Commercial Code. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Legrand SA by the Ordinary General Meetings of Shareholders held on December 21, 2005 for Deloitte & Associés and June 6, 2003 for PricewaterhouseCoopers Audit.

At December 31, 2019, Deloitte & Associés and PricewaterhouseCoopers Audit were in the fifteenth and seventeenth consecutive year of their engagement, respectively. For both firms, this is the fourteenth year since the Company's securities were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are 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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects 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, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

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 as a whole are free of 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 taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted 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 in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be 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 the internal control procedures 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;
- 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;
- assess 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 the audit report. However, future events or conditions may cause the Company 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 the 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 assess whether these 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 the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

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 any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute 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) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-la Défense, February 21, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	**Deloitte et Associés**
Camille Phelizon	Jean-François Viat

8.3 - STATUTORY AUDITORS' FEES

	PricewaterhouseCoopers Audit				Deloitte & Associés			
	Amount in euros excluding taxes		*%*		*Amount in euros excluding taxes*		*%*	
	2019	2018	2019	2018	2019	2018	2019	2018
Audit services								
Statutory audit, certification and review of the parent company and consolidated financial statements	1,999,926	1,866,946	88%	88%	2,769,774	2,429,961	88%	89%
Of which								
■ Issuer	335,951	322,106	15%	15%	398,981	322,106	13%	12%
■ Fully consolidated subsidiaries	1,663,975	1,544,840	74%	73%	2,370,793	2,107,855	75%	77%
Other work and services directly related to the statutory audit assignment*	28,534	66,898	1%	3%	119,911	87,800	4%	3%
Of which								
■ Issuer	23,000	22,000	1%	1%	88,800	87,800	3%	3%
■ Fully consolidated subsidiaries	5,534	44,898	0%	2%	31,111	0	1%	0%
SUB-TOTAL, AUDIT	**2,028,460**	**1,933,844**	**90%**	**92%**	**2,889,685**	**2,517,761**	**91%**	**92%**
Other services provided by networks to fully consolidated subsidiaries								
Legal, tax, social security	233,481	177,865	10%	8%	269,265	209,734	9%	8%
Other	0	0	0%	0%	0	0	0%	0%
SUB-TOTAL, OTHER	**233,481**	**177,865**	**10%**	**8%**	**269,265**	**209,734**	**9%**	**8%**
TOTAL	**2,261,941**	**2,111,709**	**100%**	**100%**	**3,158,950**	**2,727,495**	**100%**	**100%**

** These services mainly concern work conducted in connection with certain acquisitions.*

8

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 in a Shareholders' General Meeting. 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 2016, 2017 and 2018 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 allowance provided for in Article 158(3)(2) of the French General Tax Code**	**Not eligible for the 40% income tax allowance provided for in Article 158(3)(2) of the French General Tax Code**
2016	266,508,331 shares with a par value of €4 each	€1.19 *	€0.79	€0.00
2017	267,316,360 shares with a par value of €4 each	€1.26 **	€0.93	€0.00
2018	266,464,962 shares with a par value of €4 each	€1.34***	€0.79	€0.00

** Since €0.40 of the dividend distributed for the 2016 financial year constitutes, for tax purposes, a repayment of paid-in capital as defined by Article 112(1)(1) of the French General Tax Code, this sum is not considered as distributed income for tax purposes.*

*** Since €0.33 of the dividend distributed for the 2017 financial year constitutes, for tax purposes, a repayment of paid-in capital as defined by Article 112(1)(1) of the French General Tax Code, this sum is not considered as distributed income for tax purposes.*

**** Since €0.55 of the dividend distributed for the 2018 financial year constitutes, for tax purposes, a repayment of paid-in capital as defined by Article 112(1)(1) of the French General Tax Code, this sum is not considered as distributed income for tax purposes.*

Subject to approval by shareholders in the Shareholders' General Meeting to be held on May 27, 2020, the Company will distribute a dividend of €1.34 per share[(1)] for the 2019 financial year, on June 3, 2020.

[(1)] For more information on the composition of the dividend, please refer to resolution 3 of the draft resolutions and to the Presentation of the agenda for the Annual Shareholders' Meeting of May 27, 2020 in Appendix 4 of this document.

8.5 - LEGAL AND ARBITRATION PROCEEDINGS

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, including complaints and legal action concerning pollution of groundwater and soil caused by emissions and discharges of hazardous substances and waste. New information or future developments, such as changes in the law (or in its interpretation), environmental conditions or Legrand's operations could, however, result in increased environmental costs and liabilities that could have a material impact on Legrand's results or financial position.

Legrand is involved in various 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.

8.6 - MATERIAL CHANGES IN THE COMPANY' S FINANCIAL OR TRADING POSITION

At the date of publication of this universal registration document, there have been no material changes in Legrand's financial or trading position since the publication of the 2019 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 relating to acquisitions, disposals or financing operations mentioned in this universal 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 universal 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, that 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, material commitments and guarantees have been granted by Legrand or its subsidiaries. All these off-balance sheet commitments are set out in Note 5.3 to the consolidated financial statements in this universal registration document.

8.8 - CAPITAL EXPENDITURE

8.8.1 - Capital expenditure and capitalized development costs

Capital expenditure and capitalized development costs totaled €202.2 million in 2019 (€184.3 million in 2018 and €178.2 million in 2017), representing 3.1% of the Group's consolidated sales (3.1% in 2018 and 3.2% in 2017). See sections 5.5.1.2 and 5.6 of this universal 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 2019

Legrand continued its acquisitions strategy at a steady pace in 2019, announcing the following three acquisitions:

- the Group acquired Universal Electric Corporation, the US leader in busways. Universal Electric Corporation reports annual sales of over $175 million;
- the Group acquired Connectrac, an innovative US company specializing in over-floor power and data distribution for new construction and renovation of commercial buildings. Connectrac reports annual sales of around $20 million;
- the Group acquired Jobo Smartech, a leading Chinese provider of connected management solutions for China's hotel segment. Jobo Smartech generates annual sales of over €10 million.

8.8.2.2 THE GROUP'S PRIMARY ACQUISITIONS IN 2018 AND 2017

During the 2018 financial year, Legrand made the following seven acquisitions:

- the Group acquired a majority stake in Modulan in Germany, which specializes in custom cabinets for datacenters. Modulan has annual sales of approximately €8 million;
- the Group acquired GemNet in the United Arab Emirates, which specializes in UPSs. GemNet has annual sales of approximately €4 million;
- the Group acquired Shenzhen Clever Electronic, a leading Chinese producer of smart PDUs for datacenters. Shenzhen Clever Electronic has annual sales of approximately €24 million;
- the Group acquired a majority stake in Debflex, a leading French producer of electrical equipment for the DIY segment. Debflex has annual sales of approximately €35 million;
- the Group acquired Netatmo, a leading French producer of connected objects for the home, and in which the Group had already owned a minority stake since 2015. Netatmo has annual sales of approximately €51 million;
- the Group acquired Kenall, a leading US producer of lighting solutions for specialist applications and critical non-residential environments (public buildings and infrastructure). Kenall has annual sales of approximately $100 million; and
- the Group acquired Trical, a leading New Zealand-based producer of electrical and digital distribution boards and cabinets for residential and commercial buildings. Trical has annual sales of close to €6 million.

During the 2017 financial year, Legrand announced the following six 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 datacenters, 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. In 2016, Milestone generated sales of $464.1 million; and
- the Group acquired Server Technology Inc., a leading US player in smart power distribution units (PDUs) for datacenters. Server Technology Inc. has annual sales of around $100 million.

8.8.3 - The Group's primary acquisitions in 2019 and principal investments in process

In 2020, the Group plans to pursue its strategy of targeted, value-creating acquisitions and has announced the following transaction:

- the Group has acquired Focal Point, front-runner in the United-States for specification-grade architectural lighting for non-residential buildings. Focal Point has annual sales of more than $200 million.

9 ADDITIONAL INFORMATION

9.1 - INFORMATION ABOUT THE COMPANY

9.1.1 - Company name

The Company's name is "Legrand".

The trade name and corporate name are identical.

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. Its Legal Entity Identifier is 969500XXRPGD7HCAFA90.

9.1.3 - Date and duration of incorporation

The Company was initially incorporated on December 22, 1998 in the form of a *société anonyme* (public limited company). It was transformed into a *société par actions simplifiée* (simplified joint-stock corporation) by an Extraordinary Shareholders' General Meeting 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 a further extension takes place.

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

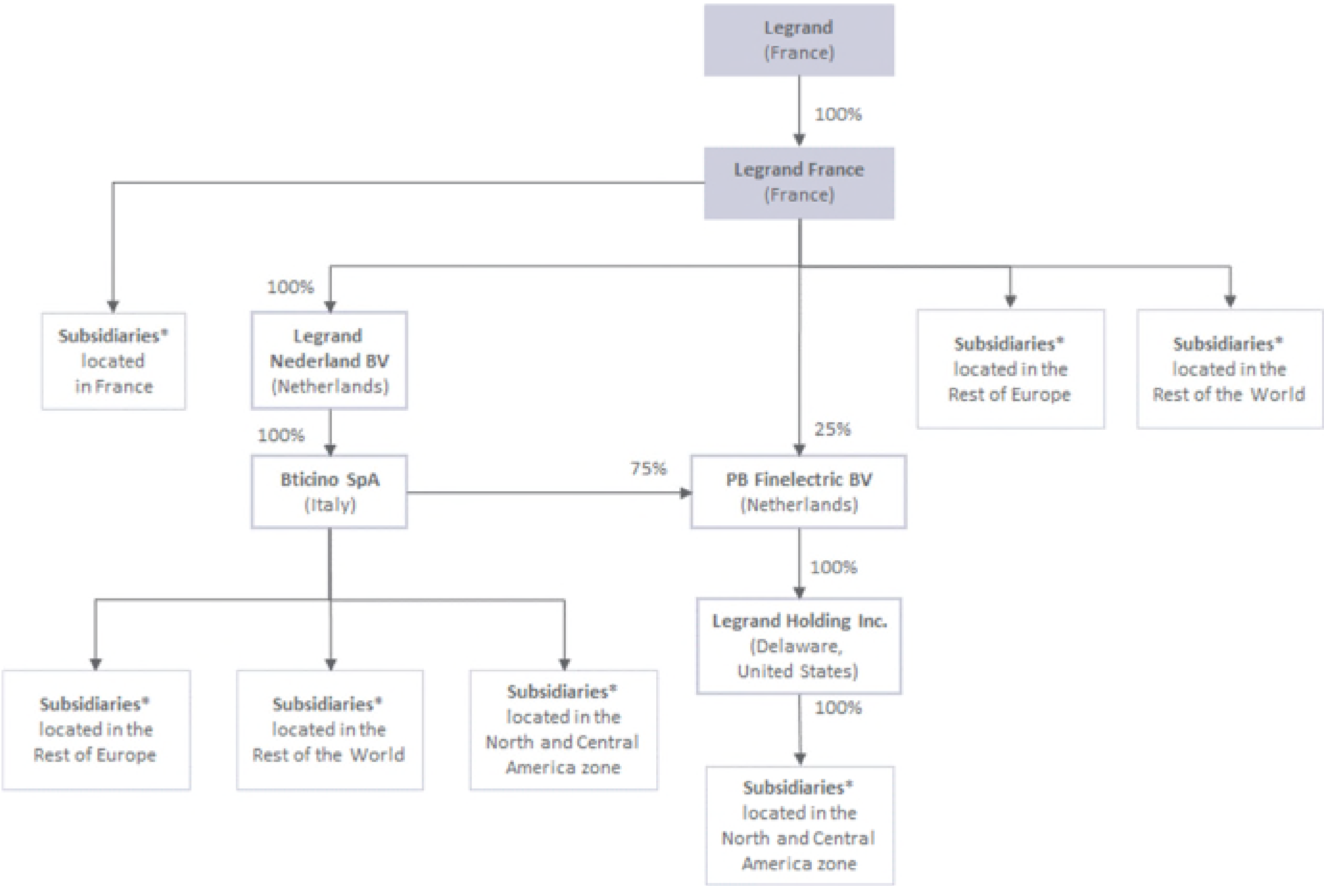
The Company is a *société anonyme* with a Board of Directors. The Company is mainly governed by the provisions of Book II of the French Commercial Code.

9.1.6 - Website

The website of the Company is the following: https://legrandgroup.com.

It is specified that the information available on this website are not an integral part of the universal registration document.

9.1.7 - Simplified organizational chart



* *Subsidiaries are directly or indirectly owned*

9.1.8 - Subsidiaries

The Group comprises the Company and the 200 subsidiaries that it controls; the main subsidiaries are mentioned in the consolidated financial statements presented in Chapter 8 (Note 1.3.1) of this universal registration document. All of the Legrand Group's main subsidiaries are fully consolidated.

The Company is the parent company of the Legrand Group. Its main business consists of providing general management and financial services to manage the Group's operations. Readers are invited to read (i) section 7.4 of this universal 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 shareholders' general meetings, and is subject to the local laws and regulations applicable to them. At the date of this universal registration document, Legrand had not identified any restrictions that would significantly limit its access to its subsidiaries' cash flows, or to the dividends distributed by those subsidiaries.

The main subsidiaries that hold equity interests in the Group are:

BTICINO SPA (ITALY)

Bticino SpA is a public limited company incorporated in Italy, with its registered office at Viale Borri 231, 21100 Varese. Bticino SpA's main activity is designing, manufacturing and marketing electrical products and systems. Bticino SpA joined the Group 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 société anonyme (public limited company) incorporated in France, registered in the Limoges Trade and Companies Register under number 758 501 001, and has its registered office at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges. Legrand France's main activity is designing and manufacturing 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 a company incorporated in the United States, registered in Delaware, with its registered office at 60 Woodlawn Street, West Hartford, CT 06110. Legrand Holding Inc.'s main activity is taking equity stakes in other companies. Legrand Holding Inc. was formed on July 18, 1984 and joined the Group 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 incorporated in the Netherlands, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. Legrand Nederland BV's main activity is manufacturing and marketing metal cable trays. Legrand Nederland BV was formed and joined the Group 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 incorporated in the Netherlands, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. PB Finelectric BV's main activity is taking equity stakes in other companies. PB Finelectric BV was formed and joined the Group 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 accurate as at December 31, 2019.

9.2.1 - Subscribed share capital and share capital authorized but not issued

Taking into account the number of shares as at December 31, 2019, the Company's share capital amounts to €1,069,104,512, divided into 267,276,128 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 in individual shareholder accounts in accordance with applicable laws and regulations.

9.2.1.1 FINANCIAL GRANTS OF AUTHORITY AND AUTHORIZATIONS CURRENTLY IN FORCE

At the date of this universal registration document, the Company's Board of Directors held the following financial authorizations from the shareholders at the Shareholders' General Meetings:

Authorizations and grants of authority by shareholders in General Meeting	Duration of the authority/ Expiry date	Terms and conditions of the authority	Use of the authority during the 2019 financial year
	Shareholders' General Meeting of May 30, 2018		
Authorization to allot existing or new shares free of charge to employees and/or corporate officers (resolution 17)	18 months July 30, 2021	Limit: 1.5% of the share capital at the date of the allotment decision	617,818 shares
Issues of shares or complex securities, with preferred subscription rights maintained (resolution 18)	26 months July 30, 2020	Total nominal amount of capital increases pursuant to this grant of authority: 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 that may be issued pursuant to this grant of authority: 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 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 grant of authority: 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 grant of authority: 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)	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 20)	26 months July 30, 2020	Total nominal amount of capital increases pursuant to this grant of authority: 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) Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this grant of authority: 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)	Nil
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 initial issue 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	Nil
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 grant of authority: 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 authorities or authorizations granted by the Shareholders' General Meeting of May 30, 2018	Nil

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 grant of authority: 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)	Nil
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 grant of authority: 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 grant of authority: 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)	Nil
Shareholders' General Meeting of May 29, 2019			
Authorization for the purpose of allowing the Company to trade its own shares (resolution 10)	18 months November 30, 2020	Limit: 10% of the share capital at May 29, 2019 Maximum amount allocated : €1,000 million Maximum purchase price per share : €90	83,002,566 €
Authorization to reduce the share capital by cancellation of shares (resolution 12)	18 months November 30, 2020	Limit: 10% of the share capital at May 29, 2019	Nil

9.2.1.2 FINANCIAL GRANTS OF AUTHORITY AND AUTHORIZATIONS SUBMITTED TO THE COMBINED ANNUAL AND EXTRAORDINARY GENERAL MEETING OF MAY 27, 2020

At the Shareholders' General Meeting to be held on May 27, 2020, shareholders will be asked to renew the following financial authorizations and grants of authority (see the draft resolutions in Appendix 4 of this universal registration document):

Authorization/grant of authority	Duration and expiry date	Terms and conditions of the authority/Maximum nominal amount
Authorization for the purpose of allowing the Company to trade its own shares (resolution 15)	18 months November 27, 2021	Limit: 10% of the share capital at May 27, 2020 Maximum amount allocated : €1,000 million Maximum purchase price per share : €90
Authorization to reduce the share capital by cancellation of shares (resolution 21)	18 months November 27, 2021	Limit: 10% of the share capital at May 27, 2020
Issues of shares or complex securities, with preferred subscription rights maintained (resolution 22)	26 months July 27, 2022	Total nominal amount of capital increases pursuant to this grant of authority: 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 that may be issued pursuant to this grant of authority: 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 23)	26 months July 27, 2022	Total nominal amount of capital increases pursuant to this grant of authority: may not exceed €100 million (this nominal amount is included in the nominal limit of €100 million set by resolution 24 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this grant of authority: may not exceed €1 billion (this amount is included in the limit of €1 billion set by resolution 24 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 24)	26 months July 27, 2022	Total nominal amount of capital increases pursuant to this grant of authority: 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 23 and in the Overall Capital Increase Limit) Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to this grant of authority: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by resolution 23 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 25)	26 months July 29, 2022	Deadline: within thirty days from the closing date for subscriptions Limit: 15% of initial issue 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 22, 23 or 24
Capital increase through incorporation of reserves, profits, premiums or other items (resolution 26)	26 months July 27, 2022	Total nominal amount of capital increases pursuant to this grant of authority: 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 authorities or authorizations granted by the Shareholders' General Meeting of May 27, 2020
Issues of shares or complex securities for members of the Company or Group employee share-ownership program, without preferred subscription rights (resolution 27)	26 months July 27, 2022	Total nominal amount of capital increases pursuant to this grant of authority: may not exceed €25 million (this amount is included in the nominal limit of €100 million set by resolutions 23 and 24 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 28)	26 months July 27, 2022	5% of the share capital at the issue date Total nominal amount of capital increases pursuant to this grant of authority: 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 grant of authority: may not exceed €1 billion (this total nominal amount is included in the limit of €1 billion set by resolutions 23 and 24 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 29, 2019

The Company implemented a share buyback program pursuant to the authorization described below and granted to the Board of Directors at the Shareholders' General Meeting on May 29, 2019:

Transaction	Term of authorization and expiry date	Maximum amount *(in millions of euros)*	Maximum number of shares
Share buyback program (resolution 10)	18 months November 30, 2020	1,000	10% of the Company's share capital at May 29, 2019

The Company has purchased a certain number of its shares pursuant to this share buyback program and previous programs.

During 2019, the Company purchased a total of 1,527,922 shares at a total cost of €98,155,309 (€15,152,743 under the share buyback program implemented pursuant to the authorization granted by the Board of Directors at the Shareholders' General Meeting on May 30, 2018, and €83,002,566 under the share buyback program implemented pursuant to the authorization granted to the Board of Directors at the Shareholders' General Meeting on May 29, 2019), and sold 1,838,528 shares for a total of €116,879,319, under the liquidity agreement entered into with Kepler Cheuvreux on May 29, 2007. The terms of this agreement comply AMF decision 2018-1 establishing liquidity contracts under normal market practice, which entered into force on January 1, 2019.

At December 31, 2019, the balance of the liquidity agreement stood at 39,613 shares. An impairment loss of €12,056.90 was recognized in relation to the liquidity agreement.

Aside from the liquidity agreement, the company bought back 600,000 shares for a total of €36,538,032 and an average price of €60.90 per share, with transaction fees amounting to €124,229.

The Company transferred 331,335 shares to employees under performance share plans. It also cancelled 550,000 shares.

At December 31, 2019, the Company held 313,406 shares with a nominal value of €4 each or a total of €1,253,624, equal to 0.12% of its share capital. Valued at cost at the time of purchase, the total value of these shares is €19,614,935.

Description of the current share buyback program

The full description of the current share buyback program is available on the Company's website (www.legrandgroup.com).

9.2.2.2 NEW SHARE BUYBACK PROGRAM TO BE SUBMITTED FOR APPROVAL AT THE SHAREHOLDERS' GENERAL MEETING

The draft resolutions adopted by the Company's Board of Directors on March 19, 2020 for submission to shareholders at the Shareholders' General Meeting on May 27, 2020 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 universal registration document.

9.2.3 - Other securities giving access to equity

At the date of registration of this universal registration document there are no securities, other than shares, giving access to the Company's equity.

9.2.4 - Changes in share capital

In 2019, the Company's share capital was increased by a total nominal amount of €1,323,916 by the issue of 330,979 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/ Shareholders' 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	12/8/2002	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	2/24/2006	569,513,175	0	0	759,350,900	189,837,725	4
Capital increase by way of a public offering	4/11/2006	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	4/11/2006	33,862,914	135,451,656	533,340,895	1,069,559,748	267,389,937	4
Capital increase reserved for employees	5/2/2006	2,303,439	9,213,756	36 279 164[1]	1,078,773,504	269,693,376	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	11/7/2007	1,282,363	5,129,452	0	1,083,902,956	270,975,739	4
Cancellation of shares	3/5/2008	9,138,395	36,553,580	(188,280,771)	1,047,349,376	261,837,344	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	11/5/2008	977,784	3,911,136	0	1,051,260,512	262,815,128	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	5/5/2009	281,551	1,126,204	185,334	1,052,386,716	263,096,679	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	5/5/2010	57,916	231,664	92,665	1,052,618,380	263,154,595	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/9/2011	6,751	27,004	107,568	1,052,645,384	263,161,346	4
Recognition of capital increase resulting from the vesting of performance shares	3/30/2011	120,635	482,540	0	1,053,127,924	263,281,981	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/8/2012	107 014[2]	428,056	2,239,881	1,053,555,980	263,388,995	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/13/2013	985 880[3]	3,943,520	17,963,560	1,057,499,500	264,374,875	4

Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/12/2014	1 215 642[4]	4,862,568	18,523,223	1,062,362,068	265,590,517	4
Cancellation of shares	5/27/2014	800,000	3,200,000	(34,262,266)	1,059,162,068	264,790,517	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/11/2015	1 567 098[5]	6,268,392	27,316,941	1,065,430,460	266,357,615	4
Cancellation of shares	5/6/2015	400,000	1,600,000	(16,810,653)	1,063,830,460	265,957,615	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/10/2016	972 987[6]	3,891,948	16,181,903	1,067,722,408	266,930,602	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/8/2017	396 772[7]	1,587,088	6,742,723	1,069,309,496	267,327,374	4
Cancellation of shares	2/8/2017	1,300,000	5,200,000	(57,387,122)	1,064,109,496	266,027,374	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/7/2018	778 377[8]	3,113,508	13,799,162	1,067,223,004	266,805,751	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/13/2019	689 398[9]	2,757,592	10,411,795	1,069,980,596	267,495,149	4
Cancellation of shares	2/13/2019	550,000	2,200,000	(32,734,305)	1,067,780,596	266,945,149	4
Recognition of capital increase through the issuance of shares resulting from the exercise of stock options	2/12/2020	330 979[10]	1,323,916	5,005,270	1,069,104,512	267,276,128	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 stock options, 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 stock options.

(4) These 1,215,642 new shares were actually issued in 2013 following the exercise of stock options.

(5) These 1,567,098 new shares were actually issued in 2014 following the exercise of stock options.

(6) These 972,987 new shares were actually issued in 2015 following the exercise of stock options. An 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 stock options. An 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 stock options. An issue premium of €106,459,672.80 was also distributed in 2017.

(9) These 689,398 new shares were actually issued in 2018 following the exercise of stock options. An issue premium of €146,935,887.64 was also distributed in 2018.

(10) These 330,979 new shares were actually issued in 2019 following the exercise of stock options. An issue premium of €146,768,602.04 was also distributed in 2019.

9.2.5 - Pledges, guarantees and security interests

At the date this universal 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, 2019, the Company's share capital consisted of 267,276,128 shares corresponding to 267,276,128 theoretical voting rights and 266,962,722 exercisable voting rights, excluding shares held in treasury, 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;
- the provision of 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 universal registration document (Corporate governance).

9.3.3 - Rights, privileges and restrictions attached to shares

The Company's 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 Shareholders' General Meeting 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, calls to pay up the shares, at the dates determined by the Board of Directors, will be made by way of notices inserted, two weeks prior to the 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 a 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 with respect 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 beneficial owner at the Ordinary

General Meetings, and to the legal 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 Shareholders' 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 number required do not entitle their owner to any rights over the Company. In this case, shareholders shall be personally responsible for purchasing, selling or assembling the number of shares or voting rights required.

The Company monitors the composition of its ownership structure 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 in its Shareholders' General Meetings.

9.3.4 - Amendment of the rights attached to shares

Where the Company's articles 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 IN SHAREHOLDERS' GENERAL MEETINGS

Subject to legal and regulatory restrictions, any shareholder has the right to attend Shareholders' General Meetings and to participate in the deliberations, either personally or through a proxy, regardless of the number of shares held.

The right to attend Shareholders' General Meetings, 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 remotely or by proxy must have filed a proxy voting form, remote 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 Shareholders' 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 remote 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 SHAREHOLDERS' GENERAL MEETINGS

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 SHAREHOLDERS' GENERAL MEETINGS

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 Shareholders' General Meeting via videoconferencing 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 SHAREHOLDERS' GENERAL MEETINGS

The Ordinary and Extraordinary Shareholders' General Meetings, voting under 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 ownership 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 controlled company 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 four trading days from the date the threshold is crossed, independently of the date on which the shares might have been registered in any account, and must specify the total number of shares and securities giving access 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% of 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 2% of the share capital or voting rights , which request shall be recorded in the minutes of a Shareholders' General Meeting, 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 Shareholders' General Meeting 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 Shareholders' General Meeting may also decide to carry out stock splits or reverse splits.

9.4 - IDENTITY OF PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND AUDITING THE FINANCIAL STATEMENTS

9.4.1 - Person responsible for the universal registration document

NAME AND POSITION OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL 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 UNIVERSAL REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL STATEMENT

"I hereby certify, having taken all reasonable care in this regard, that the information contained in this universal 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."

Benoît Coquart

Chief Executive Officer

INCORPORATION BY REFERENCE

This universal registration document incorporates by reference the Company's consolidated financial statements for the year ended December 31, 2017 and the related Statutory Auditors' report, as presented on pages 226 to 271 and pages 272 to 275 of the 2017 registration document filed with the AMF on April 6, 2018 under number D. 18-0292 (available on the Company's website https://legrandgroup.com/en/investors-and-shareholders/annual-report-and-registration-document/2017) as well as the Company's consolidated financial statements for the year ended December 31, 2018 and the related Statutory Auditors' report, as presented on pages 252 to 301 and pages 302 to 305 of the 2018 registration document filed with the AMF on April 10, 2019 under number D. 19-0306 (available on the Company's website https://legrandgroup.com/en/investors-and-shareholders/annual-report-and-registration-document/2018).

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 Camille Phelizon
Crystal Park, 63, rue de Villiers
92208 Neuilly-sur-Seine

Appointed Deputy Statutory Auditors by the Shareholders' 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 Shareholders' General Meeting of May 27, 2010 for a term of six years and by the Shareholders' General Meeting of May 27, 2016. This appointment expires at the end of the Shareholders' General Meeting convened to vote on the financial statements for the year ended December 31, 2021.

Deloitte & Associes

Member of the Compagnie régionale
des Commissaires aux comptes de Versailles
(Versailles Regional Body of Statutory Auditors)

Représenté par Jean François Viat
6, place de la Pyramide
92908 Paris-la-Défense-Cedex

Appointed Principal Statutory Auditor at the Shareholders' General Meeting of December 21, 2005, and re-appointed Principal Statutory Auditor by the Shareholders' General Meeting of May 26, 2011 for a term of six financial years and by the Shareholders' General Meeting of May 31, 2017. This appointment expires at the end of the Shareholders' 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
92208 Neuilly-sur-Seine

Appointed Deputy Statutory Auditor at the Shareholders' General Meeting of May 27, 2016 for a term of six years. This appointment expires at the end of the Shareholders' General Meeting convened to vote on the financial statements for the year ended December 31, 2021.

9.4.3 - Financial disclosure policy

PERSON RESPONSIBLE FOR FINANCIAL DISCLOSURES

Mr Franck Lemery

Chief Financial Officer

Address: 128 avenue du Maréchal de Lattre de Tassigny, 87045 Limoges Cedex

Telephone: +33 (0)5 55 06 87 87

Fax: +33 (0)5 55 06 88 88

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 2020 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, 2020, is expected to be as follows:

- 2020 first-quarter results: May 7, 2020

  "Quiet period[(1)]" starts April 7, 2020
- General Meeting of Shareholders: May 27, 2020
- Ex-dividend date: June 1, 2020
- Dividend payment: June 3, 2020
- 2020 first-half results: July 31, 2020

  "Quiet period[(1)]" starts July 1, 2020
- 2020 nine-month results: November 5, 2020

  "Quiet period[(1)]" starts October 6, 2020

[(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 AMF'S GENERAL REGULATION)

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	336-353
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	247-299
I.3	Management Report containing at least the information referred to in articles L. 225-100, L. 255-100-3 and the second paragraph of article L. 225-211 of the French Commercial Code	Appendix 2	354-377
	Management Report containing information referred to in article L. 225-100-2 of the French Commercial Code	Chapter 5	146-165
I.4	Statement made by the natural persons taking responsibility for the Annual Financial Report	9.4.1	322
I.5	Statutory Auditors' reports on the annual financial statements	Appendix 3	378-381
	Statutory Auditors' report on the consolidated financial statements	8.2	300-303

CROSS-REFERENCE TABLE – EUROPEAN COMMISSION REGULATION (EC) 809/2004 OF APRIL 29, 2004

Commission Delegated Regulation (UE) 2019/980 of 14 March 2019 supplementing Regulation (UE) 2017/1129 of 14 June 2017 – Annexes 1 and 2		Universal Registration Document	
No.	**Item**	**Reference**	**Page(s)**
1	**Persons responsible, third party information, experts' reports and competent authority approval**		
1.1	Persons responsible for the information in the Registration Document	9.4.1	322
1.2	Statement of the persons responsible for the Registration Document	9.4.1	322
1.3	Information about the persons having produced a statement or a report	9.4.1	322
1.4	Statement that this information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading	N/A	-
1.5	Statement that the Registration Document has been filed with the AMF as competent authority		3
2	**Statutory Auditors**		
2.1	Names and addresses of the issuer's Statutory Auditors	9.4.2	323
2.2	Statutory Auditors that have resigned, been removed or not been re-appointed during the period covered by the historical financial information	N/A	-
3	**Risk factors**	**Chapter 3**	**49-64**
4	**Information about the issuer**		
4.1	Legal and commercial name of the issuer	9.1.1	310
4.2	Place of registration of the issuer, its registration number and legal entiy identifier (LEI)	9.1.2	310
4.3	Date of incorporation and length of life of the issuer	9.1.3	310
4.4	Registered office and legal form of the issuer, legislation under which the issuer operates, country of incorporation, address and telephone number of its registered office and website of the issuer	9.1.4, 9.1.5 and 9.1.6	310

5	**Business overview**		
5.1	Principal activities	2.1.1.3	31-34
5.1.1	Nature of the issuer's operations and its principal activities	2.1	26-34
5.1.2	Significant new products and/or services that have been introduced	2.1.1.3	31-34
5.2	Principal markets in which the issuer competes	2.1 and 2.2.2	26-34 et 37-39
5.3	Important events in the development of the issuer's business	2.1.2	34
5.4	Stategy and objectives of the issuer, both financial and non-financial	Chapter 1	5-23
5.5	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	36, 37-38 et 47-48
5.6	Basis for any statements made by the issuer regarding its competitive position	2.4.4	48
5.7	Investments		
5.7.1	Description of the issuer's material 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	158, 306 et 307
5.7.2	Description of the issuer's material investments that are in progress or for which firm commitments have been made	N/A	
5.7.3	Joint ventures and undertakings likely to have a significant effect on the assessment of the assets and liabilities, financial position or profit and losses of the issuer	2.2.2.2	39
5.7.4	Environmental issues that may affect the issuer's utilisation of its tangible fixed assets	N/A	
6	**Organizational structure**		
6.1	Description of the Group and the issuer's position within the Group	9.1.7 and 9.1.8	311 et 312
6.2	List of the issuer's significant subsidiaries	9.1.7, 9.1.8 et 8.1.6 (note 1.3)	311, 312 et 258-259
7	**Operating and financial review**		
7.1	Financial condition		
7.1.1	Development and performance of the issuer's business and of its position, including both financial and, where appropriate, non-financial Key Performance Indicators, for each year and interim period for which historical financial information is required	Chapter 1	5-23
7.1.2	a) issuer's likely future development b) activities in the field of R&D	Chapter 1 and 2.2.2.1.1.	05-23 et 37-38
7.2	Operating results		
7.2.1	Significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's operating results	5.3 and 5.4	148-151et 152-156
7.2.2	Reasons for material changes in net sales or revenues	5.3 and 5.4	148-151et 152-156
8	**Capital resources**		
8.1	Information about the issuer's capital resources (both short term and long term)	5.5	157-158
8.2	Sources, amounts and description of the issuer's cash flows	5.5.1 and 8.1.4	157 et 250
8.3	Information of the borrowing requirements and funding structure of the issuer	5.5.2	158
8.4	Information on 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	157-158
8.5	Information on the anticipated sources of funds needed to fulfill commitments referred to in item 5.7.2	N/A	-
9	**Regulatory environment**	N/A	-
10	**Trend information**		
10.1	a) most significant recent trends 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 b) significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of the Registration Document, or provide an appropriate negative statement	5.12	160-161

10.2	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	N/A	-
11	**Profit forecasts or estimates**		
11.1	Profit forecast or profit estimate, if any, information on whether the latter is still outstanding or no longer valid and state, if applicable, why such forecast or estimate is no longer valid	N/A	-
11.2	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	N/A	-
11.3	Statement that the profit forecast or estimate has been compiled and prepared on a basis which is both comparable with the historical financial information and consistent with the issuer's accounting policies	N/A	-
12	**Administrative, Management and Supervisory bodies and senior management**		
12.1	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, (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 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 with unlimited liability at any time in the previous five years, (indiquer également si elle a toujours, ou non, cette qualité). Il n'est pas nécessaire de dresser la liste de toutes les filiales de l'émetteur au sein desquelles la personne est aussi membre d'un organe d'administration, de direction ou de surveillance **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 **d)** detail of any criminal conviction and/or official public sanction handed down to 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 the affairs of any issuer for at least the previous five years. Statement that no information should be disclosed.	6.1.1 and Appendix 3 to the Management Report	168-183 et 366-377
12.2	Conflicts of interest at the level of the administrative, management and supervisory bodies and senior management	6.1.1.1	171
13	**Compensation and benefits**		
13.1	Amount of compensation paid and benefits in kind granted to persons identified in item 12.1 by the issuer and its subsidiaries	6.2	198-238
13.2	Total sums set aside or otherwise recognized by the issuer or its subsidiaries for the provision of pension, retirement or other benefits	8.1.6 (note 5.2)	296
14	**Board practices**		
14.1	Expiration date of the current term of office and period during which the person served in that office	6.1.1	168-183
14.2	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	197
14.3	Information about the issuer's Audit Committee and Compensation Committee	6.1.3	185-194
14.4	Statement as to whether or not the issuer complies with its country of incorporation's corporate governance regime	6.1	167-197
14.5	Potential material impacts on the corporate governance, including future changes in the Board and committees composition (in so far as this has been already decided)	6.1	167-197
15	**Employees**		
15.1	Number of employees at the end of the period or the average for each financial year over 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	133-138

15.2	Shareholdings and stock options	6.1.1, 6.2.2.1 and 7.2	168-183, 211-219 et 239-240
15.3	Agreement providing for employees to own a stake in the issuer's equity	7.2 and 7.3	242-243 et 244
16	**Principal shareholders**		
16.1	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 that 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	240
16.2	Different voting rights, or an appropriate negative statement	9.3.3	319-320
16.3	Direct or indirect ownership or control of the issuer and measures in place to ensure that such control is not abused	7.1	240-241
16.4	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	241
17	**Related party transactions**	**7.4 and 8.1.6 (note 5.2)**	**245 et 296**
18	**Financial information**		
18.1	Historical financial information		
18.1.1	Audited historical financial information covering the latest three financial years and the corresponding audit reports	8.1-8.2 and 9.4.1	247-303 and 322
18.1.2	Change of accounting reference date	N/A	-
18.1.3	Accounting standards	8.1.6. (note 1.2)	255-257
18.1.4	Change of accounting framework	N/A	-
18.1.5	Balance sheet, income statement, changes in equity, cash flow statement, accounting policies and explanatory notes	Chapter 8	246-308
18.1.6	Consolidated financial information	8.1.1 et 8.1.5	247-252
18.1.7	Date of latest audited financial information	8.1	247-299
18.2	Interim and other financial information		
18.2.1	Quarterly or half-yearly financial information published since the date of the last audited financial statements and, if any, audit or review report	N/A	-
18.3	Audit of the historical financial information		
18.3.1	Potential qualifications, modifications of opinion, disclaimers or emphasis of matter from the Statutory Auditors	8.2	300-303
18.3.2	Other information in the Registration Document that has been reviewed by the Statutory Auditors	N/A	-
18.3.3	Where financial data in the Registration Document is not extracted from the issuer's audited financial statements, the source of the data and a statement that the data is unaudited	N/A	-
18.4	Pro forma financial information	N/A	-
18.5	Dividend policy		
18.5.1	Policy on dividend distributions and any restrictions thereon	8.4	305
18.5.2	Dividend per share	8.1.6 (note 4.1) and 8.4	275-276 et 305
18.6	Legal and arbitration proceedings	8.5	306
18.7	Material change in the financial position of the issuer	8.6	306
19	**Additional information**		
19.1	Share capital		
19.1.1	Subscribed capital, number of shares authorized, number of shares issued and fully paid and issued but not fully paid, par value per share and reconciliation of the number of shares in issue at the beginning and end of the financial year	9.2.1	312-315

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19.1.2	Shares not representing capital	N/A	-
19.1.3	Number, carrying amount and par value of shares held by the issuer, on its behalf or by its subsidiaries	9.2.2	316
19.1.4	Convertible securities, exchangeable securities or securities with warrants	7.2 and 7.3	242-243 et 244
19.1.5	Information about the terms of any acquisition rights or obligations attached to capital subscribed but not paid up, or about any undertaking to increase the capital	7.2	242-243
19.1.6	Information about any capital of any member of the Group which is subject to an option or a conditional or unconditional agreement to put it under option	N/A	-
19.1.7	Changes in share capital over the period concerned by the historical financial information	9.2.4	316-318
19.2	Memorandum and Articles of Association		
19.2.1	Corporate purpose of the issuer	9.3.1	319
19.2.2	Rights, preferences and restrictions attached to each class of existing shares	9.3.3	319-320
19.2.3	Provisions of the Memorandum and Articles of Association and any charter or rules of the issuer that would have the effect of delaying, deferring or preventing a change in its control	9.3.6	321
20	**Matrial agreements**	**8.7**	**306**
21	**Documents available to the public**	**9.4.3**	**324**

CROSS-REFERENCE TABLE – MANAGEMENT REPORT (INCLUDING CORPORATE GOVERNANCE REPORT)

Management Report No.	Item	Reference text	Reference	Page(s)
Situation and business activities				
	Situation of the Company during the year	L. 232-1 (II) of the French Commercial Code	Management Report, 1.1	354
	Business activity and results of the Company, each subsidiary and the companies it controls by business segment	L. 233-6 of the French Commercial Code	Management Report, 1.1	354
	Objective and complete analysis of changes in the business, results and financial position of the Company and the Group	L. 225-100-1(I)(1) of the French Commercial Code	Management Report, 1.2	354
	Appropriation of earnings	-	Management Report 1.3	354-355
	Internal control and risk management procedures relating to the preparation and processing of financial and accounting information	L. 225-100-1(I)(5) of the French Commercial Code	Management Report, 1.4	355
	Description of the main risks and uncertainties faced by the Company	L. 225-100-1(I)(3) of the French Commercial Code	Management Report, 1.5	355
	Information about the Company's objectives and policy concerning hedging in each main category of transactions for which hedge accounting is used, and about its exposure to price, credit, liquidity and treasury risks	L. 225-100-1(I)(6) of the French Commercial Code	Management Report, 1.6	355
	Description and management of financial risks linked to the effects of climate change	L. 225-100-1(I)(4) of the French Commercial Code	Management Report, 1.7	355
	Material events between the reporting date and the date of preparation of the management report	L. 232-1 (II) of the French Commercial Code	Management Report, 1.8	355
	Forecast changes in the Company's position	L. 232-1 (II) of the French Commercial Code	Management Report, 1.9	355
	Description of existing branches	L. 232-1 (II) of the French Commercial Code	Management Report, 1.10	355
	Research and development activities	L. 232-1 (II) of the French Commercial Code	Management Report, 1.11	355
	Supplier and customer payment timeframes	L. 441-6-1 of the French Commercial Code	Management Report, 1.12	356
	Significant new shareholdings or controlling interests acquired during the financial year in companies whose registered office is in France	L. 233-6 and L. 247-1 of the French Commercial Code	Management Report, 1.13	356
CSR information		L. 225-102-4 of the French Commercial Code	Management Report, 2	356
Report on corporate governance				
	List of appointments and positions held in any company by each of the company officers during the financial year, their nationality, their age and their main role	L. 225-37-4(1) of the French Commercial Code Art. 13.3 of the Afep-Medef Code	Management Report, 3.1	356
	Start and end dates of each director's term of office	Art. 13.3 of the Afep-Medef Code	Management Report, 3.2	356
	Agreements between a corporate officer or shareholder holding more than 10% of the voting rights and a subsidiary (excluding standard agreements)	L. 225-37-4(2) of the French Commercial Code	Management Report, 3.3	356
	Report on the activities of the Board of Directors and its committees	Art. 1.8 and 14.2 of the Afep-Medef Code	Management Report, 3.4	356

Membership of the Board of Directors and its committees	L. 225-37-4(5) of the French Commercial Code	Management Report, 3.5	356
Preparation and organization of the work of the Board of Directors	L. 225-37-4(5) of the French Commercial Code	Management Report, 3.6	356-357
Number of meetings of the Board of Directors and the specialized committes and director attendance rates	Art. 10.1 of the Afep-Medef Code	Management Report, 3.7	357
Assessment of the Board of Directors	Art. 9.3 of the Afep-Medef Code	Management Report, 3.8	357
Independence of directors	Art. 8.5 of the Afep-Medef Code	Management Report, 3.9	357
Description of the diversity policy applied to members of the Board of Directors and the Company's Executive Committee	L. 225-37-4(6) of the French Commercial Code	Management Report, 3.10	357
Limits that the Board of Directors imposes on the powers of the Chief Executive Officer	L. 225-37-4(7) of the French Commercial Code	Management Report, 3.11	357
Procedure for assessing agreements relating to ordinary transactions and formed on an arm's-length basis	L. 225-39 of the French Commercial Code	Management Report, 3.12	357
Reference to a Code of Corporate Governance	L. 225-37-4(8) of the French Commercial Code	Management Report, 3.13	357
Formalities for shareholders' participation in Shareholders' General Meetings	L. 225-37-4(9) of the French Commercial Code	Management Report, 3.14	357
Summary of valid grants of authority to increase the share capital and use made of such authority during the year	L. 225-37-4(3) of the French Commercial Code	Management Report, 3.15	357
Information capable of affecting the outcome of a public offering	L. 225-37-5 of the French Commercial Code	Management Report, 3.16	358-359
Description of the compensation policy for company officers	L. 225-37-2 of the French Commercial Code	Management Report, 3.17	360
Total compensation and benefits of any kind paid to each corporate officer during the financial year	L. 225-37-3 of the French Commercial Code	Management Report, 3.18	360
Presentation of the compensation of company officers compared with the mean compensation of the Company's employees and the change in that ratio over the last five financial years	L. 225-37-3 of the French Commercial Code	Management Report, 3.19	360
Presentation of the compensation of company officers compared with the median compensation of the Company's employees and the change in that ratio over the last five financial years	L. 225-37-3 of the French Commercial Code	Management Report, 3.20	360
Any kinds of commitment made by the Company to its company officers concerning compensation, allowances or benefits payable or likely to be payable as a result of, or subsequent to, taking up or leaving office	L. 225-37-3 of the French Commercial Code	Management Report, 3.21	360
Lock-in requirements for stock options and bonus shares awarded to executives	L. 225-197-1(II) and L. 225-185 of the French Commercial Code	Management Report, 3.22	360
Ownership structure and capital			
Ownership structure and changes during the year	L. 233-13 of the French Commercial Code	Management Report, 4.1	361
Amount of dividends distributed with respect to the past three years, both eligible and non-eligible for the 40% allowance	243 bis of the French General Tax Code	Management Report, 4.2	361
Information on acquisitions and disposals by the Company of its own shares	L. 225-211 of the French Commercial Code	Management Report, 4.3	361-362
Transactions in securities by company officers and similar persons	L. 621-18-2 of the French Monetary and Financial Code	Management Report, 4.4	362

Information about adjustments to conversion terms or terms relating to the subscription or exercise of securities giving access to the capital or stock options	L. 228-99, R. 228-90 and R. 228-91 of the French Commercial Code	Management Report, 4.5	362
Information on adjustments to the number and/or price of shares corresponding to stock options and performance shares	L. 225-181 of the French Commercial Code	Management Report, 4.6	362
Statement of employee share ownership at year-end and proportion of the share capital represented by shares held by employees under the employee share ownership program and by current and former employees through a company mutual fund	L. 225-102 of the French Commercial Code	Management Report, 4.7	362-363
Names, business activities and results of controlled companies and percentage of the share capital held	L. 233-13 of the French Commercial Code	Management Report, 4.8	363
Share disposals to regularize cross-shareholdings	R. 233-19 of the French Commercial Code	Management Report, 4.9	363
Other legal, financial and tax information concerning the Company			
Expenditures on luxuries	223 quater of the French General Tax Code	Management Report, 5.1	363
Add-backs of excessive general expenditure or general expenditure that does not feature in the special statement	223 quinquies of the French General Tax Code	Management Report, 5.2	363
Table of the Company's results over the past five years	R. 225-102 of the French Commercial Code	Management Report, 5.3	363
Loans with a maturity of less than two years granted by the Company	L. 511-6 of the French Monetary and Financial Code	Management Report, 5.4	363

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CROSS-REFERENCE TABLE – FILING OF ANNUAL FINANCIAL STATEMENTS (ARTICLE L. 232-23 OF THE FRENCH COMMERCIAL CODE)

Filing of annual financial statements (article L. 232-23 of the French Commercial Code)	Universal Registration document	
Item	Reference	Page(s)
Statutory Auditors' report on the annual financial statements	Appendix 3	378-381
Annual financial statements	Appendix 1	336-353
Parent company management report	Appendix 2	354-377
Statutory Auditors' report on the consolidated financial statements	8.2	300-303
Consolidated financial statements	8.1	247-299
Group's management report	Chapter 5	146-165

APPENDIX

A

APPENDIX 1

Financial Statements December 31, 2019

Statement of income

(in € thousands)	12 months ended December 31, 2019	12 months ended December 31, 2018
Operating income		
Revenue	24,725	18,592
Other operating income	1,790	1,245
Total operating income	**26,515**	**19,837**
Operating expenses		
Purchases and external charges	(7,996)	(6,525)
Taxes other than on income	(1,098)	(707)
Employee benefits expense	(9,812)	(9,657)
Amortization and provision expense	(2,538)	(1,373)
Other operating expenses	(711)	(656)
Total operating expenses	**(22,155)**	**(18,918)**
Operating profit	**4,360**	**919**
Financial income		
Dividend income	450,007	249,851
Interest income from marketable securities and receivables, net	5,977	5,173
Provision reversals and expense transfers	1,933	0
Exchange gains	0	1
Other financial income	0	0
Total financial income	**457,917**	**255,025**
Financial expense		
Amortization and provision expense	(1,956)	(3,418)
Exchange losses	0	0
Finance costs and other	(39,652)	(41,609)
Total financial expense	**(41,608)**	**(45,027)**
Financial income and expense, net	**416,309**	**209,998**
Recurring profit before tax	**420,669**	**210,917**
Non-recurring income and expense, net	**(3,141)**	**149**
Profit before tax and employee profit-sharing	**417,528**	**211,066**
Employee profit-sharing	(109)	(161)
Income tax benefit	13,944	16,630
Profit for the period	**431,363**	**227,535**

Balance sheet

Assets

(in € thousands)	December 31, 2019	December 31, 2018
Non-current assets		
Intangible assets	0	0
Property, plant and equipment	0	0
Investments	5,004,544	4,613,216
Total non-current assets	**5,004,544**	4,613,216
Current assets		
Receivables	51,632	34,056
Marketable securities	523	238
Cash	502	70
Total current assets	**52,657**	**34,364**
Accruals	**15,567**	**12,455**
Total assets	**5,072,768**	**4,660,035**

Equity and liabilities

(in € thousands)	December 31, 2019	December 31, 2018
Equity		
Share capital	1,069,105	1,069,980
Additional paid-in capital, reserves and retained earnings	631,183	788,441
Profit for the period	431,363	227,535
Untaxed provisions and government grants	0	0
Total equity	**2,131,651**	**2,085,956**
Provisions	**2,737**	**3,911**
Debt		
Other debt	2,921,271	2,520,090
Total debt	**2,921,271**	**2,520,090**
Other laibilities	**17,109**	**50,078**
Accruals	**0**	**0**
Total equity and liabilities	**5,072,768**	**4,660,035**

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Statement of cash flows

(in € thousands)	12 months ended December 31, 2019	12 months ended December 31, 2018
Profit for the period	**431,363**	**227,535**
Adjustments for non-cash movements in assets and liabilities:		
– Changes in depreciation, amortization and impairment of fixed assets	(1,893)	1,933
– Amortization of deferred charges	2,874	2,394
– Changes in provisions for contingencies and charges	(1,173)	(3,876)
– Changes in untaxed provisions	0	0
– Net (gains)/losses on sales of assets	0	0
– Other non cash items	(5,941)	(3,305)
Cash Flow	**425,230**	**224,681**
Changes in working capital requirement:		
– Trade and oyher receivables	10,749	15,960
– Trade and oyher payables	(30,209)	32,992
– Other operating assets and liabilities	(45)	0
Net cash from operating activities	**405,725**	**273,633**
– Net proceeds from sales of fixed and financial assets	0	0
– Decreases in financial assets	0	0
– Acquisitions of financial assets	0	0
– Acquisitions of fixed assets	(43)	(24)
Net cash from investing activities	**(43)**	**(24)**
– Proceeds from issues of share capital and premium	6,329	13,170
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract	(18,636)	(34,866)
– Dividends paid to equity holders of Legrand	(357,063)	(336,818)
– Increase (reduction) in borrowings, including intragroup loans and borrowings	(35,754)	84,839
Net cash from financing activities	**(405,124)**	**(273,675)**
Increase (decrease) in cash and cash equivalents	**558**	**(66)**
Cash and cash equivalents at the beginning of the period	(71)	(5)
Cash and cash equivalents at the end of the period	**487**	**(71)**

Notes to the financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING PRINCIPLES, RULES AND POLICIES

The financial statements have been prepared in accordance with French generally accepted accounting principles, applied consistently from 1 year to the next.

Generally accepted accounting principles have been adopted, in accordance with the conservatism principle and based on the following basic assumptions:

- going concern,
- consistency of accounting methods from one period to the next;
- accrual basis.

and the general rules for preparing and presenting financial statements.

Historical cost is the basic method used to measure items recorded in the financial statements.

1.2 INTANGIBLE ASSETS

Intangible assets correspond to software, which is amortized over a 3-year period. The difference between book amortization and amortization calculated over 12 months for tax purposes is recorded in equity under “Regulated 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 future prospects.

1.4 SHARE BUYBACKS AND LIQUIDITY AGREEMENT

1.4.1 Accounting classification

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 to be granted 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 “Other treasury;
- Shares purchased in connection with a liquidity agreement are also recorded under “Other investments” as “Other 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 accounting period. Impairment is recognized for any unrealized losses. The loss incurred when treasury shares are transferred to employees is recorded under non-recurring expense.

For repurchases shares allocated to stock option or performance share plans, a contingency provision is recorded for the difference between the price at which the treasury shares were granted to employees and their net 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 relating to the plan concerned.

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 in order to be granted 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, assessed on a case-by-case basis.

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 EXPENSES

Deferred expenses represent bond issuance fees. They are amortized over the term of the bonds in question.

1.9 BOND REDEMPTION PREMIUMS

The redemption premiums reported in the balance sheet correspond to the 2012, 2015, 2017, 2018 and 2019 bond issues, described in note 8.2 below. They are 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 income statement.

Obligations relating to defined-benefit plans 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 a discount rate 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 SA’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 13, 2018 and applies for the calculation of the special statutory profit-sharing reserve for the 3 years from 2018 to 2020. The plan covers employees of Legrand SA and also those of Legrand France, Legrand SNC, Alpes Technologies, Cofrel, Ura, Planet-Wattohm, Intervox Systèmes, Legrand Cable Management, Legrand Énergie Solutions and Legrand Data Center Solutions.

Legrand SA also signed a 3-year discretionary profit-sharing agreement on June 13, 2018 covering the years 2018 to 2020. It applies to employees of the same companies as the statutory profit-sharing agreement.

1.12 . CASH FLOW STATEMENT

In the cash flow statement net cash and cash equivalents include all bank deposits and bank overdrafts (classified under debt) with an original maturity of less than three months.

NOTE 2 - NON-CURRENT ASSETS

2.1 INTANGIBLE ASSETS

(in € thousands)	December 31, 2019			
	Gross value at beginning of period	Additions of the year	Disposals for the year	Gross value at end of period
Software at cost	479	0	(275)	204
Amortization of software	(479)	0	275	(204)
Intangible assets, net	**0**	**0**	**0**	**0**

2.2 INVESTMENTS

(in € millions)	December 31, 2019		
	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	0	3,773,659
Total	**3,773,659**	**0**	**3,773,659**
Receivables from subsidiaries and affiliates			
Loan to Legrand France SA	783,710	405,978	1,189,688
Total	**783,710**	**405,978**	**1,189,688**
Other investments			
Treasury shares held for cancellation	34,934	(18,747)	16,187
Other treasury shares	19,441	(16,508)	2,933
Other long-term receivables	3,357	18,671	22,028
Deposits and guarantees	48	41	89
Total	**57,780**	**(16,543)**	**41,237**
Provisions for impairment			
Impairment of other treasury shares	(1,933)	1,893	(40)
Total	**(1,933)**	**1,893**	**(40)**
Total investments, net	**4,613,216**	**391,328**	**5,004,544**

For other treasury shares, changes during the year correspond to the net purchases (purchases net of sales) 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.

On July 1, 2019, the Company set up a loan agreement with Legrand France SA for an amount of €400,000 thousand for a period of 9 years, expiring on July 1, 2028. This loan is subject to a floating interest rate corresponding to 1-month Euribor +0.69%, with capitalization of interest.

2.2.3 Other investments

This item includes shares acquired under share buyback programs, shares purchased under the liquidity agreement and 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 agreement complying with the Code of Conduct issued by the AMAFI

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(French Financial Markets Association) approved by the AMF on March 22, 2005. The Company has allocated €15.0 million of cash to the liquidity agreement.

As of December 31, 2019, Legrand held 39,613 shares acquired under this agreement at a total cost of €2,904,610 which are recorded under "Other treasury shares". Impairment of €12,057 was recognized in relation to those shares at December 31, 2019.

During 2019, transactions under the liquidity agreement led to a cash inflow of €18,724,010 corresponding to the sale (net of purchases) of 310,606 shares.

This amount was financed by the cash and short-term investments held in the liquidity agreement, the balance of.which was €22,028,508 as of December 31, 2019, which is recorded under "Other long-term receivables".

Details of shares purchased and granted to employees are provided in note 4 on marketable securities.

NOTE 3 - OTHER RECEIVABLES

Current receivables are as follows:

	Cost	Maturity	
(in € thousands)	Net value	Within one year	Beyond one year
Trade account receivables	8,286	8,286	0
Prepaid and recoverable taxes	11,117	11,117	0
Recoverable value-added tax	511	511	0
Group relief receivables	207	207	0
Other receivables	31,511	31,511	0
TOTAL AT THE END OF THE PERIOD	**51,632**	**51,632**	**0**
TOTAL AT THE BEGINNING OF THE PERIOD	**34,056**	**34,056**	**0**

NOTE 4 - MARKETABLE SECURITIES

In 2019 and 2018, this item exclusively comprised Legrand shares purchased with a view to being granted to employees.

	December 31, 2019			December 31, 2018
(in € thousands)	Cost	Impairment	Net	Net
Performance share plans	523	0	523	238
TOTAL	**523**	**0**	**523**	**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 29, 2019.
In 2019, the Company bought back 335,000 shares at a cost of €20,351,112.
A breakdown of this item is provided in note 6.1.

NOTE 5 - ACCRUALS

(in € thousands)	December 31, 2019	December 31, 2018
Prepaid expenses	66	21
Deferred charges	4,908	4,122
Bond redemtion premium	10,593	8,312
TOTAL	**15,567**	**12,455**

NOTE 6 - EQUITY

6.1 SHARE CAPITAL

Share capital as of December 31, 2019 amounted to €1,069,104,512 represented by 267,276,128 ordinary shares with a par value of €4 each, corresponding to 267,276,128 theoretical voting rights and 266,962,722 exercisable voting rights (after subtracting shares held in treasury by the Company at that date).

As of December 31, 2019, the Company held 313,406 shares in treasury, versus 905,347 shares as of December 31, 2018, i.e. a decrease of 591,941 shares corresponding to:

- the net purchase of 600,000 shares outside the liquidity agreement;
- the transfer of 331,335 shares to employees under performance share plans;
- the cancellation of 550,000 shares ;
- the net purchase of 310,606 shares under the liquidity agreement (see note 2.2.3).

At December 31, 2019, the Company held 313,406 shares, acquired at a cost of €19,614,935 and allocated as follows:

- 8,793 shares purchased at a cost of €523,405 and available for allocation upon exercise of performance share plans;
- 39,613 shares purchased at a cost of €2,904,610 and held under the liquidity agreement (see note 2.2.3);
- the purchase of 265,000 shares for cancellation at a cost of €16,186,920.

Changes in share capital in 2019 were as follows:

	Number of shares	Par value	Share capital *(in euros)*	Premiums *(in euros)*
As of December 31, 2018	267,495,149	4	1,069,980,596	712,210,665
Exercise of options under the 2009 plan	82,578	4	330,312	728,173
Exercise of options under the 2010 plan	248,401	4	993,604	4,277,099
Cancellation of shares	(550,000)	4	(2,200,000)	(32,734,305)
Repayment of paid-in capital*	0	0	0	(146,768,602)
As of December 31, 2019	**267,276,128**	**4**	**1,069,104,512**	**537,713,030**

** Portion of dividends distributed in June 2018 deducted from the premium account*

On February 13, 2019, the Board of Directors decided to cancel 550,000 treasury shares held for cancellation (shares purchased in 2018). The difference between the purchase price of the cancelled shares and their par value, i.e. €32,734,305, was deducted from additional paid-in capital.

In 2019, 330,979 shares were issued under the 2009 to 2010 stock option plans, resulting in a capital increase representing a total amount of €6,329,187 (including additional paid-in capital).

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6.2 ADDITIONAL PAID-IN CAPITAL, RESERVES AND RETAINED EARNINGS

(in € thousands)	December 31, 2019	December 31, 2018
Before appropriation of profit		
Additional paid-in capital	537,712	712,211
IPO costs charged to additional paid-in capital	(33,206)	(33,206)
Legal reserve	106,998	106,722
Non-distributable reserves	19,679	2,714
Other reserves and retained earnings	0	0
TOTAL	**631,183**	**788,441**

Non-distributable reserves correspond to share buybacks, excluding shares held for cancellation..

6.3 CHANGES IN EQUITY

(in € thousands)	December 31, 2019
Equity at the beginning of the period before appropriation of profit	2,085,956
Movements for the year after appropriation:	0
- Share capital	(876)
- Additional paid-in capital	(27,729)
- Reserves and retained earnings	0
- Non distributable reserves	0
- Dividends paid*	(357,063)
- Untaxed provisions and government grants	0
- Profit for the period	431,363
- Other	0
EQUITY AT THE END OF THE PERIOD BEFORE APPROPRIATION OF PROFIT	**2,131,651**

** The dividend was distributed by reducing:*

- *distributable earnings in an amount of €210,294 thousand representing €0.789 per share; and*
- *premium account in an amount of €146,769 thousand representing €0.551 per share.*

Legrand SA's General Meeting of Shareholders held on May 29, 2019 approved the payment of a total dividend of €357,063 thousand representing €1.34 per share.

6.4 PERFORMANCE SHARE PLANS AND STOCK OPTION PLANS

6.4.1 Performance share plans

The following performance share plans have also been approved by the Company's Board of Directors::

	2015 Plan	2016 Plan	2017 Plan	2018 Plans	2019 Plans
Date approved by shareholders	May 24, 2013	May 24, 2013	May 27, 2016	May 27, 2016	May 30, 2018
Grant date	May 29, 2015	May 27, 2016	May 31, 2017	May 30, 2018	May 29, 2019
Total number of performance share rights initially granted	394,108 (1)	502,924 (1)	492,254 (1)	524,123 (1)	617,818 (1)
o/w to Executive Officer	*13,434* (1)	*15,504* (1)	*12,503* (1)	*19,546* (1)	*22,954* (1)
- Gilles Schnepp	*13,434*	*15,504*	*12,503*	*0*	*0*
- Benoît Coquart	*N/A*	*N/A*	*N/A*	*19,546*	*22,954*
End of vesting period	June 17, 2019	June 17, 2020	June 17, 2021	June 15, 2021 (3) June 15, 2022 (4)	June 15, 2022 (3) June 15, 2023 (4)
End of lock-up period	June 17, 2019	June 17, 2020	June 17, 2021	June 15, 2023 (3) June 15, 2022 (4)	June 15, 2024 (3) June 15, 2023 (4)
Number of performance shares acquired as of December 31, 2019	(331,335)	0	0	0	0
Number of performance share rights cancelled, forfeited or adjusted	(62,773) (5)	(29,823)	(29,233)	(20,246)	(9,948)
PERFORMANCE SHARE RIGHTS OUTSTANDING AS OF DECEMBER 31, 2019	**0**	**473,101**	**463,021**	**503,877**	**607,870**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016, on May 31, 2017, on May 30, 2018 and on May 29, 2019, 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 Gilles Schnepp'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 vesting periods.

(3) Date applicable to the Executive Officer and members of the Executive Committee.

(4) Date applicable to beneficiaries other than the Executive Officer and members of the Executive Committee.

(5) Including the number of performance shares adjusted for the performance criteria fulfillment at 90.8%.

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6.4.1.1 *2015, 2016 and 2017 performance share plans*

The final number of shares ultimately granted to beneficiaries is determined based on a service condition and several performance criteria. The vesting period is 4 years.

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.	1/2	1/3
"Internal" financial performance criterion	Arithmetic mean of normalized free cash flow as a percentage of sales over a three-year period, as published in the consolidated financial statements.	1/2	1/3
Non-financial performance criterion	Arithmetic mean of the average achievement rate of Group CSR Roadmap priorities over a three-year period.	N/A	1/3

Following the Group's adoption of IFRS 16, on March 20, 2019 the Board of Directors, regarding the performance measurement for 2019 with respect to the 2017 plan, decided to replace the EBITDA and free cash flow criteria. with criteria relating to operating margin and adjusted organic growth before acquisitions, in line with the Company's 2019 targets.

6.4.1.2 *2018 and 2019 performance share plans*

The final number of shares granted to beneficiaries is determined on the condition that the beneficiary is present within the Group at the expiry of vesting period and subject to several performance criteria.

For the Chief Executive Officer and members of the Executive Committee, the vesting period is 3 years, with an additional 2-year holding period; for other beneficiaries, the vesting period is 4 years, with no holding period.

Performance criteria applicable to the Chief Executive Officer and members of the Executive Committee

The performance criteria applicable to the Chief Executive Officer and members of the Executive Committee are defined as follows:

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Organic sales growth target	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Target for adjusted operating margin before acquisitions(1)	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Annual Group's CSR roadmap achievement rates	Target: arithmetic mean over 3 years of the annual CSR roadmap achievement rates.	1/4
Legrand's share price performance relative to the performance of the CAC 40 index	Performance gap between Legrand's share price and the CAC 40 index over a 3-year period.	1/4

(1) The adjusted operating margin before acquisitions corresponds to the adjusted operating profit (see key figures)

Performance criteria applicable to other beneficiaries

The performance criteria applicable to beneficiaries other than the Chief Executive Officer and members of the Executive Committee are defined as follows

Type of performance criteria	Description of target-setting criteria and method	Weight of performance criteria
Target for organic sales growth	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(1)	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

(1) The adjusted operating margin before acquisitions corresponds to the adjusted operating profit (see key figures).

The final pay-out rate for each criterion corresponds to the arithmetic mean of the annual attainment rates over a 3-year period.

If all the performance shares from the 2016 to 2019 plans were to vest according to the target allocation before application of the performance criteria (i.e. 2,047,869 shares), the Company's capital would be diluted by 0.8% as of December 31, 2019.

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6.4.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans have been approved by the Company's Board of Directors in previous years::

	2009 Plan	2010 Plan
Date approved by shareholders	May 15, 2007	May 15, 2007
Grant date	March 4, 2009	March 4, 2010
Total number of options granted	1,192,949 (1)	3,288,702 (1)
o/w to Executive Officer	*95,459* (1)	*224,083* (1)
- Gilles Schnepp	*48,711* (1)	*138,813* (1)
- Olivier Bazil	*46,748* (1)	*85,270* (1)
Start of exercise period	March 5, 2013	March 5, 2014
Expiry of exercise period	March 4, 2019	March 4, 2020
Exercise price	€12.82 (1) Average closing price over the 20 trading days preceding the grant date	€21.12 (1) Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(2) (3)	(2) (3)
Number of options exercised as of December 31, 2019	(1,074,938)	(2,590,054)
Number of options cancelled or forfeited	(118,011)	(240,817)
STOCK OPTIONS OUTSTANDING AS OF DECEMBER 31, 2019	**0**	**457,831**

(1) Given the dividend distribution features approved at the General Meetings of Shareholders on May 29, 2015, on May 27, 2016, on May 31, 2017, on May 30, 2018 and on May 29, 2019, 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 twelve months ended December 31, 2014).

The weighted average market price of the Company's shares upon exercises of stock options in 2019 was €62.39.

If all these options were to be exercised (i.e., 457,831 options), the Company's capital would be diluted at most by 0.2% (which is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2019.

NOTE 7 - PROVISIONS

	December 31, 2019			
(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	484	442	0	926
Other	3,427	1,137	(2,753)	1,811
Provisions	**3,911**	**1,579**	**(2,753)**	**2,737**
Impairment on investments	1,933	40	(1,933)	40
Impairment on marketable securities	0	0	0	0
Provisions for impairment	**1,933**	**40**	**(1,933)**	**40**
TOTAL	**5,844**	**1,619**	**(4,686)**	**2,777**
Charges to and reversals from provisions recorded under the following income statement captions:				
- operating income and expense		1,579	(2,753)	
- financial income and expense		40	(1,933)	
- non-recurring income and expense		0	0	
TOTAL		**1,619**	**(4,686)**	

Other provisions relate to the *forfait social* tax on performance share plans (see note 6.4.1).

NOTE 8 - DEBT AND OTHER LIABILITIES

	December 31, 2019			
		Maturity		
(in € thousands)	Net value	Due within one year	Due in one to five years	Due beyond five years
Bonds	2,921,256	21,256	1,300,000	1,600,000
Bank borrowings with original maturities:				
- of less than one year	15	15	0	0
- of more than one year	0	0	0	0
Other borrowings	0	0	0	0
TOTAL DEBT	**2,921,271**	**21,271**	**1,300,000**	**1,600,000**
Trade payables	2,387	2,387	0	0
Accrued taxes abd employee benefit expense	7,070	7,070	0	0
Other	7,652	7,652	0	0
TOTAL OTHER LIABILITIES	**17,109**	**17,109**	**0**	**0**
TOTAL AT THE END OF THE PERIOD	**2,938,380**	**38,380**	**1,300,000**	**1,600,000**
TOTAL AT THE BEGINNING OF THE PERIOD	**2,570,168**	**70,168**	**1,300,000**	**1,200,000**

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8.1 2011 CREDIT FACILITY

In October 2011, the Company signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (the "Credit Facility") utilizable through drawdowns. The five-year facility could be extended for two successive 1-year periods. Drawdowns are subject to an interest rate equivalent to market rates plus a margin determined on the basis of the Group's credit rating.

In July 2014, the Company signed an agreement with all banks involved that amended and extended the Credit Facility.

The agreement extended the facility's maximum maturity by 3 years, i.e., up to July 2021, including two options to extend by successive 1-year periods, and at improved financing terms compared with October 2011.

In December 2019, the Company signed a further agreement with all banks involved that amended and extended the Credit Facility. Under that agreement:

- the Credit Facility's maximum maturity was extended by 5.5 years, i.e., up to December 2026, including two options to extend by successive 1-year periods, and at improved financing terms compared with July 2014.
- drawdowns remain subject to an interest rate equivalent to market rates plus a margin determined on the basis of the Group's credit rating but will be increased or decreased each year depending on the Group CSR roadmap annual attainment rate.

The Credit Facility does not feature any covenants.

As of December 31, 2019, there were no drawings on the Credit Facility.

8.2 BONDS

In April 2012, the Company issued €400.0 million of 10-year bonds due to mature on April 19, 2022. The bonds have an, annual coupon of 3.375% with all of the principal repayable at maturity.

In December 2015, the Company issued €300.0 million of 12-year bonds due to mature on December 16, 2027. The bonds have an annual coupon of 1.875% with all of the principal repayable at maturity.

In July 2017, the Company issued €1 billion of bonds, comprising €500.0 million of 7-year bonds and €500.0 million of 15-year bonds. 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%, with all of the principal repayable at maturity.

In October 2017, the Company issued €400.0 million of 6-year bonds, due to mature on October 9, 2023. The bonds have an annual coupon of 0.50% with all of the principal repayable at maturity.

In March 2018, the Company issued €400.0 million of 8-year bonds, due to mature on March 6, 2026. The bonds have an annual coupon of 1.0% with all of the principal repayable at maturity.

In June 2019, the Company issued €400.0 million of 9-year bonds, due to mature on June 24, 2028. The bonds have an annual coupon of 0.625% with all of the principal repayable at maturity.

8.3 OTHER LIABILITIES

Other liabilities consist of the €7,631 thousand due to subsidiaries under the group tax 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 - INFORMATION RELATING TO THE INCOME STATEMENT

Revenue amounted to €24,725 thousand, representing intra-group services 100% located in France.

Non-recurring income and expenses are as follows:

(in € thousands)	December 31, 2019	December 31, 2018
Revenue transactions	0	0
Capital transactions	2,163	217
Provision reversals and expense transfers	18,556	0
TOTAL NON-RECURRING INCOME	**20,719**	**217**
Revenue transactions	(3,794)	0
Capital transactions	(20,066)	(68)
Amortization and provision expense	0	0
TOTAL NON-RECURRING EXPENSE	**(23,860)**	(68)
NON-RECURRING INCOME AND EXPENSE, NET	**(3,141)**	**149**

Non-recurring income and expenses on capital transactions correspond to income and expenses generated on sales and. purchases of treasury shares in connection with the liquidity agreement (income of €1,263 thousand) and performance shares transferred to beneficiaries under the 2015 plan (expense of €20,066 thousand).

The "provision reversals and expense transfers" item includes income of €18,556 thousand, reflecting the recharging of capital losses realized or expected at the Legrand SA level following the transfer of performance shares to the employees of various Group subsidiaries

NOTE 10 - OTHER INFORMATION

10.1 INCOME TAX

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, 2019	Increase	Decrease	Dec. 31, 2019	Jan. 1, 2019	Change	Dec. 31, 2019
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	(194)	0	12	(182)	67	(9)	58
Provisions for pensions and other post-retirement benefit costs	(474)	(439)	0	(913)	123	113	236
Other provisions	(3,409)	(1,138)	2,693	(1,854)	1,127	(637)	490
Taxes and other	0	0	0	0	0	0	0
TOTAL	**(4,077)**	**(1,577)**	**2,705**	**(2,949)**	**1,317**	**(533)**	**784**

** Determined by the variable carry-forward method, taking into account the 3.3% 'contribution sociale de solidarité' introduced with effect from January 1, 2000. The rate used is the voted rate in effect for the 2019 fiscal year.*

10.1.2 Group tax 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 tax 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 income statement 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 2019, Legrand recognized a net income tax benefit of €13,944 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-price risks and as such are limited in duration and value.

As of December 31, 2019, no hedges were in place at the Company level.

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10.2.2 Counterparty risk

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 corporations 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 ratings and credit default swap rates of the Group's counterparties on a regular basis.

10.2.3 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to sources of financing that are diversified in terms of their origins and maturities. This principle forms the basis of the Group's financing.

10.3 FINANCIAL COMMITMENTS

Financial commitments given by the Company as of December 31, 2019 and 2018 were as follows:

(in € thousands)	December 31, 2019	December 31, 2018
Guarantees given to banks	0	0
Guarantees given to other organizations	63	63
TOTAL	**63**	**63**

10.4 EMPLOYEES

	December 31, 2019	December 31, 2018
Average number of employees		
Management	37	31
Administrative staff	5	4
Apprentices	1	2
TOTAL	**43**	**37**

10.5 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

During 2019, compensation awarded to Gilles Schnepp amounted to €625 thousand, and compensation awarded to Benoît Coquart amounted to €1,546 thousand.

For more details on the compensation of Gilles Schnepp and Benoît Coquart, and of non-executive corporate officers, please refer to chapter 6.2 of the universal registration document.

10.6 RELATED PARTY INFORMATION

In accordance with French government order no. 2009-267 of March 9, 2009, no material transactions were carried out by the Company with related parties that were not on an arm's-length basis.

10.7 SUBSIDIARIES AND AFFILIATES

	Share capital	Reserves and retained earnings	% interest	Carrying amount of the shares		Loan and advance	Guarantee given	Revenue	Profit (loss)	Dividends received
(in € thousands)	euros			Cost	Net					
French companies										
Legrand France SA	54,913	757,838	100	3,773,659	3,773,659	1,220,742	63	872,120	328,518	450,008

The above information is given subject to adjustment of the profit/loss decided by the Board.

NOTE 11 - SIGNIFICANT EVENTS IN THE PERIOD

None

NOTE 12 - POST-BALANCE SHEET EVENTS

None

APPENDIX 2

Management report of the Board of Directors on March 19, 2020, including amendments made by the Board of Directors on April 10, 2020, to the Annual General Meeting scheduled on May 27, 2020 of Legrand SA (the "Company")

This management report was finalized by the Board of Directors on March 19, 2020. On April 10, 2020, as announced by the Legrand Group on April 11, 2020, the Board changed the proposed dividend, reducing it to €1.34 per share as opposed to the initial proposal of €1.42 per share.

1. SITUATION AND BUSINESS

1.1 Situation of the Company during the past financial year, business and results of the Company, each of its subsidiaries and the companies it controls, by business segment

Revenues amounted to €24.7 million, for providing services within the Group.

Other operating income amounted to €1.8 million in the year to December 31, 2019.

Operating expenses amounted to €22.2 million in the year to December 31, 2019, compared with €18.9 million in the year to December 31, 2018.

At December 31, 2019, operating profit was €4.3 million, compared with €0.9 million in the year to December 31, 2018.

Net interest and other financial items for 2019 represented income amounting to €416.3 million, compared with €209.9 million in the year to December 31, 2018. This increase was mainly the result of an increase in dividends received.

Non-recurring items resulted in a loss of €3.1 million on a net basis in 2019, compared with a profit of €0.1 million in 2018. The change was mainly due to expenses relating to the 2015 performance share plan.

Tax income amounted to €13.9 million, representing the surplus of tax paid by subsidiaries within the tax consolidation group.

Net income for the year to December 31, 2019 amounted to €431.4 million.

1.2 Objective and complete analysis of changes in the business, results and financial position of the Company and the Group

Information on the Group's business is presented in chapter 5 of the Company's universal registration document.

The Company's debt position is summarized in appendix 1 to this management report. The Company's external debt rose in 2019 compared to 2018.

1.3 Appropriation of earnings and determination of dividend

We propose that the Company's earnings of €431,363,346.32 in respect of the financial year to December 31, 2019 be appropriated as follows:

- in the absence of retained earnings and given that it is not necessary to make appropriations to the statutory reserve (since it exceeds 10% of the Company's share capital), distributable income amounts to €431,363,346.32;
- the Board of Directors proposes to (i) pay to shareholders, as a dividend, €1.34 per share and (ii) appropriate the remainder of distributable income to retained earnings.

On the basis of the number of shares comprising the share capital at December 31, 2019 and after deduction of treasury shares held at that date, the appropriation of distributable income would be as follows: (i) €357,730,047.48 to dividends and (ii) €73,633,298.84 to retained earnings.

In the event of a change in the number of shares entitling holders to a dividend before the dividend payment date, 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. As regards the tax treatment of the dividend of €1.34 per share, the distribution will be classified 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, if a shareholder makes an overall and irrevocable election, in the income tax declaration and no later than the time limit for said declaration, for sliding-scale income tax after deduction of the 40% exemption provided for under Article 158, paragraph 3, sub-paragraph 2 of the French General Tax Code), to social security contributions at a rate of 17.2% as well as, for taxpayers whose reference taxable income exceeds certain thresholds, an exceptional levy on high incomes at a rate of either 3% or 4%, pursuant to Article 223 sexies of the French General Tax Code. The 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 deductible from income tax levied during the 2020 fiscal year unless an exemption is requested in accordance with the provisions of Article 242 quater of the French General Tax Code.

The tax-related items of information presented here are those applicable at the time of drafting this report. As a general rule, shareholders are invited to consult their usual advisers as to applicable taxation arrangements.

We also propose making the following appropriations to reserves:

- since the statutory reserve exceeds 10% of the Company's share capital, it is proposed to allocate the excess portion of €87,608.40 to "other reserves";
- a proposal would also be made to reduce reserves unavailable for treasury shares by €16,222,963.78 (to €3,456,250.11) and to appropriate that amount to "other reserves".

1.4 Internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Main characteristics of internal control and risk management procedures implemented by the Company on financial information are described in chapter 3 of the Company's universal registration document.

1.5 Description of the main risks and uncertainties faced by the Company

Risks and related Group policies are presented in chapter 3 of the Company's universal registration document.

1.6 The Company's objectives and policy concerning hedging in each main category of transactions for which hedge accounting is used, and about its exposure to price, credit, liquidity and treasury risks

All of this information is presented in chapter 8 of the Company's universal registration document.

Management of these risks is described in note 5.1.2 to the consolidated financial statements, which appear in chapter 8 of the Company's universal registration document.

1.7 Description and management of financial risks linked to the effects of climate change

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 provided in Chapter 4 of the Company's universal registration document.

1.8 Significant events between the reporting date and the date of preparation of the management report

None.

1.9 Forecast changes in the Company's position

All of this information is presented in chapter 2 of the Company's universal registration document.

Readers are invited to refer to section 5.1.12 of this universal registration document for more information about the Legrand Group's outlook, particularly in relation to developments in the global public health crisis arising from the Covid-19 pandemic.

1.10 Existing branches

None.

1.11 Research and Development activity

None

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1.12 Due dates of accounts payable and customer receivables

In accordance with Article L. 441-14 of the French Commercial Code, the table below presents the balance of invoices received but not paid at the end of the financial year:

Days overdue relative to invoice due date *(in thousands of euros)*	**0 Day**	**1 day or more**	**Total (1 day or more)**
Total invoices incl.VAT at December 31, 2019	347	0	0
% of total ex-VAT purchases in 2019	9.9%	0%	0%
Total invoices incl.VAT at December 31, 2018	283	0	0
% of total ex-VAT purchases in 2018	7.7%	0%	0%

In accordance with Article L. 441-14 of the French Commercial Code, the table below presents the balance of invoices raised but not paid at the end of the financial year:

Days overdue relative to invoice due date *(in thousands of euros)*	**0 Day**	**1 day or more**	**Total (1 day or more)**
Total invoices incl.VAT at December 31, 2019	6,784	0	0
% of ex-VAT revenue in 2019	27.4%	0%	0%
Total invoices incl.VAT at December 31, 2018	3,835	0	0
% of ex-VAT revenue in 2018	20.6%	0%	0%

1.13 Significant shareholdings or controlling interests acquired during the financial year in companies whose registered office is in France

None.

2. INFORMATION RELATING TO THE COMPANY'S CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Duty of care plan

The duty of care plan and the report on its implementation are presented in chapter 4 of the Company's universal registration document.

3. CORPORATE GOVERNANCE

In accordance with article L. 225-37(6) of the French Commercial Code, this section 3 of the management report presents the information required in respect of the report on corporate governance.

3.1 Appointments and positions by each company officer in any company during the financial year (also including information on each company officer's nationality, age and main role)

This information is given in appendix 3 of this management report.

3.2 Start and end dates of each director's term of office

This information is given in appendix 3 of this management report.

3.3 Agreements entered into (directly or through an intermediary) between (i) a director, company officer or shareholder holding more than 10% of voting rights and (ii) a Company subsidiary (excluding standard agreements)

No member of the Company's Board of Directors or company officer is engaged in any business relationships with any Company subsidiary.

No Company shareholder holds more than 10% of its voting rights.

3.4 Report on work of the Board of Directors and its committees

This information is provided in sections 6.1.1.3 "Work done by the Board of Directors in 2019", and 6.1.3.3 "Work done by the Board of Directors' specialized committees in 2019" of the Company's universal registration document.

3.5 Membership of the Board of Directors and its committees

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 universal registration document.

3.6 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 2019", and 6.1.3.3 "Work done by the Board of Directors' specialized committees in 2019" of the Company's universal registration document.

3.7 Number of meetings of the Board of Directors and the specialist committees and director attendance rates

This information is provided in sections 6.1.1.3 “Work done by the Board of Directors in 2019”, and 6.1.3.3 “Work done by the Board of Directors’ specialized committees in 2019” of the Company’s universal registration document.

3.8 Evaluation of the Board of Directors

This information is provided in section 6.1.1.2 “Functioning of the Board of Directors” of the Company’s universal registration document.

3.9 Independence of directors

This information is provided in section 6.1.1.1 “Composition of the Board of Directors” of the Company’s universal registration document.

3.10 Description of the diversity policy applied to members of the Board of Directors and the Company’s Executive Committee

This information is provided in sections 6.1.1.1 “Composition of the Board of Directors”, 6.1.3.1 “Composition of the Board of Directors’ specialized committees” and 6.1.4.4 “Executive Committee” of the Company’s universal registration document.

3.11 Limits that the Board of Directors imposes 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 universal registration document.

3.12 Procedure for assessing agreements relating to ordinary transactions and formed on an arm’s-length basis

Information relating to the procedure mentioned in Article L. 225-39(2) of the French Commercial Code is provided in the section on the “Internal charter relating to the designation of an agreement” in chapter 6 of the Company’s universal registration document.

3.13 Reference to a Code of Corporate Governance

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.

The Company complies with all recommendations of that Code of Corporate Governance, with the exception of the recommendation on participation by the director representing employees in the Compensation Committee, as explained in the introduction to section 6.1 of the Company’s universal registration document.

3.14 Formalities regarding 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 https://legrandgroup.com/ website) and in section 9.3.5 “Shareholders’ General Meetings” of the Company’s universal registration document.

3.15 Summary of extant authorization granted by shareholders to the Board of Directors to increase the share capital and use made of such authorization during the year

This information is provided in section 9.2.1.1 of the Company’s universal registration document.

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3.16 Factors that may be relevant in the event of a takeover bid

Ownership structure	Legrand's ownership structure is presented in section 7.1.1 of the Company's universal registration document.
Restrictions contained in the articles of association on the exercise of voting rights and on transfers of shares or clauses in agreements disclosed to the Company pursuant to article L. 233-11 of the French Commercial Code	None
Direct and indirect interests in the Company's capital of which the Company is aware in accordance with articles L. 233-7 and L. 233-12 of the French Commercial Code	Changes in the ownership of Legrand shares during 2019 are presented in section 7.1.1.2 of the Company's universal registration document.
Owners of any securities conferring special rights of control and description of those securities	None
Control procedures provided for in any employee share-ownership plan where employees do not exercise rights of control themselves	In accordance with the regulations of the "Actions Legrand" company mutual fund, the voting rights attached to the Company's shares are exercised by the fund's Supervisory Board.
Shareholders' agreements of which the Company is aware and that may entail restrictions on the transfer of shares and on the exercise of voting rights	None
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. In the course of his/her term of office, the internal rules of the Board of Directors recommend that each director gradually acquire a number of shares equivalent to one full year of his/her share of directors' fees. For calculation purposes it is assumed that the director takes part, over one financial year, in all meetings of the Board and the committee(s) to which he/she belongs, and the unit value of Legrand shares is equal to the average Legrand share price over the previous financial year. Directors have a four-year term of office. It expires at the end of the Ordinary General Meeting of Shareholders convened to consider the 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. However, the Combined Shareholders' General Meeting of May 27, 2020 will be asked to vote on a reduction in the term of office of directors as stipulated in the articles of association. If the corresponding resolution is passed, the term of office of directors will be reduced to three years. When statutory conditions are met, the Board of Directors may appoint members to the Board on a temporary basis for the remaining term of office of their predecessor. By law, temporary appointments shall be subject to ratification by the next Ordinary General Meeting of Shareholders. No individual one over the age of 70 may be appointed as a member of the Board of Directors if such appointment means that more than a third of Board members will be over that age. If, during their term of office, members of the Board of Directors over the age of 70 make up more than one third of the Board, the oldest member of the Board of Directors will be deemed to have resigned at the end of the Ordinary General Meeting of Shareholders convened to consider the financial statements 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, their amendment shall be subject to the applicable statutory provisions.

	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 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 universal registration document. The Company can only repurchase its own shares outside periods of public offerings involving the Company's shares.
Agreements entered into by the Company that 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 agreements may be amended or may lapse if control of the Company changes: ■ agreement for the issuance of bonds on the US market by the Legrand France subsidiary in an amount of $393.5 million, in the event of a change in control due to a hostile takeover; ■ the loan contract in an amount of €900 million entered into with financial institutions on October 20, 2011 and amended on July 25, 2014 and on December 20, 2019; ■ 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; ■ the bond issue made on June 17, 2019 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 takeover bid	None with respect to the company officers and members of the Board of Directors.

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3.17 Description of the compensation policy for company officers

In accordance with article L. 225-37-2 of the French Commercial Code, the information required under article R. 225-29-1 of the French Commercial Code is presented in sections 6.2.1 “Compensation policy for company officers with respect to 2020”, 6.2.5 “Compensation policy with respect to 2020 and compensation paid in 2019 or awarded in respect of the same year to company officers subject to a vote by shareholders” and Appendix 4 of the Company’s universal registration document.

3.18 Total compensation and benefits of any kind paid or allotted to each company officer during the financial year

In accordance with article L. 225-37-3 of the French Commercial Code, this information is presented in sections 6.2.2 “Total compensation and benefits paid in 2019 or awarded in respect of the same year to company officers”, 6.2.5 “Compensation policy with respect to 2020 and compensation paid in 2019 or awarded in respect of the same year to company officers subject to a vote by shareholders” and Appendix 4 of the Company’s universal registration document.

3.19 Presentation of the compensation of company officers compared with the mean compensation on a full-time-equivalent basis of the company’s employees other than company officers, and the change in that ratio over the last five financial years at least, presented together and in a manner that allows comparison

This information is presented in section 6.2.2 “Total compensation and benefits paid in 2019 or awarded in respect of the same year to the company officers” and Appendix 4 of the Company’s universal registration document.

3.20 Presentation of the compensation of company officers compared with the median compensation on a full-time-equivalent basis of the company’s employees other than company officers, and the change in that ratio over the last five financial years at least, presented together and in a manner that allows comparison

This information is presented in section 6.2.2 “Total compensation and benefits paid in 2019 or awarded in respect of the same year to the company officers” and Appendix 4 of the Company’s universal registration document.

3.21 Any kinds of commitment made by the Company to its company officers concerning compensation, allowances or benefits payable or likely to be payable as a result of, or subsequent to, taking up, changing or leaving their offices

This information is mentioned in the “C-Other compensation components” part of section 6.2.1 “Compensation policy for company officers in respect of 2020”, section 6.2.4 “Other benefits awarded to company officers” and section 6.2.5 “Compensation policy applicable in respect of 2020 and compensation components paid in 2019 or awarded in respect of the same year to company officers requiring shareholders’ approval” of the Company’s universal registration document.

3.22 Lock-in requirements for stock options and bonus shares awarded to executives

This information is provided in chapter 7 and section 6.2.1.3 of the Company’s universal registration document.

4. OWNERSHIP STRUCTURE AND CAPITAL

4.1 Ownership structure and changes during the year

The shareholding structure of the Company and information about the crossing of thresholds and treasury shares is presented in section 7.1 of the Company’s universal 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 universal registration document.

4.2 Amount of dividends distributed with respect to the past three years, amount of income eligible for the 40% allowance and amount non-eligible for that allowance

In accordance with the provisions of Article 243 bis of the French Tax Code, we inform you of the dividends paid over the past three years.Dividends distributed in respect of the 2016, 2017 and 2018 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 allowance provided for in Article 158(3)(2) of the French General Tax Code	Not eligible for the 40% income tax allowance provided for in Article 158(3)(2) of the French General Tax Code
2016	266,508,331 shares with a par value of €4 each	€1.19 *	€0.79	€0.00
2017	267,316,360 shares with a par value of €4 each	€1.26 **	€0.93	€0.00
2018	266,464,962 shares with a par value of €4 each	€1.34***	€0.79	€0.00

** Since €0.40 of the dividend distributed for the 2016 financial year constitutes, for tax purposes, a repayment of paid-in capital as defined by Article 112(1)(1) of the French General Tax Code, this sum is not considered as distributed income for tax purposes.*

*** Since €0.33 of the dividend distributed for the 2017 financial year constitutes, for tax purposes, a repayment of paid-in capital as defined by Article 112(1)(1) of the French General Tax Code, this sum is not considered as distributed income for tax purposes.*

**** Since €0.55 of the dividend distributed for the 2018 financial year constitutes, for tax purposes, a repayment of paid-in capital as defined by Article 112(1)(1) of the French General Tax Code, this sum is not considered as distributed income for tax purposes.*

4.3 Information on acquisitions and disposals by the Company of its own shares

In the course of 2019, the Company purchased a total of 1,527,922 shares at a total cost of €98,155,309 and sold 1,838,528 shares for a total of €116,879,319, under the liquidity agreement entered into with Kepler Cheuvreux on May 29, 2007. The terms of that agreement comply with AMF decision 2018-01 establishing liquidity agreements as an accepted market practice, which came into force on January 1, 2019.

With respect to the liquidity agreement, the average purchase price was €64.24 per share and the average sale price was €63.57 per share. There were no trading costs associated with these transactions.

At December 31, 2019, the balance on the liquidity agreement stood at 39,613 shares. An impairment loss of €12,056.90 was recognized with respect to the liquidity agreement.

Outside the scope of the liquidity contract, the Company repurchased 600,000 shares during the 2019 financial year, for a value of €36,538,032 at an average purchase price of €60.90, with trading costs amounting to €124,229.

The Company transferred 331,335 shares to employees under performance share plans. The Company also cancelled 550,000 shares.

At December 31, 2019, the Company held 313,406 shares with a nominal value of €4 each or a total of €1,253,624, equal to 0.12% of its share capital. Valued at cost at the time of purchase, these shares totaled €19,614,935.

Aside from the liquidity agreement, the Company held 273,793 shares at December 31, 2019, with a total purchase cost of €16,710,325 and nominal value of €1,095,172. The purposes of those repurchased shares were as follows:

- the implementation of performance share plans (8,793 shares and a purchase price of €523,405, representing 0.003% of the Company's capital and nominal value of €35,172);
- cancellation (265,000 shares with a value of €16,186,920, representing 0.1% of the Company's capital and nominal value of €1,060,000), it being stipulated that none of those shares intended for cancellation was used with respect to 2019.

It should be noted that between the closing date of the 2019 financial year and March 19, 2020, the Company's Board of Directors decided, in its meeting of February 12, 2020, to cancel those 265,000 shares.

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4.4 Transactions in securities by company officers and similar persons

Transactions reported by the company officers, key executives and similar persons to the French Financial Markets Authority during the 2019 financial year and the start of the 2020 financial year were as follows:

Person reporting	Type of transaction	Description of the financial instrument	Number of transactions	Total amount of transactions *(in euros)*
Angeles Garcia Poveda	Purchase	Shares	1	97,969
Olivier Bazil	Sale	Shares	1	1,626,812
Gilles Schnepp	Gift to a direct descendant or ascendant	Shares	3	94,462
Gilles Schnepp	Exercise of stock options	Stock options	1	2,931,730,560
Michel Landel	Purchase	Shares	1	31,651

4.5 Information on adjustments to conversion terms or terms relating to the subscription or exercise of securities giving access to the capital

None.

4.6 Information on adjustments to the number and/or price of shares corresponding to stock options and performance shares

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 universal registration document.

In accordance 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 27, 2020.

In accordance with article L. 225-181 of the French Commercial Code, the dividend payment arrangements decided upon by the Combined Shareholders Meeting on May 29, 2019 required the adjustment of the number and price of stock options in the process of vesting as well as the number of performance shares not yet definitively allotted, according to applicable statutory conditions, so as to acknowledge the impact of this operation on the interests of recipients.

In view of the dividend amounting to €1.34 per share in respect of the 2018 financial year, with (i) €0.79 per share coming from distributable income and (ii) €0.55 from the issue premiums account, the latter payment being considered as a repayment of paid-in capital and representing around 0.92% of the share price on the ex-dividend date, the following adjustments were made:

- for stock options, the number of shares was increased by 0.92% and the exercise price lowered by 0.92%;
- for performance shares and performance units, the number of securities was increased by 0.92%.

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 stock option exercise prices are as follows:

- 2010 plan: €21.120.

On the date of the securities transaction, the number of stock options in circulation was increased by 5,445 and the number of performance shares in the process of allotment was increased by 24,135.

4.7 Statement of employee share ownership at year-end and portion of the share capital represented by shares held by employees under the employee share ownership program and by current and former employees through a company mutual fund

The total number of shares held by employees and similar persons is 9,752,664, representing 3.65% of the share capital, including 686,202 shares held in the “Actions Legrand” investment fund, a sub-fund of the Group’s employee share ownership plan. These shares represented 0.25% of the Company’s share capital.

At December 31, 2019, Group employees held a total of 492,895 shares within the meaning of article L. 225-102 of the French Commercial Code. representing 0.18% of the Company’s capital and voting rights.

4.8 Names, business and results of controlled companies and percentage of the share capital held

For subsidiaries and equity interests, an organizational chart and a presentation of their business and results are provided in sections 9.1.7 and 9.1.8 of the Company’s universal registration document, and in note 10.6 to the parent-company financial statements.

4.9 Share disposals to regularize cross-shareholdings

None.

5. OTHER LEGAL, FINANCIAL AND TAX INFORMATION CONCERNING THE COMPANY

5.1 Expenditures on luxuries

None.

5.2 Add-backs of excessive general expenditure or general expenditure that does not feature in the special statement

Non-deductible expenses for financial year 2019, excluding items carried over from prior years, came to €50,411, including €8,733 related to the tax on company vehicles *(Taxe sur les Véhicules de Tourisme et Société)* and €41,678 related to vehicle lease payments and depreciation, with the corresponding tax in an amount of €17,357.

5.3 Table of the Company's results over the past five years

In accordance with Article R. 225-102 of the French Commercial Code, 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 in appendix 2 to this management report.

5.4 Loans referred to in Article L. 511-6(3bis) of the French Monetary and Financial Code (i.e. loans of less than three years granted by the Company to very small, small and medium-sized businesses with which it has economic links that justify such loans)

None.

5.5 Collateral, sureties and guarantees given and other security provided

At its meeting on February 12, 2020, the Board of Directors, acting in accordance with Article R. 225-28 of the French Commercial Code, authorized the Chief Executive Officer to grant collateral, sureties and other guarantees 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 collateral, sureties or guarantees granted to tax or customs authorities, which are not subject to any limit. This authorization was granted for a term of one year.

5.6 Injunctions or fines for anti-competitive practices

None.

5.7 Information on facilities categorized as upper-tier under the Seveso Directive

The Company does not have any facilities that qualify as "upper-tier Seveso" sites, according to the terms of article L. 515-36 of the French Environment Code.

March 19, 2020

The Board of Directors

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Appendix 1 to the Management Report

Debt position

(in millions of euros)	December 31, 2019	December 31, 2018
EXTERNAL DEBT		
Debt		
Bonds	2,900.0	2,500.0
Bank borrowings	0.0	0.0
Credit Facility	0.0	0.0
TOTAL EXTERNAL DEBT	**2,900.0**	**2,500.0**
Accrued interest	**21.3**	**19.9**
Interest expense		
Bonds	39.6	41.3
Bank borrowings	0.0	0.0
Credit Facility	0.0	0.0
TOTAL INTEREST EXPENSE ON EXTERNAL DEBT	**39.6**	**41.3**
%	1.4%	1.7%
INTRA-GROUP DEBT		
Debt		
Advance fromt Legrand France SA	0.0	0.0
Interest expense		
Advance fromt Legrand France SA	0.0	0.3
%		
TOTAL DEBT	**2,921.3**	**2,519.9**
Equity	2,131.7	2,086.0
DEBT-TO-EQUITY RATIO	**137%**	**121%**

Appendix 2 to the Management Report

Parent-company financial results for the last five years

(in thousands of euros except for numbers of shares, earnings per share and numbers of employees)	2015	2016	2017	2018	2019
Capital at end of year					
Share capital	1,067,722	1,069,309	1,067,223	1,069,981	1,069,105
Number of ordinary shares	266,930,602	267,327,374	266,805,751	267,495,149	267,276,128
Total number of shares in issue	266,930,602	267,327,374	266,805,751	267,495,149	267,276,128
of which shares held in treasury*	156,595	1,365,561	45,128	905,347	313,406
Comprehensive income from operations					
Ex-VAT revenue	19,728	15,470	17,592	18,592	24,725
Income before tax, employee profit-sharing, depreciation, amortization and provisions	193,401	198,266	208,937	211,516	417,336
Income tax benefit/(expense)	10,121	10,228	41,459	16,630	13,944
Employee profit-sharing	(84)	(125)	(115)	(161)	(109)
Income after tax, employee profit-sharing, depreciation, amortization and provisions	198,282	207,884	247,048	227,535	431,363
Dividends paid	293,129	307,058	317,415	336,819	357,063
Income from operations per share (in euros)					
Income after tax and employee profit-sharing, but before depreciation, amortization and provisions	0.76	0.78	0.94	0.85	1.61
Income after tax, employee profit-sharing, depreciation, amortization and provisions	0.74	0.78	0.93	0.85	1.61
Dividend paid per ordinary share	1.10	1.15	1.19	1.26	1.34
Employee data					
Average number of employees	33	33	33	37	43
Total payroll	6,786	5,735	6,235	7,175	7,109
Total benefits (social security, other social benefits, etc.)	4,157	2,487	2,690	2,482	2,703

** Treasury shares do not carry any dividend entitlement or voting rights*

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Appendix 3 to the Management Report

Executive company officer	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
BENOIT COQUART – Chief Executive Officer of Legrand*	**Legrand**	**Legrand**
Aged 46 (1)	■ Chief Executive Officer of Legrand*	■ Vice-President France (2018)
French citizen	■ Roles in various subsidiaries (2):	■ Roles in various subsidiaries
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges	- Chairman of Legrand Holding Inc.	
Date of first appointment: 2018	**Outside the Legrand Group**	**Outside the Legrand Group**
End of current term of office: N/A	■ None	■ None
Education	**Non-corporate roles**	
Benoît Coquart is a graduate of the Institut d'Etudes Politiques de Paris (Sciences Po Paris) and the École Supérieure des Sciences Économiques et Commerciales (ESSEC).	■ Chairman of Ignes (since 2019)	
Professional Background		
Benoît Coquart joined Legrand* immediately after completing his studies in 1997 to manage the Group's activities in South Korea.		
Pursuing his career within the Group, Benoît Coquart has held several positions, including Executive Vice-President Investor Relations, Executive Vice-President Corporate Development (M&A), Executive Vice-President Strategy and Development and Executive Vice-President France. On February 8, 2018, he was appointed Chief Executive Officer of Legrand*. He has been a member of Legrand's* Executive Committee since 2010.		
He has also been Chairman of Ignes (Industries du Génie Numérique, Energétique et Sécuritaire) since 2019.		
Benoît Coquart holds 27,334 Legrand shares.		

** Listed company*

(1) Age as at March 19, 2020, the date on which the Board of Directors approved Appendix 3 to the Management Report which contains the directors' biographies.

(2) No compensation in any form is paid or due in respect of directorships held in Legrand or in Group subsidiaries.

Non-executive company officer	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
GILLES SCHNEPP – Chairman of Legrand's Board of Directors*	**Legrand**	**Legrand**
Age 61 (1)	■ Director of Legrand*:	■ Chairman and Chief Executive Officer (until 2018)
French citizen	- Member of the Strategy and Social Responsibility Committee	■ Roles in various subsidiaries
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges	**Outside the Legrand Group**	**Outside the Legrand Group**
Date first appointed: 2002	■ Saint-Gobain*:	■ None
End of current term of office: 2022	- Director (since 2009)	
Education	- Member of the Audit and Risks Committee (since 2017)	
Gilles Schnepp is a graduate of the École des Hautes Études Commerciales (HEC).	■ PSA* (since 2019)	
Professional background	- Vice-Chairman of the Supervisory Board	
Gilles Schnepp began his career began at Merrill Lynch France where he became Vice-Chairman. He 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.	- Lead member of the Supervisory Board - Chairman of the Appointments, Remuneration and Governance Committee - Member of the Finance and Audit Committee	
Gilles Schnepp has been a Director of the Company since 2002, and Chairman of the Board of Directors since 2006. He was Chairman and Chief Executive Officer from 2006 to February 7, 2018.	**Non-corporate roles**	
Gilles Schnepp has also been a director of Saint Gobain* since 2009, Chairman of the French Federation of Electrical, Electronic and Communication Industries (FIEEC) since July 2013, member of the Executive Board of Medef and Chairman of its Ecological and Economic Transition Commission since 2018; Vice-Chairman and lead member of the Supervisory Board of PSA* since 2019.	■ Chairman of FIEEC ■ Medef: - Member of the Executive Board (since 2018) - Chairman of the Ecological and Economic Transition Commission (since 2018)	
Gilles Schnepp holds 2,415,082 Legrand shares.		

** Listed company*

(1) Age as at March 19, 2020, the date on which the Board of Directors approved Appendix 3 to the Management Report which contains the directors' biographies.

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Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
OLIVIER BAZIL – Company Director Aged 73 (1) French citizen 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges Date of first appointment: 2002 End of current term of office: 2022 **Education** Olivier Bazil is a graduate of 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 responsible for financial communications and developing the Group's growth strategy. He became Chief Financial Officer of the Legrand Group in 1979, Deputy Chief Executive Officer in 1993, and then held the position of Vice-Chairman and Chief Operating Officer from 2000 until the General Meeting of Shareholders on May 26, 2011. Olivier Bazil is also a member of the Supervisory Board of Michelin*. **Olivier Bazil holds 2,085,299 Legrand shares.**	**Legrand** ■ Director of Legrand*: - 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)	**Legrand** ■ Roles in various subsidiaries **Outside the Legrand Group** ■ Director of Firmenich International SA (until 2016) ■ Member of the Supervisory Board of Vallourec* (until 2017) ■ Chairman of Fritz SAS (until 2019) ■ Member of the Supervisory Board of Société Civile du Château Palmer (until 2019)

** Listed company*

(1) Age as at March 19, 2020, the date on which the Board of Directors approved Appendix 3 to the Management Report which contains the directors' biographies.

Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
ISABELLE BOCCON-GIBOD – Company Director	**Legrand**	**Legrand**
Aged 52 (1)	■ Director of Legrand*:	■ None
French citizen	- Member of the Audit Committee	**Outside the Legrand Group**
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges	- Member of the Strategy and Social Responsibility Committee	■ Member of the Executive Committee of Altavia (until 2016)
Date of first appointment: 2016	**Outside the Legrand Group**	■ Zodiac Aerospace*:
End of current term of office: 2020	■ Director of Arkema* (since 2014) ■ Director of Paprec (since 2014)	- Director (until 2018) - Member of the Audit Committee (until 2018)
Isabelle Boccon-Gibod is a graduate of the Ecole Centrale de Paris and Columbia University in the United States.	■ Director of SilMach (since 2019)	■ Director of Sequana (until 2019)
Professional Background	**Non-corporate roles**	
Isabelle Boccon-Gibod began her career in 1991 with the International Paper Group, where she was head of industrial activities in the Cardboard division first in the United States and then in the United Kingdom from 1997 to 2001. She was then Head of Strategic Development for Europe until 2004. She joined the Sequana* Group in 2006 as Special Advisor to General Management. She was appointed as Vice-Executive President of the Sequana* Group in 2008 and Executive Director of the Arjowiggins Group in 2009. Isabelle Boccon-Gibod is also a photographer and an author. She is a Director of Arkema*, the Paprec group and SilMach. She also has unpaid roles as Chair of Demeter, Director of the Centre Technique du Papier (CTP) and Director of Adie (Association pour le Droit à l'Initiative Économique). **Isabelle Boccon-Gibod holds 1,000 Legrand shares.**	■ Chair of Demeter (since 2018) ■ Director of Centre Technique du Papier (since 2013) ■ Director of Adie (Association pour le Droit à l'Initiative Économique) (since 2018)	

** Listed company*

(1) Age as at March 19, 2020, the date on which the Board of Directors approved Appendix 3 to the Management Report which contains the directors' biographies.

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Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
CHRISTEL BORIES – Chai and Chief Executive Officer of Eramet*	**Legrand**	**Legrand**
Aged 56 [(1)]	■ Director of Legrand*:	■ None
French citizen	- Chairwoman of the Strategy and Social Responsibility Committee	**Outside the Legrand Group**
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges	- Member of the Audit Committee	■ Deputy Chief Executive Officer of Ipsen* (until 2016)
Date of first appointment: 2012	**Outside the Legrand Group**	■ Director of Smurfit Kappa* (until December 2019)
End of current term of office: 2020	■ Chairwoman and Chief Executive Officer of Eramet* (since 2017)	
Education Christel Bories is a graduate of 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 then held several executive positions with Umicore and the Pechiney Group. When Pechiney became part of 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) until her departure in December 2011. She was appointed Deputy Chief Executive Officer of Ipsen* on February 27, 2013, a position she held until March 2016. She joined Eramet* in February 2017, where she has been Chair and Chief Executive Officer since May 2017.		
Christel Bories holds 1,470 Legrand shares		

** Listed company*

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Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
ANGELES GARCIA-POVEDA – Partner and Director Spencer Stuart	**Legrand**	**Legrand**
Aged 49 (1)	■ Director of Legrand*:	■ None
Spanish citizen	- Lead Director	**Outside the Legrand Group**
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges	- Chairwoman of the Compensation Committee	■ Managing Director of Spencer Stuart France (until 2015)
Date of first appointment: 2012	- Chairwoman of the Nominating and Governance Committee	■ Managing Director of Spencer Stuart EMEA (until 2018)
End of current term of office: 2020	- Member of the Strategy and Social Responsibility Committee	
Education	**Outside the Legrand Group**	
Angeles Garcia-Poveda is a graduate of ICADE business school in Madrid. She also attended the Business Case Study Program at Harvard University.	■ Director of Spencer Stuart * (since 2018)	
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 various recruiting roles at the local and international levels. As BCG's global recruiting manager, she worked on cross-border recruiting projects.		
Having managed the Spencer Stuart France office for five years, Angeles Garcia-Poveda was then head of the EMEA region for three years and a member of the global Executive Committee. She is currently Director of Spencer Stuart at the global level. As a partner of that firm, she leads its Governance practice in France and in that capacity advises international clients in relation to recruiting and assessing executives and board members and in relation to governance issues.		
Angeles Garcia-Poveda holds 4,800 Legrand shares.		

** Listed company*

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Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
EDWARD GILHULY – Co-founder and Managing Partner of Sageview Capital LP* Aged 60 (1) US citizen 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges Date of first appointment: 2018 End of current term of office: 2022 **Education** Edward Gilhuly holds a B.A. in Economics and History from Duke University and an MBA from Stanford University. **Professional Background** Edward (Ned) Gilhuly is the co-founder and Managing Partner of Sageview Capital, an investment capital fund with some USD 1 billion in assets under management. Before founding Sageview Capital*, he worked at Kohlberg Kravis Roberts & Co (KKR) for 19 years. He joined KKR's San Francisco office in 1986 and became Partner in 1995. In 1998, he moved to London to build KKR's business in Europe, for which he was responsible until 2005. He was also a member of KKR's Investment Committee from its creation in 2000 until his departure in 2005. Edward Gilhuly is a director of Exaro Energy, DemandBase, MetricStream, Inc., Elastic Path Software, Avalara* and Pantheon Systems. **Edward Gilhuly holds 119,712 Legrand shares**	**Legrand** ■ Director of Legrand*: - Member of the Strategy and Social Responsibility Committee **Outside the Legrand Group** ■ Director of Exaro Energy (since 2012) ■ Director of DemandBase (since 2015) ■ Director of MetricStream Inc. (since 2014) ■ Director of Elastic Path Software (since 2018) ■ Director of Avalara* (since 2011) ■ Director of Pantheon Systems (since 2019)	**Legrand** ■ None **Outside the Legrand Group** ■ Director of GoPro (until 2017) ■ Director of Envivio Inc.* (until 2015)

** Listed company*

(1) Age as at March 19, 2020, the date on which the Board of Directors approved Appendix 3 to the Management Report which contains the directors' biographies.

Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
PHILIPPE JEULIN – On secondment to the Rector of the Limoges Academy	**Legrand**	**Legrand**
Aged 62 [(1)]	■ Director representing employees of Legrand* - Member of the Audit Committee	■ Director representing employees on the Board of Directors of Legrand France (until 2018)
French citizen		■ Human Resources Department (until 2015)
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges	**Outside the Legrand Group**	**Outside the Legrand Group**
Date of first appointment: 2018	■ On secondment to the Rector of the Limoges Academy as part of the University-Business academic cooperation program	■ Originator and lead teacher on the "Business IT Engineering" program at the CNAM Limousin (until 2015)
End of current term of office: 2022		
Education Philippe Jeulin is a graduate of the École Nationale Supérieure de Mécanique et d'Aérotechnique (ENSMA) and has Master's degrees in Science and in History of Science and Technology.		
Professional Background Philippe Jeulin joined Legrand* in 1985 after working at Enertec Schlumberger and GMF. Until 2015, he held various positions at Legrand*, mainly in the IT and Human Resources Departments. He is currently on secondment to the Rector of the Limoges Academy as part of the University-Business academic cooperation program. He was also the originator and lead teacher of the "Business IT Engineering" program for CNAM Limousin (continuing education institute) from 1988 to 2015. Philippe Jeulin was appointed director representing employees on the Board of Directors of Legrand* on June 26, 2018, upon expiry of his term of office as director representing employees on the Board of Directors of Legrand France, Legrand's French subsidiary.		
Philippe Jeulin does not hold any Legrand shares.		

** Listed company*

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Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
PATRICK KOLLER – Chief Executive Officer of Faurecia*	**Legrand**	**Legrand**
Aged 61 [(1)]	■ Director of Legrand*:	■ None
Dual French and German citizen	- Member of the Compensation Committee	**Outside the Legrand Group**
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges	- Member of the Nominating and Governance Committee	■ Faurecia*:
Date of first appointment: 2018	**Outside the Legrand Group**	- Chief Operating Officer of Faurecia* (until 2016)
End of current term of office: 2022	■ Chief Executive Officer of Faurecia* (since 2016)	- Executive Vice-President of Faurecia* and Chairman of Faurecia Automotive Seating (until 2015)
Education	■ Director of Faurecia* (since 2017)	■ Roles in various Faurecia* group subsidiaries
Patrick Koller is a graduate of Nancy Polytech (formerly École Supérieure des Sciences et Technologies de l'Ingénieur de Nancy — ESSTIN) and of the French Institute of Management (Institut Français de Gestion – IFG).	■ Director of the Fondation du Collège de France (since 2017)	
Professional Background		
Patrick Koller has been the Chief Executive Officer of Faurecia* since July 1, 2016. He first joined the Faurecia* Group in 2006 as Executive Vice-President of the Business Group Faurecia Automotive Seating (now called Faurecia Seating), a position he held until February 2, 2015. During that period, he held many executive roles in Faurecia group subsidiaries, 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 Operating Officer, a position he held until June 30, 2016.		
He has also held senior management positions in several other major industrial companies: he was Chief Executive Officer of Rhodia* Polyamide Intermediates until 2003 and then Group Industrial and Purchasing Director until 2006. He was also Managing Director of the Engine Cooling Europe Division at Valeo* until 2000.		
Patrick Koller holds 1,000 Legrand shares.		

** Listed company*

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Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
MICHEL LANDEL	**Legrand**	**Legrand**
Aged 68 (1)	■ Director of Legrand*:	■ None
French citizen	- Member of the Nominating and Governance Committee (since 2019)	**Outside the Legrand Group**
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges		■ Sodexo*:
Date of first appointment: 2019	**Outside the Legrand Group**	- Chief Executive Officer (until 2018)
End of current term of office: 2023	■ Danone*	- Director (until 2018)
Education	- Lead Director (since 2018)	- Member of the Supervisory Board of ONE SCA
European Business School	- Chairman of the Governance Committee (since 2018)	- Member of the Supervisory Board of Sodexo Pass International
Professional Background	■ Chairman of the Board of Directors of Louis Delhaize (since 2018)	- Member of the Supervisory Board of ONE SAS
Michel Landel started his career in 1977 at Chase Manhattan Bank. In 1980 he became a plant manager at Poliet. In 1984, he joined the Sodexo* group as Operations Manager for Africa. In 1989, he was appointed Chief Executive Officer for Sodexo in North America. In 2000, he became Vice-Chairman of the Executive Committee and, in 2003, the group's Deputy Chief Executive Officer. Between 2005 and January 2018, he was Chief Executive Officer of Sodexo and Chairman of the Executive Committee. Between 2007 and 2018 he was a director of Sodexo.	■ Chairman of Astrolabe Services (since 2018)	- Director of Sodexo Inc
Since 2018, Michel Landel has been lead director and Chairman of the Governance Committee at Danone* and Chairman of the Board of Directors at Louis Delhaize. He is also Chairman of Astrolabe Services.		
In addition, since 2018, Michel Landel is Lead Director and Chairman of the Governance Committee of Danone* and Chairman of the Board of Directors of the Louis Delhaize group. He is also Chairman of Astrolabe Services.		
Michel Landel was awarded the title of Chevalier de la Légion d'Honneur in 2007.		
Michel Landel holds 500 Legrand shares.		

** Listed company*

(1) Age as at March 19, 2020, the date on which the Board of Directors approved Appendix 3 to the Management Report which contains the directors' biographies.

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Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
ANNALISA LOUSTAU ELIA – Chief Marketing Officer and member of the Executive Committee of Printemps	**Legrand**	**Legrand**
Aged 54 (1)	■ Director of Legrand*:	■ None
Italian citizen	- Member of the Compensation Committee	**Outside the Legrand Group**
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges	**Outside the Legrand Group**	■ None
Date of first appointment: 2013	**■ Campari*:**	
End of current term of office: 2021	- Director of Campari* (since 2016) - Member of the bOard of Directors - Member of the Compensation and Nominating Committee	
Annalisa Loustau Elia is a law graduate from La Sapienza University in Roma.	- Member of the Control and Risks Committee	
Professional Background	**■ Roche Bobois***	
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 various Group subsidiaries in Paris and Rome. Her extensive professional career has provided her with solid experience of marketing and product development in the luxury, retail and consumer goods sectors. She has been Chief Marketing Officer and member of the Executive Committee of Printemps since 2008. She has also been a Director of Campari* since 2016 and a member of the Supervisory Board at Roche Bobois* since 2018.	- Member of the Supervisory Board (since 2018) - Member of the Audit Committee '■ Member of the Executive Committee of Printemps (since 2008).	
Annalisa Loustau Elia holds 1,340 Legrand shares.		

** Listed company*

(1) Age as at March 19, 2020, the date on which the Board of Directors approved Appendix 3 to the Management Report which contains the directors' biographies.

Director	Directorships and other roles currently held in companies or other types of organization in France or abroad	Directorships and other roles previously held in the past five years
ELIANE ROUYER-CHEVALIER – Company Director	**Legrand**	**Legrand**
Aged 67 (1)	■ Director of Legrand*:	■ None
French citizen	- Chairwoman of the Audit Committee	**Outside the Legrand Group**
128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges	- Member of the Compensation Committee	■ Chair of CLIFF (until 2014)
Date of first appointment: 2011	**Outside the Legrand Group**	■ Director of the Institut Français du Tourisme (until 2016)
End of current term of office: 2023	■ Chairman of ERC Consulting (since 2013)	■ Director of the Cercle de la Compliance (until 2017)
Education	■ Consultant to the World Bank (IFC) (since 2016)	■ Vice-President of the Observatoire de la Communication Financière (until 2018)
Éliane Rouyer-Chevalier holds a Master's degree in Economics from Université Paris II Assas.	■ Independent Director of Vigeo Eiris (since 2018)	■ Director of Time2Start (until 2019)
Professional Background	■ Director of the F2IC (since 2014)	
Eliane Rouyer-Chevalier joined the Accor* Group in 1983, where she was in charge of international financing and foreign currency cash management before becoming Head of Investor Relations and Financial Communication in 1992. From 2010 to 2012, she was a member of the Executive Committee of Edenred*, a spin-off from the Accor* Group, with the role of Vice President of Corporate and Financial Communications & Social Responsibility. She has been Chair of ERC Consulting since 2013, consultant to the World Bank (IFC) since 2016 and independent director of Vigeo Eiris since 2018. In the not-for-profit sector, Eliane Rouyer-Chevalier is the Honorary President of the French Association for Investor Relations (CLIFF) having served as President from 2004 to 2014. She was Vice-President of the Observatoire de la Communication Financière from 2005 to 2018, and has been Director of France's Federation of Individual Investors and Investment Clubs (F2IC) since 2014. She was a Director of the Institut Français du Tourisme from 2013 to 2016, Cercle de la Compliance from 2015 to 2017 and Time2Start, an organization that helps young people from suburban areas to set up their own companies, from 2016 to 2019 Since 2019, she has been a Director of Ipsos*.	■ **Ipsos*** - Director (since 2019) - Member of the Audit Committee	
Éliane Rouyer-Chevalier holds 1,350 Legrand shares.		

** Listed company*

(1) Age as at March 19, 2020, the date on which the Board of Directors approved Appendix 3 to the Management Report which contains the directors' biographies.

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APPENDIX 3

Statutory auditors’ report on the financial statements for the year ended December 31, 2019

This is a translation into English of the statutory auditors’ report on the financial statements of LEGRAND issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors’ report includes information 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 Annual General Meeting of Legrand

OPINION

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, 2019. These financial statements were approved by the Board of Directors on February 12, 2020 based on information available at this date in the developing context of the Covid-19 health crisis.

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 at December 31, 2019 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.

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, 2019 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) No 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 that are not disclosed in the management report or in the notes to the financial statements:

- both audit firms: comfort letters provided in the context of private placement bond issues;
- PricewaterhouseCoopers Audit: compliance review of transfer pricing documentation;
- 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) and issue of an attestation on revenue

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 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, drawn up under the conditions set out above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

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 "Legrand SA financial statements").

As of December 31, 2019, they comprise Legrand France SA shares recorded in the balance sheet in the amount of €3,774 million (Note 2.2 "Legrand SA financial statements"), that is 74% of total assets. The residual balance, primarily consists of amounts receivable from this subsidiary. The correct valuation of this heading, which requires the exercise of judgement when deciding the items to be taken into consideration and the assumptions adopted, is sensitive to the economic environment and uncertainties specific to forecasts and 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.

We assessed the relevance of the approach adopted by management to measure the value in use of the Legrand SA shares.

Our valuation experts carried out an independent analysis of certain key assumptions used by management to perform the estimates, pertaining in particular to the discount rate, the royalty rate and the perpetual growth rate for 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 the Group's management control department.

We also tested the mathematical accuracy of the Group's calculation, on a sample basis.

Finally, we verified the consistency of the fair value adopted with the group's stock market capitalization.

We assessed the appropriateness of the disclosures on shares in subsidiaries and affiliates provided in the notes to the financial statements.

SPECIFIC VERIFICATIONS

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 in the 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 approved on March 19, 2020 and in the other documents provided to shareholders with respect to the financial position and the financial statements.

Management has informed us that a communication will be issued to the Shareholders' Meeting called to adopt the financial statements on any events and information relating to the Covid-19 health crisis known after the date of approval of the management report.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code.

Information relating to corporate governance

We attest that the section of the management report devoted to corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to compensation and benefits received by or allocated to the directors and any other commitments made in their favour, 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 controlled companies included in the consolidation scope. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of LEGRAND by the annual general meetings held on December 21, 2005 for Deloitte & Associés and on June 6, 2003 for PricewaterhouseCoopers Audit.

As at December 31, 2019, Deloitte & Associés and PricewaterhouseCoopers Audit were in the 15th year and 17th year of total uninterrupted engagement, respectively. For both firms, this is the 14th year since the securities of the Company were admitted to trading on a regulated market.

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.

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, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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 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 and Paris-La Défense, April 16, 2020

The Statutory Auditors

French Original signed by

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Camille Phelizon	Jean-François Viat

APPENDIX 4

Presentation of the agenda for the Combined Shareholders' Meeting of May 27, 2020

Board of Directors' report

This report outlines the issues and key points arising from the proposed resolutions to be submitted by the Board of Directors for your approval at the Shareholders' Meeting on May 27, 2020. It is not intended to be exhaustive, and you should therefore read the proposed resolutions carefully before voting at the Meeting.

Please note that no new agreements falling within the scope of article L. 225-38 of the French Commercial Code were entered into during the year ended December 31, 2019. Two related-party commitments concerning Mr. Benoît Coquart falling within the scope of article L. 225-42-1 of the French Commercial Code were authorized by the Board of Directors and then approved at the Shareholders' Meeting of May 30, 2018. They subsequently remained in force. Since the order enacting the Pacte Law no. 2019-1234 of November 27, 2019 removed the obligation for such commitments given to senior executives and corporate officers to undergo the procedure for related-party agreements, they are no longer disclosed as such in the Board of Directors' report. Nonetheless, these commitments should be in conformity with the compensation policy established by the Board of Directors and approved by the Shareholders' Meeting.

The Board of Directors has convened the Combined Shareholders' Meeting on May 27, 2020 to consider the following agenda:

I. ORDINARY AGENDA

Approval of the financial statements for 2019 (first and second resolutions)

In the first two resolutions, you are asked to vote on the Company's statutory and consolidated financial statements for the year ended December 31, 2019 and on the transactions reflected therein or summarized in the reports of the Board of Directors and Statutory Auditors, which will be submitted for your consideration.

At December 31, 2019:

- The Company's statutory financial statements showed a net profit of €431,363,346.32; and
- The Company's consolidated financial statements showed a net profit of €834.8 million.

Lastly, in the first resolution you are also asked to vote specifically on the total amount of costs and expenses referred to in 4° of article 39 of the French Tax Code, i.e., costs and expenses not deductible for tax purposes.

Appropriation of income and determination of the dividend (third resolution)

In the third resolution, you are asked to vote on the proposed appropriation of the Company's net profit in the year ended December 31, 2019 and on the proposed dividend.

Based on the fact that the Company's net profit for the year ended December 31, 2019 amounted to €431,363,346.32 and that there are no retained earnings, the amount available for distribution stands at the same amount of €431,363,346.32. On that basis, you are asked to approve a dividend of €1.34 per share, making a total payout of €357,730,047.48, based on the number of shares making up the share capital at December 31, 2019, less the treasury shares held by the Company at that date, with the remainder of income available for distribution being transferred to retained earnings.

Treasury shares held by the Company and shares canceled prior the payment date do not carry entitlement to a dividend. In the event of a change in the number of shares entitled to receive a dividend before the dividend payment date, the total dividend payout will be adjusted accordingly.

If this resolution is adopted, the ex-dividend date will be June 1, 2020 and the dividend payment date will be June 3, 2020.

In addition, following movements in the share capital during the course of 2019, the statutory reserve now shows a surplus of €87,608.40, and you are asked to approve the transfer of this amount to "Other reserves".

You are also asked to approve the reduction in the non-distributable reserve for treasury shares by €16,222,963.78 to €3,456,250.11, with the corresponding amount being transferred to "Other reserves".

Lastly, note that the €1.34 dividend payment per share will constitute taxable investment income for French tax residents and is subject to either (i) flat-rate income tax at 12.8%, or (ii) progressive income tax, upon irrevocable election made in the taxpayer's tax return no later than the filing deadline date, in which case it is eligible for the 40% tax relief provided for in 2° of article 158-3 of the French Tax Code for French tax residents. In principle, this dividend is also subject to a flat-rate withholding tax of 12.8% (excluding social security contributions) on the gross amount, and the withholding will then be set off against income tax due on income received in 2020. However, under article 117 *quater* of the French Tax Code, "*individuals belonging to a tax household whose reference taxable income for the last but one year, as defined in 1° of article 1417-IV, is less than €50,000 for single, divorced or widowed taxpayers or less* *than €75,000 for taxpayers taxed jointly, may apply for exemption from this withholding tax*." Applications for exemption should be made by the taxpayer on the terms and conditions set out in article 242 *quater* of the French Tax Code. In addition, this dividend is subject to a social security levy of 17.2% and, for taxpayers whose reference taxable income exceeds certain thresholds, to an exceptional levy on high incomes at a rate of either 3% or 4% as applicable, pursuant to article 223 *sexies* of the French Tax Code.

The tax-related information presented is that applicable when the report was drafted. Shareholders should consult their usual advisors for information about the tax rules applicable to them.

Approval of the disclosures referred to in article L. 225-37-3 I of the French Commercial Code, in accordance with article L. 225-100 II of the French Commercial Code - relating to compensation and benefits of any kind paid in 2019 or awarded in respect of the same year to any of the corporate officers (fourth resolution)

Order no. 2019-1234 of November 27, 2019 on the compensation of listed companies' corporate officers amended article L. 225-100 of the French Commercial Code, which now requires a draft resolution to be submitted for shareholders' approval presenting the disclosures referred to in article L. 225-37-3 I, including total compensation and benefits of any kind paid in the financial year then ended or awarded in respect of the same year to any of the corporate officers.

In the fourth resolution you are asked to approve the following compensation paid in 2019 or awarded in respect of the same year to the corporate officers. The relevant details are provided in sections 6.2.2 "Total compensation and benefits paid in 2019 or awarded in respect of the same year to the company officers" and 6.2.5 "Compensation policy applicable in respect of 2020 and compensation components paid in 2019 or awarded in respect of the same year to company officers requiring shareholders' approval" of the Company's Universal Registration Document.

Approval of the compensation and benefits of any kind paid in 2019 or awarded in respect of 2019 to Mr. Gilles Schnepp, Chairman of the Board of Directors (fifth resolution)

Pursuant to articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the compensation paid during 2019 or awarded in respect of the same year specifically to Mr. Gilles Schnepp, Chairman of the Board of Directors, also requires your approval. This compensation was paid or awarded in accordance with the compensation policy approved by the Shareholders' Meeting on May 29, 2019.

In the fifth resolution you are asked to approve the following compensation paid in 2019 or awarded in respect of 2019 to Mr. Gilles Schnepp, Chairman of the Board of Directors.

Compensation paid in 2019 or awarded in respect of 2019 to Mr. Gilles Schnepp

Compensation components paid or awarded in respect of 2019	Amounts paid during the financial year now ended	Amounts awarded in respect of the financial year now ended or accounting value	Details
Fixed compensation	€625,000		Gross annual fixed compensation approved by the Board of Directors on March 20, 2018 and unchanged since that date, on the recommendation of the Compensation Committee, corresponding to the amount attributable to Mr. Gilles Schnepp for serving as Chairman of the Board of Directors since the roles of Chairman of the Board of Directors and of Chief Executive Officer were split and unchanged since that date. This amount of annual fixed compensation for the Chairman of the Board of Directors was determined by the Board of Directors, on the recommendation of the Compensation Committee, in accordance with the principles laid down in section 6.2.1.1 of the Company's 2019 Universal Registration Document, and in line with the responsibilities and duties performed by the Chairman of the Board of Directors and related to that office, as provided for by 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 given 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) benchmarking studies analyzing the compensation awarded to the non-executive chairmen of CAC 40 companies.
Annual variable compensation	Not applicable	Not applicable	There are no plans to award any annual variable compensation. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance
Deferred variable compensation	Not applicable	Not applicable	There are no plans to award any deferred variable compensation.
Long term cash compensation[1]	€849,037 Component already approved by the Shareholders' Meeting when it was granted and when the vesting period came to an end	Not applicable	There are no plans to award any long-term cash compensation. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place 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	Stock-options: not applicable	There are no plans to award any stock-options. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.
	Performance shares	Performance shares	There are no plans to award any performance shares. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance. At the date Mr. Gilles Schnepp's office as Chairman of the Board of Directors come to an end, that is, June 30, 2020, he will no longer hold any rights under the stock option plans or performance share plans, except for the performance share plan approved by the Board of Directors on May 31, 2017. For more information, please refer to the "Long-term compensation plans settled in shares benefiting Gilles Schnepp" section.
	Other awards of securites: not applicable	Other awards of securites: not applicable	There are no plans to make other awards of securities The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.

Exceptional compensation	Not applicable	Not applicable	There are no plans to award any exceptional compensation.
Compensation for serving as a director	Not applicable	Not applicable	The Chairman of the Board of Directors does not receive any compensation for appointments held at the Company or its subsidiaries.
Value of benefits of any kind	Not applicable	Not applicable	There is no undertaking in this regard.
Termination benefit	Not applicable	Not applicable	There is no undertaking in this regard.
Non-compete compensation	Not applicable	Not applicable	There is no undertaking in this regard.
Supplementary pension plan	Not applicable	Not applicable	There is no undertaking in this regard.

(1) An amount of €849,037 corresponding to 2014 Future Performance Units allotted to Gilles Schnepp and approved by the Shareholders' Meeting at the time of their award and at the end of the vesting period was paid to Gilles Schnepp in June 2019.

Approval of the compensation and benefits of any kind paid in 2019 or awarded in respect of 2019 to Mr. Benoît Coquart, Chief Executive Officer (sixth resolution)

Pursuant to articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the compensation paid during 2019 or awarded in respect of the same year specifically to Mr. Benoît Coquart, Chief Executive Officer, also requires your approval. This compensation was paid or awarded in accordance with the compensation policy approved by the Shareholders' Meeting on May 29, 2019.

In the sixth resolution you are asked to approve the following compensation paid in 2019 or awarded in respect of 2019 to Mr. Benoît Coquart, Chief Executive Officer.

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Compensation paid in 2019 or awarded in respect of 2019 to Mr. Benoît Coquart, requiring shareholders' approval

Compensation components paid or awarded in respect of 2019	Amounts paid during the financial year now ended	Amounts awarded in respect of the financial year now ended or accounting value	Details
Fixed compensation	€700,000		Gross annual fixed compensation set by the Board of Directors on March 20, 2018 and unchanged since that date, 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 based on a benchmarking study analyzing compensation practices for similar duties in CAC 40 companies.
Annual variable compensation(1)	Annual amount awarded in respect of 2018 and paid in 2019: €730,100 Amount pro-rated from February 8, 2018 awarded in respect of 2018 and paid in 2019: €654,048, payment of which was approved by the Shareholders' Meeting of May 29, 2019	Amount awarded in respect of 2019 and payable in 2020: €845,600	The Board of Directors decided at its meeting of March 20, 2019 that the variable compensation paid to Mr. Benoît Coquart in respect of 2019 may vary between 0% and 150% of annual fixed compensation (with a target value set at 100% of annual fixed compensation) and would be determined as follows: ■ a quantitative portion representing 3/4 of this annual variable compensation, varying from 0% to 112.5% of the annual fixed compensation (with a target value set at 75%) and calculated based on criteria relating to (i) the achievement of a specific level of 2019 adjusted operating margin before acquisitions, (ii) 2019 organic sales growth, (iii) 2019 sales growth resulting from acquisitions (scope effect) and (iv) the rate of achievement of the Group CSR roadmap; and ■ a qualitative portion representing 1/4 of this variable compensation, which may vary from 0% to 37.5% of the annual fixed compensation (with a target value set at 25%) calculated based on criteria relating to (i) positive sales trends (market share trends, new products, sales policies, access to new markets, alliances (including outside France), expansion in new economies), (ii) external growth strategy: compliance with priorities, emphasis on multiples paid, emphasis on any dilutive effects of acquisitions on the Group's performance, quality of the integration of newly acquired companies, and (iv) other general criteria, including risk management, workforce-related initiatives and dialog, diversity, and gender balance in the workplace. Based on work done and the proposals made by the Compensation Committee, the Board, at its meeting on March 19, 2020, set: ■ the variable portion of 2019 compensation resulting from the achievement of quantitative targets at 84.8% of the annual fixed compensation; ■ the variable portion of 2019 compensation resulting from the achievement of qualitative targets at 36% of the annual fixed compensation; That reflects an achievement rate of 80.5% (120.8% divided by 150%) of the maximum annual variable compensation and 120.8% (120.8% divided by 100%) of the target, i.e., €845,600 (full details of the rate of achievement of quantitative and qualitative criteria are provided in section 6.2.2.2 of the Universal Registration Document).
Deferred variable compensation	Not applicable	Not applicable	There are no plans to award any deferred variable compensation.
Long term cash compensation	Not applicable(1)	Not applicable(1)	There are no plans to award any long-term cash compensation.

	Stock-options: not applicable	Stock-options: not applicable	There are no plans to award any stock-options.
Stock options, performance shares or any other long-term compensation component		Performance shares: value €1,204,245	On the recommendation of the Compensation Committee, the Board of Directors decided on May 29, 2019 to establish the 2019 Performance Share Plan. This plan (including the performance criteria applicable to the awarded shares) is presented in section 6.2.2.2 of the Company's Universal Registration Document and in section 7.3 of the same document. The award under this plan to Mr. Benoît Coquart corresponds to 4% of the overall award(2). A total of 22,954 performance shares were awarded to Mr. Benoît Coquart. This number of shares to vest definitively may subsequently vary between 0% and 150% of the number of shares initially awarded, according to the level of achievement of financial performance criteria. To recap, the Board of Directors had been granted authorization on May 30, 2018 by the Shareholders' Meeting of May 30, 2018 in its seventeenth resolution (Authorization to award performance shares).
		Other awards of securites: not applicable	There are no plans to make other awards of securities
Exceptional compensation	Not applicable	Not applicable	There are no plans to award any exceptional compensation.
Compensation for serving as a director	Not applicable	Not applicable	Benoît Coquart does not receive any compensation for appointments held at the Company or its subsidiaries.
Value of benefits of any kind		€4,413	A high-end company car classified as a benefit in kind was made available to the Chief Executive Officer in 2019.
Termination benefit	Not applicable	Not applicable	There is no undertaking in this regard.
Non-compete compensation	1 year's reference salary (annual fixed + variable) at the Company's sole initiative	1 year's reference salary (annual fixed + variable) at the Company's sole initiative	Given the profile of the new Chief 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 a non-compete agreement between the Company and the Chief Executive Officer, whereby the Chief Executive Officer undertakes not to carry out any activity that will compete with Legrand's business for a one-year period starting from the date his term of office ends. The Company's Board of Directors will decide, after the Chief Executive Officer's term of office ends, whether or not to apply this non-compete clause, and may unilaterally decide to waive the application of this clause. If applied, the Chief Executive Officer's fulfillment of this undertaking would result, for a one-year period after the end of his term of office as Chief Executive Officer, in the payment by the Company of monthly compensation equal to the monthly average of the reference salary received during the last twelve months of his service at the company, it being stipulated that the reference salary includes the annual fixed and 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 in force at the time, this agreement was authorized by the Board of Directors on March 20, 2018 and was approved by the Combined Shareholders' Meeting of May 30, 2018 (seventh resolution). 7).

Supplementary pension plan	€2,431	There is no commitment corresponding to a defined-benefit pension plan. The Chief Executive Officer continues to benefit from the mandatory collective defined-contribution 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 all other relevant employees. All of the Group's French executives qualify for the defined-contribution 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 for the calculation of contributions to the mandatory supplementary pension plans (ARRCO-AGIRC). Entitlements accrue through the payment of annual contributions equal to 1.5% of the A, B and C Tranches. The Company pays half this amount (0.75%) and the beneficiaries pay the other half (0.75%). In accordance with the procedure relating to related-party agreements and undertakings in force at the time, this commitment was authorized by the Board of Directors on February 7, 2018 having already been approved by the Combined Shareholders' Meeting of May 30, 2018 (eighth resolution).
Personal protection and medical expenses plan	€6,579	The Chief Executive Officer benefits from "medical expenses" supplementary health insurance and "death, disability and inability to work" insurance available to the Group's French executives, since he is classified as an executive for social security and tax purposes. He receives those benefits on the same terms as the other employees in that category. In accordance with the procedure relating to related-party agreements and undertakings in force at the time, this commitment was authorized by the Board of Directors on February 7, 2018 having already been approved by the Combined Shareholders' Meeting of May 30, 2018 (eighth resolution).

(1) Compensation component, payment of which is contingent upon the approval of the Combined Shareholders' Meeting of May 27, 2020, pursuant to paragraph 2 of section II of article L. 225-100 of the French Commercial Code.
(2) This calculation takes into account the adjustment of the number of performance shares to reflect the dividend payment arrangements decided upon by the Company's Combined Shareholders' Meeting on May 29, 2019, to factor in the impact of this transaction on the interests of grantees of performance shares (for more details, please refer to section 7.3 of the 2019 Universal Registration Document).

(3) An amount of €424,079, corresponding to the 2014 Future Performance Units awarded to Mr. Benoît Coquart with respect to his duties prior to his appointment as Chief Executive Officer, was paid to him in June 2019.

Summary table of criteria used to determine the Chief Executive Officer's 2019 annual variable compensation

Benoît Coquart's annual variable compensation for 2019 was determined based on the following criteria:

				Min	Target	Max	Actual
Quantitative: 3/4 of annual variable i.e. 75% of target fixed compensation	Operating sales growth	2019 organic sales growth	As a % of fixed compensation	0%	**15%**	22.5%	17.3%
			Indicator value	0%	2%	4%	2.6%
	Operating margin	2019 adjusted operating margin (at 2018 scope)	As a % of fixed compensation	0%	**40%**	60%	45%
			Indicator value	19.9%	20.3%	20.7%	20.4%
	External growth	2019 sales growth resulting from changes in scope	As a % of fixed compensation	0%	**10%**	15%	10.3%
			Indicator value	0%	5%	10%	5.3%
	Corporate Social Responsibility (CSR)	Rate of achievement of the Group's CSR roadmap	As a % of fixed compensation	0%	**10%**	15%	12.2%
			Indicator value	70%	100%	130%	113.0%
	TOTAL QUANTITATIVE			**0%**	**75%**	**112.5%**	**84.8%**
Qualitative: 1/4 of annual variable i.e. 25% of target fixed compensation	Sales growth	Market share trends, new products, sales policies, access to new markets, alliances (including outside France), expansion in new economies		0%	**10%**	15%	14%
	External growth strategy	Compliance with priorities, emphasis on multiples paid, emphasis on any dilutive effects of acquisitions on the Group's performance, quality of the integration of newly acquired companies		0%	**10%**	15%	15%
	General criteria	Risk management, workforce-related initiatives and dialog, diversity and gender balance, succession plans		0%	**5%**	7.5%	7%
	TOTAL QUALIITATIVE			**0%**	**25%**	**37.5%**	**36%**
TOTAL VARIABLE AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**	**120.8%**

Chief Executive Officer's 2019 long-term incentive program

The long-term compensation awarded to Mr. Benoît Coquart in respect of 2019 consists of a performance share plan (the "2019 Performance Share Plan"), approved by the Board of Directors on May 29, 2019 on the recommendation of the Compensation Committee.

The number of performance shares to be allotted to Mr. Benoît Coquart will range from 0% to 150% of the initial award depending on the level of achievement of four financial and extra-financial criteria measured over a period of three years, as described below.

1) Organic sales growth criterion:

Payment rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	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)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

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Determination of the 3-year target based on the 2019 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2019	Equal to 0.0%	Equal to 4.0%
Year 2: 2020	Equal to -1.0%	Equal to 3.0%
Year 3: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
3-year target: Average of annual targets	**LR(2)**	**UR(3)**

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

2) Adjusted operating margin before acquisitions criterion:

Payment rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	Lower than (LR(2) - 50 bps)	Between (LR(2) - 50 bps) and LR(2)	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)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

Determination of the 3-year target based on the 2019 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2019	Equal to 19.9%	Equal to 20.7%
Year 2: 2020	Equal to 19.6%	Equal to 20.4%
Year 3: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
3-year target: Average of annual targets	**LR(2)**	**UR(3)**

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

3) Achievement rate of the Group's CSR priorities:

Payment 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	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

4) Legrand's share price performance:

Payment rate[1]	0%	30%	Between 30% and 150%	150%
Difference between the performance of Legrand's share price and that of the CAC 40 index[2]	Below 0 point	Equal to 0 point	Between 0 point and 15 points	Above 15 points

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) For the 2019 plan, the three-year performance will be measured over the 2019-2021 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 2021) with the average daily closing market prices of the second half of the year preceding the first year of the plan (second half of 2018, i.e. €58.94;*
- *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 of 2021) with the average closing indices of the CAC 40 index of the second half of the year preceding the first year of the plan (second half of 2018), i.e. 5,213.7 points.*

The difference between these two performances will be measured by the difference, in percentage points, between the change in the Legrand share price and the change in the CAC 40 index.

Note that the performance criteria applicable to share awards made under this plan are presented in section 6.2.2.2 of the Company's 2019 Universal Registration Document.

Compensation policy applicable to the Chairman of the Board of Directors in respect of 2020 (seventh resolution)

Pursuant to article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of any kind that may be granted to the Chairman of the Board of Directors in respect of 2020 in consideration of his duties and representing the compensation policy in his regard require your approval.

The amounts resulting from the application of these principles and criteria will also require your approval at the next Shareholders' Meeting held in 2021 to approve the 2020 financial statements, inasmuch as payment of the variable and exceptional compensation is contingent upon shareholders' approval at the 2021 Shareholders' Meeting.

Accordingly, in the seventh resolution you are asked to approve the following aspects of the 2020 compensation policy applicable to the Chairman of the Board of Directors in consideration of his duties.

Compensation policy for the Chairman of the Board of Directors in respect of 2020 requiring shareholders' approval

Compensation components attributable in respect of the 2020	Amount/Percentage weighting of fixed compensation	Details
Fixed compensation	€625,000	Gross annual fixed compensation approved by the Board of Directors on March 20, 2018 and renewed by the Board of Directors on March 20, 2019 and then again on March 19, 2020, on the recommendation of the Compensation Committee. This amount of annual fixed compensation for the Chairman of the Board of Directors was determined by the Board of Directors, on the recommendation of the Compensation Committee, in accordance with the principles laid down in section 6.2.1.1 of this 2019 Universal Registration Document, and in line with the responsibilities and duties performed by the Chairman of the Board of Directors and related to that office, as provided for by law, the Articles of Association and the internal rules. The main factors considered 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 fulfill those responsibilities and (ii) the 2018 benchmarking study analyzing the compensation awarded to the non-executive chairmen of CAC 40 companies. As part of the change in the Company's governance arrangements effective July 1, 2020, the Board of Directors, acting on the recommendation of the Committee responsible for overseeing the change in the Company's governance and based on the benchmarking studies analyzing the compensation of non-executive chairmen of comparable CAC 40 companies, decided that the compensation for the new Chairwoman of the Board of Directors, Angeles Garcia-Poveda, would be identical to the compensation received by Gilles Schnepp, that is, fixed compensation of €625,000. The fixed compensation of the Chairman of the Board of Directors will be split on a pro rata basis between Gilles Schnepp, who will serve from January 1 until June 30, 2020 and Angeles Garcia-Poveda, who will serve from July 1 until December 31, 2020.
Annual variable compensation	Not applicable	There are no plans to award any annual variable compensation. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Deferred variable compensation	Not applicable	There are no plans to award any deferred variable compensation.
Long term cash compensation	Not applicable	There are no plans to award any long-term cash compensation. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place 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 award any stock-options. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.

	Performance shares	There are no plans to award any performance shares. The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance. At the date Gilles Schnepp's duties come to an end, that is, June 30, 2020, he will no longer hold any rights under the stock option plans or performance share plans, except for the 2017 performance share plan. As stated in section 6.2.1.2 of the Company's 2019 Universal Registration Document, the Board of Directors decided at its meeting of February 12, 2020, on the recommendation of the Compensation Committee, given the exceptional contribution made by Gilles Schnepp to Legrand's development, to lift the condition of continuing service applicable to the 2017 performance share plan, while applying the pro rata rule, which means that the number of performance shares from which Gilles Schnepp would benefit, after taking the performance conditions into account, would be scaled down on a pro rata basis to reflect his actual length of service as executive officer during the vesting period (that is 3 years and 13 days, rather the full vesting period of 4 years). The number of performance shares awarded to Gilles Schnepp under the 2017 plan upon at its expiration, that is on June 17, 2021, would thus be reduced to 10,632, after factoring in a performance condition achievement rate of 111.6%.
	Other awards of securities: not applicable	There are no plans to make other awards of securities The Chairman of the Board of Directors is excluded from the benefit of all variable compensation systems, including performance share plans or any other long-term compensation components in place in the Company, in accordance with the recommendations of the Code of Corporate Governance.
Exceptional compensation	Not applicable	There are no plans to award any exceptional compensation.
Compensation for serving as a director	Not applicable	The Chairman of the Board of Directors does not receive any compensation for appointments held at the Company or its subsidiaries.
Value of benefits of any kind	Not applicable	There is no undertaking in this regard.
Termination benefit	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.

Sign-on bonus in the event of the appointment of a new Chairman of the Board of Directors during 2020

There is no provision for any sign-on bonus compensating for the loss of benefits should a new Chairman of the Board of Directors be appointed in the course of 2020.

The compensation policy applicable to the Chairman of the Board for 2020 is presented in section 6.2.1.2 of the Company's 2019 Universal Registration Document.

Compensation policy applicable to the Chief Executive Officer in respect of 2020 (eighth resolution)

Pursuant to article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of any kind that may be granted to the Chief Executive Officer in respect of 2020 in consideration of his duties and representing the compensation policy in his regard require your approval.

The amounts resulting from the application of these principles and criteria will also require your approval at the next Shareholders' Meeting held in 2021 to approve the 2020 financial statements, inasmuch as payment of the variable and exceptional compensation is contingent upon shareholders' approval at the 2021 Shareholders' Meeting.

Accordingly, in the eighth resolution you are asked to approve the following elements of the 2020 compensation policy applicable to the Chief Executive Officer in consideration of his duties.

Component	Purpose and link with strategy	Operation	Amount/Percentage weighting of fixed compensation
Fixed	**Provide compensation for the breadth and level of responsibility**	Determined by the Board of Directors, fairly and competitively, upon a recommendation from the Compensation Committee, in consideration of ■ level of responsibility; ■ experience; ■ market practices of CAC 40 companies; ■ potential changes of role and responsibility.	€700,000 The Board of Directors decided at its meeting of April 10, 2020 in the light of the global health emergency and economic crisis caused by Covid-19, based on a proposal made by Benoît Coquart, to leave the Chief Executive Officer's annual fixed compensation in respect of 2020 unchanged compared to 2019 even though the Board of Directors had initially decided to raise it from €700,000 to €900,000 on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies.
Annual variable	**Provide an incentive to achieve the Company's financial and extra-financial annual targets**	Determined by the Board of Directors, upon a recommendation from the Compensation Committee, according to strategic priorities, and based on: ■ order of magnitude of variable compensation relative to fixed compensation; ■ annual objectives to be achieved; ■ type and weighting of performance criteria; ■ proportion of quantifiable and qualitative component. ***Of which quantitative (75%):*** structured so as provide an incentive for the achievement of specific and ambitious performance criteria: ■ financial criteria (adjusted operating margin before acquisitions, organic growth, external growth); ■ extra-financial criteria (rate of achievement of the Group's CSR roadmap) ***Of which qualitative (25%):*** structured so as to take account of the year's initiatives deployed to support growth and crisis management.	Minimum value: 0% of fixed compensation Target value: 100% of fixed compensation Maximum value: 150% of fixed compensation
Long-term	**Spur higher long-term financial and extra-financial performance** **Retain and build loyalty over the long term**	Determined by the Board of Directors upon a recommendation from the Compensation Committee, according to strategic priorities and based on: ■ objectives to be achieved; ■ type and weighting of future performance criteria. Determined after application of a continuing service requirement and four demanding performance criteria (each counting for a quarter) measured over three years: ■ target for adjusted operating margin before acquisitions (3-year average of achievement rates); ■ target for organic sales growth (3-year average of achievement rates); ■ rate of achievement of the Group's CSR roadmap (3-year average of achievement rates); ■ Legrand's share price performance relative to the performance of the CAC 40 index (performance gap measured over a 3-year period).	Minimum value: 0% Awarded value (target value): 200% of fixed compensation, reduced to 100% following Benoît Coquart's proposal and the decision made by the Board of Directors as described below Maximum value: 150% of the number of shares initially awarded depending on the achievement of future performance criteria In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided, based on a proposal made by Benoît Coquart, to reduce by 50% the target value for the long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation).

Compensation policy for the Chief Executive Officer in respect of 2020 requiring shareholders' approval

Compensation components attributable in respect of the 2020	Amount/Percentage weighting of fixed compensation	Details
Fixed compensation	€700,000	Gross annual fixed compensation determined by the Board of Directors on April 10, 2020 The Board of Directors decided at its meeting of April 10, 2020 in the light of the global health emergency and economic crisis caused by Covid-19, based on a proposal made by Mr. Benoît Coquart, to leave the Chief Executive Officer's annual fixed compensation in respect of 2020 unchanged compared to 2019 even though the Board of Directors had initially decided to raise it from €700,000 to €900,000 on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to executive officers of CAC 40 companies.
Annual variable compensation	Minimum Value: 0% of fixed compensation Target value: 100% Maximum value: 150% of fixed compensation	At its meeting on March 19, 2020, on the recommendation of the Compensation Committee, the Board of Directors decided to leave unchanged the nature and weightings of quantitative criteria applicable to annual variable compensation that had been established for 2019, along with its target value and maximum amounts. The following changes relative to 2019 should be noted concerning the qualitative criteria of annual variable compensation: (i) clarification of the criteria related to organic growth and the external growth policy, (ii) addition of a new criterion related to sustainable development and efforts to combat global warming, and (iii) a reduction in the weighting given to the external growth policy. These changes increase the number of qualitative criteria to four from three in 2019, but they do not have any effect on the overall weighting of the qualitative portion of annual variable compensation within the total annual variable compensation. The Board of Directors decided that the variable compensation paid to the Chief Executive Officer in respect of 2020 may vary between 0% and 150% of annual fixed compensation (with a target value set at 100% of annual fixed compensation) and would be determined as follows: ■ a quantitative portion representing 3/4 of this annual variable compensation: it may thus vary from 0% to 112.5% of the annual fixed compensation (with a target value set at 75%) and will be calculated based on criteria relating to (i) the achievement of a specific level of 2020 adjusted operating margin before acquisitions, (ii) 2020 organic sales growth, (iii) 2020 sales growth resulting from acquisitions (scope effect) and (iv) the rate of achievement of the Group CSR roadmap; and ■ a qualitative portion representing 1/4 of this variable compensation: it may thus vary from 0% to 37.5% of the annual fixed compensation (with a target value set at 25%) and will be calculated based on criteria relating to (i) innovation and market position (Innovation, Research & Development - new product and manufacturing process, trend in sales generated by products under the Eliot program, relative market share trends), (ii) quality of acquisitions (strategic fit of acquisitions completed, quality of acquisition pipeline, emphasis on multiples paid, quality of integration of acquisitions already completed), (iii) sustainable development and efforts to combat global warming (initiatives to cut CO2 emissions, trend in sales generated by energy savings solutions, Legrand's inclusion in benchmark CSR indices, new initiatives related to sustainable development), (iv) other general criteria, including diversity and gender balance, risk management, workforce-related initiatives, and dialog. These quantitative and qualitative criteria, as well as the targets set, are described in detail in section 6.2.1.3 of this Universal Registration Document.
Deferred variable compensation	Not applicable	There are no plans to award any deferred variable compensation.
Long term cash compensation	Not applicable	There are no plans to award any long-term cash compensation.

	Stock-options: not applicable	There are no plans to award any stock-options.
Stock options, performance shares or any other long-term compensation component	Performance shares Minimum value: 0% Awarded value (target value): 200%, reduced to 100% Maximum value: 150% of the number of shares initially awarded depending on the achievement of future performance criteria	On the recommendation of the Compensation Committee, the Board of Directors decided at its meeting on March 19, 2020 to introduce long-term compensation in 2020 in the form of a 2020 Performance Share Plan. The target value of this plan is 200% of fixed compensation, reduced to 100% of fixed compensation following Mr. Benoît Coquart's proposal and the decision made by the Board of Directors as described below, and will be converted into shares. The number of shares to be awarded definitively will be between 0% and 150% of the initial award of shares according to the level of achievement of four financial and extra-financial criteria measured on the basis of a 3-year average and presented in the "Performance criteria selected for long-term variable compensation and target-setting method" section of this Universal Registration Document. In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided, based on a proposal made by Mr. Benoît Coquart, to reduce by 50% the target value for long-term compensation (lowering the target value for long-term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation). The nature of performance criteria has remained unchanged compared to the 2019 compensation policy. This plan is described, including the performance criteria applicable to the awarded shares and the calculation method for determining the number of shares awarded definitively, in section 6.2.1.3 of the Company's 2019 Universal Registration Document. It should be noted that: ■ the first two performance criteria are aligned with the Company's targets disclosed in February 2020. These are annual targets for adjusted operating margin before acquisitions and organic sales growth. These indicators are central to Legrand's profitable growth-based business model; ■ the third criterion is of an extra-financial nature, based on the fulfillment of the Group's commitments in terms of corporate social responsibility under its CSR roadmap, which is central to Legrand's model and aims to deliver sustainable growth while taking into account all stakeholders' concerns; ■ the last criterion is based on Legrand's share price performance compared to that of the CAC 40 index, so performance is assessed in relative terms, it being specified that no payment would be made if the share price underperforms the CAC 40 index. The proposed performance criteria thus reflect the Company's model based on profitable and sustainable growth aligned with the interests of shareholders and are transparent. To recap, the Board of Directors had been granted authorization on March 19, 2020 by the Combined Shareholders' Meeting of May 30, 2018, in its seventeenth resolution (Authorization to award performance shares).
	Other awards of securities: Not applicable	There are no plans to make other awards of securities.
Exceptional compensation	Not applicable	There are no plans to award any exceptional compensation.
Compensation for serving as a director	Not applicable	The Chairman of the Board of Directors does not receive any compensation for appointments held at the Company or its subsidiaries.
Value of benefits of any kind	€6,135	An executive car is made available to the Chief Executive Officer. This amount is given for information purposes only for 2020.

Sign-on bonus in the event of the appointment of a new Chief Executive Officer during 2020

There is no provision for any sign-on bonus compensating for the loss of benefits should a new Chief Executive Officer be appointed during 2020.

Principles and criteria used to determine the 2020 annual variable compensation attributable to the Chief Executive Officer

The principles for calculating the annual variable compensation in respect of 2020, including the criteria applicable and their weighting, as shown in the table below, were determined by the Board of Directors on March 19, 2020, on the recommendation of the Compensation Committee.

At its meeting on March 19, 2020, on the recommendation of the Compensation Committee, the Board of Directors decided to leave unchanged the nature and weightings of quantitative criteria applicable to annual variable compensation that had been established for 2019, along with its target value and maximum amounts.

The following changes relative to 2019 should be noted concerning the qualitative criteria of annual variable compensation: (i) clarification of the criteria related to organic growth and the external growth policy, (ii) addition of a new criterion related to sustainable development and efforts to combat global warming, and (iii) a reduction in the weighting given to the external growth policy.

The Board of Directors has therefore established the following compensation package for the Chief Executive Officer in 2020:

Given the context of the crisis caused by Covid-19, the annual targets originally announced on February 13, 2020 were suspended by the Company on March 26, 2020. The values included in the table shown below are the original targets.

				Min	Target	Max
Quantitative: 3/4 of annual variable i.e. 75% of target fixed compensation	Organic sales growth	2020 organic sales growth	As a % of fixed compensation	0%	**15%**	22.5%
			Indicator value	(1%)	1%	3%
	Operating margin	2020 adjusted operating margin (at 2019 scope)	As a % of fixed compensation	0%	**40%**	60%
			Indicator value	19.6%	20.0%	20.4%
	Acquisitions	2020 sales growth resulting from changes in scope	As a % of fixed compensation	0%	**10%**	15%
			Indicator value	0%	5%	10%
	Corporate Social Responsibility (CSR)	Rate of achievement of the Group's CSR roadmap	As a % of fixed compensation	0%	**10%**	15%
			Indicator value	70%	100%	130%
	TOTAL QUANTITATIVE			**0%**	**75%**	**112.5%**
Qualitative: 1/4 of annual variable i.e. 25% of target fixed compensation	Innovation and market positions	Innovation and Research & Development (new products and manufacturing processes), trend in sales generated by products under the Eliot program, market share trends.		0%	**10%**	15%
	Quality of external growth	Strategic fit of acquisitions completed, quality of acquisitions pipeline, emphasis on multiples paid, quality of integration of acquisitions already completed.		0%	**5%**	7.5%
	Sustainable development & efforts to combat global warming e	Initiatives to cut CO2 emissions, trend in sales generated by energy savings solutions, Legrand's inclusion in benchmark CSR indices, new initiatives related to sustainable development.		0%	**5%**	7.5%
	General criteria	Crisis management, diversity and gender balance, workforce-related initiatives and dialog.		0%	**5%**	7.5%
	TOTAL QUALITATIVE			**0%**	**25%**	**37.5%**
TOTAL VARIABLE AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**

Principles and criteria to be used to determine the long-term incentive attributable to the Chief Executive Officer in respect of 2020

The long-term incentive awarded to the Chief Executive Officer in respect of 2020 consists of a performance share plan (the “2020 Performance Share Plan”). This award, which would be converted into shares at the Board meeting to be held on May 27, 2020 after the 2020 Shareholders’ Meeting, would correspond to a target of 100% of fixed compensation, subject to shareholders’ approval. In the light of the global health emergency and economic crisis caused by Covid-19, the Board of Directors decided at its meeting on April 10, 2020, based on a proposal made by Mr. Benoît Coquart, to reduce by 50% the target value for long-term compensation (lowering the target value for long - term compensation from 200% of 2019 fixed compensation to 100% of 2020 fixed compensation).

As in 2019, the number of performance shares to be definitively allotted to the Chief Executive Officer may vary from 0% to 150% of the initial award depending on the level of achievement of four financial and extra-financial criteria measured over a period of three years, as described below and in section 6.2.1 “Compensation policy for company officers in respect of 2020” of the 2019 Universal Registration Document.

Given the context of the crisis caused by Covid-19, the annual targets originally announced on February 13, 2020 were suspended by the Company on March 26, 2020. The values included in the tables below are the original targets.

Type of performance criteria	Description of performance criteria and target-setting method	Weight of performance criteria
Organic sales growth target	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Target for adjusted operating margin before acquisitions	Target: 3-year arithmetic mean of the upper and lower bounds of the annual target ranges concerned. Comparison between the target and the average achievement over three years.	1/4
Annual Group’s CSR roadmap achievement rates	Target: arithmetic mean over 3 years of the annual CSR roadmap achievement rates.	1/4
Legrand’s share price performance relative to the performance of the CAC 40 index	Performance gap between Legrand’s share price and the CAC 40 index over a 3-year period.	1/4

1) Organic sales growth criterion:

Payment rate(1)	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	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)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

Determination of the 3-year target based on the 2020 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2020	Equal to -1.0%[4]	Equal to 3.0%[4]
Year 2: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
Year 3: 2022	Disclosed to the market in February 2022	Disclosed to the market in February 2022
3-year target: Average of annual targets	**LR[2]**	**UR[3]**

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

(4) These targets are those announced at the beginning of the year and then suspended on March 26, 2020.

2) Adjusted operating margin before acquisitions criterion:

Payment rate[1]	0%	Between 50% and 90%	90%	Between 90% and 110%	110%	Between 110% and 150%	150%
3-year average of performance in the year of introduction of the plan and the following 2 years	Lower than (LR[2] - 50 bps)	Between (LR[2] - 50 bps) and LR[2]	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)

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

Determination of the 3-year target based on the 2020 award plan

	Lower range of the annual target	Upper range of the annual target
Year 1: 2020	Equal to 19.6%[4]	Equal to 20.4%[4]
Year 2: 2021	Disclosed to the market in February 2021	Disclosed to the market in February 2021
Year 3: 2022	Disclosed to the market in February 2022	Disclosed to the market in February 2022
3-year target: Average of annual targets	**LR[2]**	**UR[3]**

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) LR corresponds to the 3-year average of the lower ranges of the annual target disclosed to the market.

(3) UR corresponds to the 3-year average of the upper ranges of the annual target disclosed to the market.

(4) These targets are those announced at the beginning of the year and then suspended on March 26, 2020.

3) Achievement rate of the Group's CSR priorities:

Payment 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	Below 70%	Between 70% and 100%	Between 100% and 125%	Between 125% and 200%	Above 200%

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

A

4) Legrand's share price performance:

Payment rate[1]	0%	30%	Between 30% and 150%	150%
Difference between the performance of Legrand's share price and that of the CAC 40 index[2]	Below 0 point	Equal to 0 point	Between 0 point and 15 points	Above 15 points

(1) For any point between the limits given in the table above, the payment rate is calculated on a straight-line basis.

(2) For the 2020 plan, the three-year performance will be measured over the 2020-2022 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 2022) with the average daily closing market prices of the second half of the year preceding the first year of the plan (second half of 2019, i.e. €67.24;*
- *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 of 2022) with the average closing indices of the CAC 40 index of the second half of the year preceding the first year of the plan (second half of 2019), i.e. 5,655.4 points.*

The difference between these two performances will be measured by the difference, in percentage points, between the change in the Legrand share price and the change in the CAC 40 index.

The compensation policy applicable to the Company's Chief Executive Officer in respect of 2020 is also presented in section 6.2.1.3 of the Company's 2019 Universal Registration Document.

Compensation policy applicable to members of the Board of Directors in respect of 2020 (ninth resolution)

Pursuant to article L. 225-37-2 of the French Commercial Code as amended by the order of November 27, 2019 on the compensation of listed companies' corporate officers, the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional compensation and benefits of any kind making up the aggregate compensation and benefits of any kind that may be granted to members of the Board of Directors in respect of 2020 in consideration of their duties now also require your approval.

As for the previous resolutions, the amounts resulting from the application of these principles and criteria will also require your approval at the Shareholders' Meeting to be held in 2021 to approve the 2020 financial statements.

Accordingly, in the ninth resolution you are asked to approve the elements of the compensation policy applicable to members of the Board of Directors in respect of 2020 in consideration of their duties as stated in section 6.2.14 "Compensation policy applicable to the Directors in respect of 2020".

The Board of Directors had decided at its meeting on March 19, 2020, acting on the recommendation of the Compensation Committee and based on benchmarking studies analyzing the compensation awarded to directors at CAC 40 companies, to adjust the compensation awarded to directors, putting it at a level that is consistent with and reasonable relative to the market and altering the rules for apportioning directors' compensation.

Even so, given the global health emergency and economic crisis caused by Covid-19, members of the Board of Directors decided unanimously at the meeting on April 10, 2020 not to alter the rules for apportioning directors' compensation for 2020.

Maximum amount of compensation to be awarded to members of the Board of Directors (tenth resolution)

In the tenth resolution you are asked to increase the maximum aggregate annual compensation that may be awarded to members of the Board of Directors. This amount, which was set by shareholders at €900,000 at the Combined Shareholders' Meeting on May 30, 2018, would be increased to €1,200,000 to reflect the larger number of meetings planned.

This new maximum aggregate annual amount would apply with effect from 2020 and to subsequent financial years until the Shareholders' Meeting decides otherwise.

The proposed amount is a maximum annual allocation, which will not necessarily be used in its entirety insofar as the compensation actually paid depends on the composition of the Board and its Committees and on directors' attendance.

Directors' terms of office (resolutions 11 to 14)

Reappointment of Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda as directors (eleventh to thirteenth resolutions)

The terms of office as directors of Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda expire at the close of this Shareholders' Meeting.

In the eleventh to thirteenth resolutions you are asked to reappoint Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda as directors, as recommended by the Nominating and Governance Committee.

The length of their terms of office would be set at three years, subject to shareholder approval of the sixteenth resolution proposed at this Shareholders' Meeting, shortening the term of office for directors stated in the Articles of Association from four to three years. Their appointments would thus expire at the close of the Shareholders' Meeting to be convened in 2023 to approve the financial statements for the year ending December 31, 2022.

Isabelle Boccon-Gibod, a director of the Company since 2016, is also a member of the Audit Committee and a member of the Strategy and Social Responsibility Committee. Her sound financial and accounting skills and her expertise in corporate social responsibility are a real asset for the Board and the Board committees on which she sits. Her experience as a senior executive at international groups is also highly beneficial for the work of these bodies. Should you decide to extend her term of office, it is envisaged that Isabelle Boccon-Gibod would continue to sit on both the Audit Committee and the Strategy and Social Responsibility Committee.

Christel Bories, a director of the Company since 2012, also chairs the Strategy and Social Responsibility Committee and is a member of the Audit Committee. The Company has benefited from her experience as a senior executive at various industrial groups and from her strategic expertise. Should you decide to extend her term of office, it is envisaged that Christel Bories would continue to sit on both the Strategy and Social Responsibility Committee and the Audit Committee.

Angeles Garcia-Poveda, also a director of the Company since 2012, is Lead Director, chairs the Nominating and Governance Committee and the Compensation Committee, and is a member of the Strategy and Social Responsibility Committee. The work performed by these various committees is enriched by the input provided by Angeles Garcia-Poveda as she possesses skills in the fields of compensation, governance and corporate strategy.

Note that the Board of Directors decided at its meeting on February 27, 2020, in connection with the change in the Company's governance framework, to appoint Angeles Garcia-Poveda as Chairwoman of the Board of Directors with effect from July 1, 2020, subject to the renewal of her term of office as a director at this Shareholders' Meeting.

If this resolution is approved, it is not envisaged that, given the governance changes announced in February 2020, Angeles Garcia-Poveda would continue to sit on the Nominating and Governance Committee, or the Compensation Committee, in accordance with the recommendations of the Corporate Governance Code (Afep-Medef). She would continue to participate in the Strategy and Social Responsibility Committee, however.

Lastly, please note that at its meeting of March 19, 2020, the Board of Directors, on the recommendation of the Nominating and Governance Committee, reviewed the situation and again concluded that (i) there are no material business relationships between Isabelle Boccon-Gibod, Christel Bories or Angeles Garcia-Poveda and Legrand, and that (ii) Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda qualify as independent directors. On the recommendation of the Nominating and Governance Committee, the Board of Directors assessed the number of external directorships held by Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda. This review revealed that the number of external directorships they hold complies with the provisions of the French Commercial Code and the Corporate Governance Code and that Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda would therefore have the necessary time to devote to their duties at Legrand.

Biographical details of Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda are presented below:

Isabelle Boccon-Gibod

Isabelle Boccon-Gibod, 52, is a French national. She is a graduate of the Ecole Centrale de Paris and of Columbia University in the United States.

She began her career in 1991 with the International Paper Group, where she headed up the Cardboard division's industrial activities, initially in the United States and then in the United Kingdom from 1997 to 2001. She subsequently served as Head of Strategic Development for Europe until 2004.

She joined the Sequana Group in 2006 as Special Advisor to General Management. She was appointed as Executive Vice-President of the Sequana Group in 2008 and Executive Director of the Arjowiggins Group in 2009.

Isabelle is also a photographer and an author.

She is also a director of Arkéma, the Paprec group and SilMach. On a voluntary basis, she chairs Demeter, and is a director of the Centre Technique du Papier (CTP) and of Adie (Association pour le Droit à l'Initiative Économique).

Isabelle Boccon-Gibod holds 1,000 Legrand shares.

Christel Bories

Christel Bories, 56, is a French national. She is a graduate of the École des Hautes Études Commerciales (HEC) business school.

She began her career in 1986 as a strategy consultant with Booz-Allen & Hamilton before moving to Corporate Value Associates. She then held a number of executive positions with Umicore and the Pechiney Group. When Pechiney joined the Alcan Group, Christel was appointed Chairman and Chief Executive Officer of Alcan Packaging, then Chairwoman and Chief Executive Officer of Alcan Engineered Products and, finally, Chief Executive Officer of Constellium (ex-Alcan) until her departure in December 2011. She was appointed Deputy Chief Executive Officer of Ipsen on February 27, 2013, a position she held until March 2016. She joined Eramet in February 2017 and has been Chairwoman and Chief Executive Officer since May 2017.

Christel Bories holds 1,470 Legrand shares

Angeles Garcia-Poveda

Angeles Garcia-Poveda, 49, is a Spanish national. She is a graduate of ICADE business school in Madrid. She also attended the Business Case Study Program at Harvard University.

Before joining Spencer Stuart in 2008, Angeles spent 14 years with the Boston Consulting Group (BCG) working as a strategy consultant in Madrid and Paris before taking on various recruitment roles at local and international levels. As BCG's global recruiting manager, she worked on cross-border recruitment projects.

Having managed the Spencer Stuart France office for five years, Angeles served as head of the EMEA region for three years and was a member of the Global Executive Committee.

Angeles is currently a director of Spencer Stuart at global level. As partner, she leads its governance practice in France and in this role advises international clients on executive and board member recruitment and assessment and on governance matters.

Angeles Garcia-Poveda holds 4,800 Legrand shares.

Appointment of Mr. Benoît Coquart as a director (fourteenth resolution)

In the fourteenth resolution, you are asked to appoint Benoît Coquart, Chief Executive Officer of Legrand, as a director. If you approve the sixteenth resolution, he would be appointed for a term of three years expiring at the close of the Shareholders' Meeting to be convened in 2023 to approve the financial statements for the year ending December 31, 2022.

The Board of Directors is submitting this proposal for your approval, in accordance with the recommendations of the Nominating and Governance Committee. It expressed the view that Benoît Coquart's considerable experience within the Legrand group would represent a valuable asset for the Board of Directors.

Benoît Coquart's biographical details are summarized below:

Benoît Coquart

Benoît Coquart, 46, is a French national. He joined Legrand immediately after completing his studies in 1997 to manage the Group's activities in South Korea.

Pursuing his career within the Group, he successfully held several positions, including Vice-President of Investor Relations, Vice-President of Corporate Development (M&A), Executive Vice-President Strategy and Development, and Executive Vice-President France. He has been a member of Legrand's Executive Committee since 2010.

Benoît was appointed as Chief Executive Officer of Legrand on February 8, 2018.

Since 2019, Benoît has also been Chairman of Ignes (Industries du Génie Numérique, Energétique et Sécuritaire).

Benoît Coquart holds 27,334 Legrand shares.

With regard to its composition, the Board of Directors, supported by the Nominating and Governance Committee, formally acknowledges the diverse range of complementary skills of the directors – some have strategic skills and experience in managing industrial groups, while others have financial skills or more specific expertise, such as financial reporting, talent management, marketing and corporate social responsibility – coupled with the presence on the Board of Legrand's past and current executive managers who have extensive knowledge of the Group and its operations, are valuable assets for the Company. Furthermore, the Board has received a number of accolades for its diversity, notably at the Corporate Governance Awards (*Grands Prix des Gouvernements d'Entreprise*) organized by AGEFI.

Moreover, since 2017, Legrand has ranked among the top 10 performers in the CAC 40 Governance index launched by Euronext in partnership with Vigeo Eiris, based on governance practices in four areas including one relating to the Board of Directors (effectiveness, checks and balances, consideration of social responsibility factors).

If you approve the appointment of Benoît Coquart and renewal of the terms of office of Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda, the 13 members of the Board of Directors (including two directors representing employees, subject to your approval under the seventeenth resolution) after the Shareholders' Meeting of May 27, 2020 and after the nomination of the second director representing employees will include:

- **five women**, a proportion of 45.5%[1], which is higher than that required by the French Commercial Code (40% since 2017);
- **five different nationalities**, with one US director, one Spanish director, one Italian director, one Franco-German director, and nine French directors, and
- **eight independent members**, a proportion of 73%[1], which exceeds the 50% minimum level recommended by the Afep-Medef's Code of Corporate Governance.

[1] The directors representing employees, are not counted for the purpose of calculating (i) the minimum ratio of directors of a given gender, in accordance with provisions of the law, or (ii) the proportion of independent directors on the Board of Directors, in accordance with the recommendations of the Afep-Medef Corporate Governance Code.

For information, if you approve the reappointments and appointments proposed hereinabove, subject to shareholder approval of the sixteenth resolution, the terms of office of the directors would be due to expire as follows:

Directors	2021	2022	2023
Gilles Schnepp		X	
Olivier Bazil		X	
Isabelle Boccon-Gibod [(1)]			X
Christel Bories [(1)]			X
Benoît Coquart [(1)]			X
Angeles Garcia-Poveda [(1)]			X
Edward A. Gilhuly		X	
Philippe Jeulin		X	
Patrick Koller		X	
Annalisa Loustau Elia	X		
Éliane Rouyer-Chevalier			X
Michel Landel			X
Director representing employees [(1)] n°2			X
NUMBER OF REAPPOINTMENTS P.A.	**1**	**5**	**7**

(1) The Combined Shareholders' Meeting of May 27, 2020 will vote on a resolution proposing to shorten directors' terms of office as set by the Articles of Association. If the corresponding resolution is adopted by shareholders, the length of directors' term of office will be shortened to 3 years, and this change will apply to the reappointments of Isabelle Boccon-Gibod, Christel Bories and Angeles Garcia-Poveda and to the first-time appointment of Benoît Coquart and the second director representing employees.

Authorization granted to the Board of Directors allowing the Company to trade in its own shares (fifteenth resolution)

In this resolution, you are asked to refresh the Board of Directors' authorization to purchase shares of the Company, canceling the previous authorization granted by the Combined Shareholders' Meeting on May 29, 2019.

The objectives of the share buyback program would be:

- to provide liquidity for trading in Legrand shares;
- to (i) implement, in accordance with the applicable legislation (a) stock option plans, (b) employee share offerings, (c) free share awards and share allotments for profit-sharing purposes, and (ii) carry out any related hedging transactions;
- to hold and subsequently remit the shares in exchange or as consideration as part of external growth transactions;
- to remit shares upon the exercise of rights attached to other securities giving access to the share capital;
- to cancel some or all of the shares purchased, subject to the adoption of the resolution authorizing the cancellation of shares purchased under buyback programs;

  or

- to implement any other practice permitted or recognized by law or by the French Financial Markets Authority (Autorité des Marchés Financiers), or for any other purpose permitted by the applicable regulations.

This resolution is similar to the one approved by the Combined Shareholders' Meeting of May 29, 2019.

The share buyback program is limited to 10% of the Company's share capital at the date of the Shareholders' Meeting to be held on May 27, 2020, less the number of treasury shares sold under a liquidity contract during the period covered by the authorization.

Implementation of this authorization may not, in any event, have the effect of increasing the number of shares held directly or indirectly by the Company to more than 10% of the total number of shares comprising the Company's share capital at any time.

The shares purchased and held by the Company would then be stripped of their voting rights and would not be entitled to receive dividends.

As in the previous year, we propose to leave the maximum purchase price unchanged at €90 per share (excluding acquisition fees and adjustment events) and to limit the total amount allocated to the share buyback program to €1 billion.

If approved, the authorization would be valid for 18 months from the date of the Shareholders' Meeting to be held on May 27, 2020. It may not be used during a public offer for the Company's shares.

For information, at December 31, 2019, the Board of Directors had made the following use of the previous authorization:

- the total amount of shares purchased by the Company was €98.16 million
- the Company held 313,406 shares with a nominal value of €4, i.e., €1,253,624, representing 0.12% of its share capital (of which 273,793 shares not for the purposes of the liquidity contract), purchased at a total cost of €16,710,325, to hedge its commitments to grantees of stock options or performance shares, and to an

- employee share ownership plan under the profit-sharing program
- the balance held under the liquidity contract, entered into with Kepler Cheuvreux on May 29, 2007 and subsequently amended, stood at 39,613 shares.

II. EXTRAORDINARY AGENDA

Amendment of article 9 of the Articles of Association regarding the Directors' term of office (sixteenth resolution)

You are asked to approve a change to the Company's Articles of Association shortening directors' standard term of office from four to three years.

This change, which would affect both the terms of office of directors appointed by the Shareholders' Meeting and those of directors representing employees, is aligned with best corporate governance practices. It would apply only to appointments and reappointments approved with effect from this Shareholders' Meeting but would not affect the existing terms of office of directors, which would remain unchanged until their expiration.

The amended version of article 9 would thus read as follows:

- The third paragraph of article 9.1 (provisions applicable to directors appointed by the Shareholders' Meeting) would thus be amended as follows:

  "The term of office of directors appointed by the Shareholders' Meeting is <u>three (3) years.</u> It expires at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the previous financial year and held in the year in which the term of office of said director expires. Directors may be reappointed for consecutive terms without limit."

  The remainder of article 9.1 would remain unchanged.

- The sixth paragraph of article 9.2 (provisions applicable to directors representing employees) would be amended to read as follows:

  "The term of office of directors representing employees is <u>three (3) years.</u> It expires at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the previous financial year and held in the year in which the term of office of said director expires."

  The remainder of article 9.2 would remain unchanged.

Should you approve this resolution, article 9 would be amended accordingly.

Amendment of article 9.2 of the articles of association relating to directors representing employees (seventeenth resolution)

You are also asked to approve a change to the Company's Articles of Association in accordance with article L. 225-27-1 of the French Commercial Code as amended by Law no. 2019-486 of May 22, 2019 on growth and business transformation (the "**Pacte Law**").

As previously worded prior to the Pacte Law, article L. 225-27-1 of the French Commercial Code required that Boards with more than 12 directors appointed by the Shareholders' Meeting should have at least two representing employees and those with 12 or fewer directors should have at least one director representing employees.

The Pacte law changed the rules on the Board participation of directors representing employees. The threshold above which a second director representing employees is required has been lowered from 12 to 8 directors appointed by the Shareholders' Meeting.

Since Legrand's Board of Directors will have at least eight directors appointed by the Shareholders' Meeting at the close of this Shareholders' Meeting, it will need to accommodate a second director representing employees in addition to Philippe Jeulin, who was appointed by the Central Works Committee (since renamed the "Central Workforce Relations and Economic Committee") on June 26, 2018.

To adapt the Articles of Association to the new requirements of the Pacte Law, you are asked in the seventeenth resolution, to amend the provisions of article 9.2 of the Company's Articles of Association in accordance with the Pacte Law and, at the same time, to replace the reference to the Central Works Committee with the term Central Workforce Relations and Economic Committee, which has superseded the previous employee representative institutions.

The amended version of article 9.2 would thus read as follows:

- Paragraph 1 would thus be amended as follows:

  "In accordance with Article L. 225-27-1 of the French Commercial Code, the Board of Directors shall also include one or two Directors representing employees, appointed by the <u>Central Workforce Relations and Economic Committee</u>."

- Paragraph 2 would thus be amended as follows:

  "If <u>eight</u> or fewer Directors are appointed by the Shareholders' Meeting, one Director representing employees shall be appointed. If the number of Directors appointed by the Shareholders' Meeting stands at over <u>eight</u>, two Directors representing employees shall be appointed."

- Paragraph 7 would thus be amended as follows:

  "If the number of Directors appointed by the Shareholders' Meeting falls to <u>eight</u> or fewer, the appointments of both Directors representing employees shall continue for the remainder of their normal term."

- Paragraph 8 would thus be amended as follows:

  "If, subsequent to a Shareholders' Meeting, the number of Directors appointed by the Shareholders' Meeting rises above <u>eight</u>, the <u>Central Workforce Relations and Economic Committee</u> shall appoint a second Director representing employees within six (6) months at most of said Shareholders' Meeting."

The remainder of article 9.2 would remain unchanged.

Should you approve this resolution, article 9.2 would be amended accordingly.

Please note that the Central Workforce Relations and Economic Committee scheduled to meet on July 2, 2020 will appoint, should you approve the seventeenth resolution submitted to this Shareholders' Meeting, the second director representing employees who, in accordance with the law and for gender equality purposes, should be a woman. The term of office of this second director representing employees would run for three years from her nomination (subject to approval of the sixteenth resolution). This director would enjoy equal status with, carry the same powers and have the same responsibilities as the first director representing employees appointed and the other directors appointed by the Shareholders' Meeting, except for the obligation to hold a minimum number of the Company's shares.

Amendment of article 9.5 of the Company's Articles of Association to allow the adoption of written consultations for certain Board decisions (eighteenth resolution)

In the eighteenth resolution, you are asked to amend article 9.5 of the Company's Articles of Association pursuant to article L. 225-37 of the French Commercial Code, as amended by Law no. 2019-744 of July 19, 2019 simplifying, clarifying and updating company law (the "**Soilihi Law**").

To simplify the decision-making process for the Board of Directors, the Soilihi Law permits the Board to adopt certain decisions within their remit and the decision to transfer the registered office within the same department by means of a written consultation of directors.

Pursuant to article L. 225-37 of the French Commercial Code, you are asked in the eighteenth resolution to amend article 9.5 of the Company's Articles of Association to add a fourth paragraph worded as follows:

"The Board of Directors may adopt, by written consultation of the directors, decisions within the remit of the Board of Directors as referred to in article L. 225-37(3) of the French Commercial Code. The arrangements for adopting decisions by written consultation shall be established by the Board of Directors' internal rules."

The remainder of article 9.5 would remain unchanged.

Should you approve this resolution, article 9.5 would be amended accordingly.

Amendment of article 9.6 of the Articles of Association concerning the powers of the Board of Directors (nineteenth resolution)

In the nineteenth resolution, you are asked to amend article 9.6 of the Company's Articles of Association pursuant to article L. 225-35(1) of the French Commercial Code, as amended by the Pacte Law.

Pursuant to the Pacte Law, the Board of Directors is now obliged to conduct its business not only in accordance with the Company's corporate interest but also giving consideration to the social and environmental implications of its activities.

To bring the Articles of Association into line with the new requirements of article L. 227-35 of the French Commercial Code, you are asked to amend the first paragraph of article 9.6 of the Company's Articles of Association as follows:

"The Board shall determine the Company's strategic direction and ensure it is implemented, in accordance with its corporate interest, taking into account the social and environmental implications of its activities. It shall also take into consideration, as appropriate, the Company's core mission as laid down in accordance with article 1835 of the French Civil Code. Subject to powers specifically granted to Shareholders' Meetings and without exceeding the corporate purpose, the Board shall concern itself with all matters relating to the smooth running of the Company and settle any matters related thereto."

The remainder of article 9.6 would remain unchanged.

Should you approve this resolution, article 9.6 would be amended accordingly.

Amendments of articles 10.1, 11 and 13 of the Articles of Association to bring them into line with certain legislative and regulatory changes (twentieth resolution)

In the twentieth resolution you are asked to update articles 10.1, 11 and 13 of the Articles of Association following recent changes to French company law, by making the following amendments:

- Article 10.1 of the Articles of Association:

For clarification purposes, you are asked to replace the reference to article 9.4 by a reference to article 9 in the first paragraph of article 10.1.

The amended version of the first paragraph of article 10.1 would thus read as follows:

"The Board of Directors shall decide, as provided for in article 9 of these Articles of Association, whether the Chairman of the Board of Directors or another individual bearing the title of Chief Executive Officer shall be responsible for executive management of the Company."

- Article 11 of the Articles of Association:

Pursuant to the amendments introduced by the Pacte Law, the term "directors' fees" referred to in the sixth paragraph of article 11 of the Articles of Association would be replaced by "compensation".

The amended version of the sixth paragraph of article 11 would then read as follows:

"The compensation arrangements for the non-voting director(s) shall be determined by the Board of Directors, which may decide to pass on to them a small portion of the compensation that the Shareholders' Meeting has granted to members of the Board of Directors."

- Article 13 of the Articles of Association:

Pursuant to Law no. 2016-1691 of December 9, 2016 on transparency, efforts to combat corruption and the modernization of business, the so-called Sapin II Law, you are asked to amend article 13 of the Articles of Association to reflect the removal from the law of the obligation to appoint an alternate statutory auditor when the principal statutory auditor is not an individual or a single-person company.

The amended version of article 13 would then read as follows:

"The Statutory Auditors are appointed and conduct their audit assignment in accordance with the law and the regulations in force."

Authorization granted to the Board of Directors to reduce the share capital by canceling treasury shares (twenty-first resolution)

Adoption of this resolution would enable the Company to reduce its share capital by canceling 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.

Shares representing up to 10% of the Company's share capital at the date of the Combined Shareholders' Meeting of May 27, 2020 may be canceled in any 24-month period.

This resolution is similar to the one approved by the Combined Shareholders' Meeting of May 29, 2019.

If approved, this authorization would cancel and supersede the unused portion of all authorizations previously granted by the shareholders for the same purpose.

Renewal of financial authorizations (twenty-second to twenty-ninth resolutions)

The twenty-second to twenty-ninth resolutions cover delegations of financial powers granted to the Board of Directors. The aim of these resolutions is to refresh certain authorizations already arranged and approved by the Combined Shareholders' Meeting of May 30, 2018 but now expiring and to entrust the Board of Directors with the management of the Company's financial affairs by authorizing it to issue other securities in certain scenarios and subject to certain conditions depending on market opportunities and the Group's funding requirements.

Each resolution submitted for approval has a specific objective for the purposes of which the Board of Directors would be authorized to issue negotiable securities with or without preferred subscription rights for shareholders, depending on the circumstances.

Should you approve these resolutions, it would give the Board of Directors a degree of flexibility by eliminating the need for it to call a Shareholders' Meeting every time it plans to make an issue provided it stays strictly within the caps set for each of the authorizations and reiterated in the overview below (were the caps on issues to be exceeded, the Board of Directors would need to solicit further authorization from you). The Board of Directors would also be able to adjust more rapidly, as and when market opportunities arise, the nature of the negotiable securities to be issued and the investor categories targeted, and thus secure financing as swiftly as possible to meet the needs of the Company and satisfy the demands of the financial markets.

Overview of the caps on financial authorizations to be submitted for approval at the Shareholders' Meeting on May 27, 2019

Type of authorization	Resolution	Cap	Aggregate cap (twenty-ninth resolution)	Preferred subscription rights maintained for shareholders: Yes / No	Length	Expiration date
Issue of shares or complex negotiable securities, with preferred subscription rights maintained for shareholders	Twenty-second resolution	Total nominal amount of the capital increases that may be carried out immediately and/or in the future: €200 million, around 18.73% of the share capital Debt securities:€2 billion		Yes	26 months	July 27, 2022
Issue of shares or complex negotiable securities through a public offering of a type other than that referred to in article L. 411-2 of the French Monetary and Financial Code, without preferred subscription rights for shareholders	Twenty-third resolution	Total nominal amount of the capital increases that may be carried out immediately and/or in the future: €100 million, or around 9.36% of the share capital.	Total nominal amount of the debt securities (including bonds) that may be issued: €2 billion	No	26 months	July 27, 2022
Issue of shares or complex negotiable securities through a public offering of a type referred to in article L. 411-2 1° of the French Monetary and Financial Code, without preferred subscription rights for shareholders	Twenty-fourth resolution	Total nominal amount of debt securities that may be issued: €1 billion	Nominal amounts of debt securities (including bonds) liable to be issued: €2 billion	No	26 months	July 27, 2022
Increase in the size of issues made under the twenty-second, twenty-third and/or twenty-fourth resolution to meet excess demand (greenshoe option)	Twenty-fifth resolution	15% of the initial size of the issue		Depends on the issue to which the overallotment relates	26 months	July 27, 2022
Capital increase reserved for members of the Company or Group employee share-ownership program	Twenty-seventh resolution	€25 million Counts against the cap of €100 million set in the twenty-third and twenty-fourth resolutions		No	26 months	July 27, 2022

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Issue of shares in consideration for contributions in kind to the Company	Twenty-eighth resolution	Total nominal amount of the capital increases that may be carried out immediately and/or in the future: 5% of the share capital (around €53.4 million) Counts against the cap of €100 million set in the twenty-third and twenty-fourth resolutions Total nominal amount of debt securities that may be issued: €1 billion Counts against the cap of €1 billion set in the twenty-third and twenty-fourth resolutions	No	26 months	July 27, 2022
Renewal of the share buyback program	Fifteenth resolution	10% of the share capital (€106.8 million)		18 months	Nov 27, 2021
Reduction in the share capital through the cancellation of shares	Twenty-first resolution	10% of the share capital per 24-month period		18 months	Nov 27, 2021
Capital increase through capitalization of reserves, earnings, premiums or other items	Twenty-sixth resolution	€100 million		26 months	July 27, 2022

Characteristics of the financial resolutions proposed at the Shareholders' Meeting of May 27, 2020 in comparison with those approved at the Shareholders' Meeting of May 30, 2018

The resolutions submitted for your approval are similar to those submitted for your approval at the Combined Shareholders' Meeting of May 30, 2018 with regard to the applicable caps.

Information about the preferred subscription rights

To recap, with any increase in capital in cash you have a preferred subscription right to any new shares entitling you to subscribe for a number of shares proportional to your holding in the share capital during a given period. This preferred subscription right may be detached from the shares and traded separately throughout the subscription period.

We wish to draw your attention to the fact that should you approve certain resolutions, capital increases would go ahead without this preferred subscription right for the following reasons:

- depending on market conditions, the removal of your preferred subscription right could be necessary for an issue of negotiable securities on the best terms and conditions, including, for example, should the success of the issue depend on the Company's ability to move rapidly, in the event of a placement outside France or an exchange offer. The removal of your preferred subscription right could, for example, in certain cases, enable the Company to raise the requisite capital for its investments by obtaining more favorable issue conditions (including, and for illustrative purposes, by gaining access more rapidly to qualified investors as defined in the regulations);
- in addition, should you approve certain resolutions, it would, pursuant to the law, entail the express waiver of your preferred subscription right in favor of the beneficiaries of the issues or the allotments (including with capital increases reserved for members of an Employee Savings Plan).

Accordingly, you are asked to delegate to the Board of Directors the following powers, inasmuch as, were it to make use of them, the Board of Directors would prepare, in line with the applicable regulation, a further report specifying the definitive terms and conditions for the issue decided upon. This report and the Statutory Auditors' report would be made available to you at the registered office and then submitted for your consideration at the next Shareholders' Meeting.

Delegation of authority to the Board of Directors to issue shares or complex negotiable securities, with preferred subscription rights maintained for shareholders (twenty-second resolution)

Use of this authorization could enable the Board of Directors to strengthen the Company's finances and equity and/or help to fund an investment program.

Shareholders exercising their preferred subscription rights would not suffer any dilution and those not exercising them could sell them.

The characteristics of the authorization you are asked to approve are as follows:

- **your preferred subscription right is maintained;**
- **applicable caps:**
  - total nominal amount of the capital increases that may be carried out immediately and/or in the future: €200 million, or around 18.73% of the share capital to date,
  - total nominal amount of bonds and other debt securities that may be issued: €2 billion,
  - the authorization would also count against the aggregate cap provided for in the twenty-ninth resolution of (i) €200 million concerning the total nominal amount of capital increases by means of an issue of shares or other securities, and (ii) €2 billion concerning the aggregate nominal amount of debt securities (including bonds) issued;
- **suspension of the authorization during a public offer for the Company's shares;**
- **length of the authorization:** 26 months.

The delegation of authority would replace and supersede, with effect from the day of the Shareholders' Meeting, the unused portion of that granted in the eighteenth resolution as part of the extraordinary business adopted by the Combined Shareholders' Meeting of May 30, 2018, it being specified that no use has been made of the authorization.

Delegation of authority to the Board of Directors to issue, through a public offering of a type other than that referred to in article L. 411-2 of the French Commercial Code, shares or complex negotiable securities, without preferred subscription rights for shareholders (twenty-third resolution)

The Company could raise financing by calling on investors or the Company's shareholders, since it could be helpful for the Company to diversify its funding sources.

The characteristics of the authorization you are asked to approve are as follows:

- **removal of your preferred subscription right;**
- **applicable caps:** the following caps satisfy the recommendations of most of the proxy advisors and would not give rise to capital increases exceeding 10% of the Company's share capital on the day of the Shareholders' Meeting:
  - €100 million for the total nominal amount of the capital increases that may be carried out immediately and/or in the future. This amount would also count against the nominal cap set in the twenty-fourth resolution and against the aggregate cap of €200 million set in the twenty-ninth resolution,
  - €1 billion for the total nominal amount of securities (including bonds). This amount would also count against the cap set in the twenty-fourth resolution and against the aggregate cap of €2 billion set in the twenty-ninth resolution;
- **price:**
  - <u>for the shares</u>: the issue price of shares would 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 the Company's shares over the three trading days preceding the start of the offering, less a discount of 10%, after adjustment of the average, as appropriate, to allow for differences in the dates from which shares carry dividend rights),
  - <u>for the negotiable securities</u>: the issue price and the number of new shares to which each other type of security giving access to the share capital would carry an entitlement would be such that the amount immediately received by the Company, together with any amount it may later receive, would be, for each share issued subsequently 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 right:** the Board of Directors could decide to confer a priority subscription right for part or all of the issue, it being stated that unlike the preferred subscription right, this priority right would not be negotiable;
- **suspension of the authorization during a public offer for the Company's shares;**
- **length of the authorization:** 26 months.

The delegation of authority would replace and supersede, with effect from the day of the Shareholders' Meeting, the unused portion of that granted in the nineteenth resolution as part of the extraordinary business adopted by the Combined Shareholders' Meeting of May 30, 2018, it being specified that no use has been made of the authorization.

Delegation of authority to the Board of Directors to issue, through a public offering referred to in article L. 411-2 II 1° of the French Monetary and Financial Code, shares or complex negotiable securities, without preferred subscription rights for shareholders (twenty-fourth resolution)

This authorization would enable the Company to arrange financing more rapidly than by means of a capital increase with a public offering of shares and thus give it the possibility of raising funds more simply from qualified investors.

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The characteristics of the authorization you are asked to approve are as follows:

- your preferred subscription right is removed;
- applicable caps: the following caps satisfy the recommendations of most of the proxy advisors and would not give rise to capital increases exceeding 10% of the Company's share capital on the day of the Shareholders' Meeting:
  - €100 million for the total nominal amount of the capital increases that may be carried out under this delegation of authority. This amount would also count against the nominal cap set in the twenty-third resolution and against the aggregate cap of €200 million set in the twenty-ninth resolution,
  - €1 billion for the total amount of debt securities (including bonds). This amount would also count against the cap set in the twenty-third resolution and against the aggregate cap of €2 billion set in the twenty-ninth resolution,
  - in any event, in accordance with the applicable regulations, the total amount of capital increases to be carried out pursuant to this delegation of authority could not exceed 20% p.a. of the share capital at the issue date (statutory threshold calculated at the date of this report and released for information purposes);
- **price:**
  - for the shares: the issue price of the shares would 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 the Company's shares over the three trading days preceding the start of the offering, less a discount of 10%, after adjustment of the average, as appropriate, to allow for differences in the dates from which shares carry dividend rights),
  - for the negotiable securities: the issue price and the number of new shares to which each other type of security giving access to the share capital would carry an entitlement would be such that the amount immediately received by the Company, together with any amount it may later receive, would be, for each share issued subsequently 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 a public offer for the Company's shares;**
- **length of the authorization:** 26 months.

The delegation of authority would replace and supersede, with effect from the day of the Shareholders' Meeting, the unused portion of that granted in the twentieth resolution as part of the extraordinary business adopted by the Combined Shareholders' Meeting of May 30, 2018, it being specified that no use has been made of the authorization.

Authorization for the Board of Directors to increase the size of issues, either with or without preferred subscription rights, in the event of demand outstripping supply (twenty-fifth resolution)

By increasing the size of the issue initially planned, these arrangements would avert the need to scale down subscriptions in the event of high demand.

The characteristics of the authorization you are asked to approve are as follows:

- **size limit**: 15% of the initial size of the issue under the applicable regulations;
- **time limit**: within 30 days of the close of the subscription period under the applicable regulations;
- **applicable caps**: the caps applicable are those set by the resolution pursuant to which the initial issue is carried out;
- **price**: would be identical to that applied for the initial issue;
- **preferred subscription right:** would be maintained or removed depending on the issue to which the overallotment option relates;
- **suspension of the authorization during a public offer for the Company's shares;**
- **length of the authorization:** 26 months.

The delegation of authority would replace and supersede, with effect from the day of the Shareholders' Meeting, the unused portion of that granted in the twenty-first resolution as part of the extraordinary business adopted by the Combined Shareholders' Meeting of May 30, 2018, it being specified that no use has been made of the authorization.

Delegation of authority to increase the share capital through the capitalization of reserves, earnings, premiums, or any other items eligible for capitalization (twenty-sixth resolution)

A transaction of this type would not affect shareholders' rights since in such circumstances the capital increase would involve a direct transfer to the "share capital" account rather than a contribution of funds. Such a transaction would lead to the issue of new shares allotted to all shareholders on the day on which the capitalization decision is made or to an increase in the nominal value of existing shares.

The characteristics of the authorization you are asked to approve are as follows:

- **cap:** €100 million. The cap would be independent of any of the other limits on issues of shares and other negotiable securities authorized by or under delegations of authority by the Combined Shareholders' Meeting of May 27, 2020;

- **methods used:**
  - allotment of shares,
  - increase in the nominal value of existing shares,

    or
  - a combination of both methods;
- **suspension of the authorization during a public offer for the Company's shares;**
- **length of the authorization:** 26 months.

The delegation of authority would replace and supersede, with effect from the day of the Shareholders' Meeting, the unused portion of that granted in the twenty-second resolution as part of the extraordinary business adopted by the Combined Shareholders' Meeting of May 30, 2018, it being specified that no use has been made of the authorization.

Delegation of authority to issue shares or complex negotiable securities to members of the Company or Group employee share-ownership program, without preferred subscription rights for shareholders (twenty-seventh resolution)

The authorizations to be granted to the Board of Directors pursuant to the foregoing resolutions carry the accompanying statutory obligation to submit for your approval a draft resolution providing for a possible capital increase reserved for employees.

Consequently, you are asked to delegate authority to the Board of Directors to decide to issue shares and/or complex negotiable securities, without preferred subscription rights for shareholders, to current and former employees of the Company and French or foreign companies affiliated with it as defined in article L. 3344-1 of the French Labor Code, on condition that these current or former employees are members of the Company's or Group's Employee Savings Plan (or of any other plan for the members of which article L. 3332-1 *et seq.* of the French Labor Code or any other law or related regulation would permit a capital increase to be reserved on similar terms and conditions).

The characteristics of the authorization you are asked to approve are as follows:

- **your preferred subscription right is removed** in favor of the members of an Employee Savings Plan;
- **applicable caps:**
  - €25 million,
  - the authorization would count against the nominal cap of €100 million set in the twenty-third and twenty-fourth resolutions and against the aggregate cap of €200 million set in the twenty-ninth resolution;
- **price**: the subscription price for the new shares would be equal to the average price of the Company's shares during the twenty trading sessions preceding the date of the decision to set the opening date of the subscription period, less a discount not exceeding the size of the maximum discount provided for in law on the date of the decision by the Board of Directors, which may elect to reduce the size of the discount.

Pursuant to this delegation of authority, the Board may allot shares or other securities giving access to the share capital without consideration, in lieu of the discount and/or of any employer contribution, subject to the limits provided for in article L. 3332-21 of the French Labor Code.

- **length of the authorization:** 26 months.

The delegation of authority would replace and supersede, with effect from the Shareholders' Meeting, the unused portion of that granted in the twenty-third resolution as part of the extraordinary business adopted by the Combined Shareholders' Meeting of May 30, 2018, it being specified that no use has been made of the authorization.

Delegation of authority to the Board of Directors to issue shares or other securities to the holders of the equity securities or negotiable securities in consideration for contributions in kind they make to the Company, without preferred subscription rights for shareholders (twenty-eighth resolution)

In the twenty-eighth resolution, you are asked to delegate to the Board of Directors full powers to issue ordinary shares or complex negotiable securities in consideration for contributions in kind made to the Company consisting of equity securities and negotiable securities giving access to the share capital.

This delegation of powers would facilitate external growth transactions in France and worldwide and the acquisition of minority shareholdings within the Group without any impact on the Group's cash holdings.

The characteristics of the authorization you are asked to approve are as follows:

- **your preferred subscription right is removed** in favor of the holders of shares or other securities forming the contributions in kind;
- **applicable caps:**
  - 5% of the share capital at the time of the issue for the nominal amount of the immediate or deferred capital increases that may be carried out. The amount would also count against the nominal cap of €100 million set in the twenty-third and twenty-fourth resolutions and against the aggregate cap of €200 million provided for in the twenty-ninth resolution,
  - €1 billion for the amount of debt securities. The total nominal amount of the debt securities issued pursuant to this delegation of authority would also count against the €1 billion cap set by the twenty-third and twenty-fourth resolutions and the aggregate cap of €2 billion for the issue of debt securities set in the twenty-ninth resolution;

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- **suspension of the authorization during a public offer for the Company's shares;**
- **length of the authorization:** 26 months.

The delegation of authority would replace and supersede, with effect from the Shareholders' Meeting, the unused portion of that granted in the twenty-fourth resolution as part of the extraordinary business adopted by the Combined Shareholders' Meeting of May 30, 2018, it being specified that no use has been made of the authorization.

For information, a full summary of the delegations of authority and authorizations remaining in force granted by the Shareholders' Meeting to the Board of Directors, and the use made thereof during the financial year, is provided in section 9.2.1.1 of the Company's 2019 Universal Registration Document.

Overall caps on delegations of authority (twenty-ninth resolution)

This resolution is intended to cap the nominal amount of all issues, with or without preferred subscription rights, decided by the Board of Directors pursuant to the delegations of authority referred to above, at €200 million for issues of shares and at €2 billion for issues of debt securities.

Powers to carry out the formalities (thirtieth resolution)

This standard resolution would enable the Board of Directors to complete all legally required filings, formalities and publications after the Shareholders' Meeting due to be held on May 27, 2020.

March 19, 2020.

The Board of Directors

Resolutions for the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 27, 2020

I. RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

First resolution (Approval of the parent-company financial statements for 2019)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings, and having considered the Board of Directors' management report on the Company's business activity and situation in the financial year ended December 31, 2019, and the auditors' report on the annual financial statements for the financial year ended December 31, 2019, shareholders approve the Company's parent-company financial statements for the financial year ended December 31, 2019, as presented, which show net income of €431,363,346.32, together with the transactions reflected in those financial statements or summarized in those reports.

Moreover, in accordance with the provisions of Article 223 quater of the French General Tax Code, shareholders approve the total amount of expenses and charges referred to in Article 39, paragraph 4 of the French General Tax Code, amounting to €50,411 in respect of the 2019 financial year, and the tax incurred in respect of said expenses and charges, amounting to €17,357.

Second resolution (Approval of the consolidated financial statements for 2019)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings, and having considered the Board of Directors' management report on the Group's business activities and situation together with the auditors' report on the consolidated financial statements for the financial year ended December 31, 2019, shareholders approve the Company's consolidated financial statements for the financial year ended December 31, 2019, as presented, which show net income attributable to equity holders of the parent of €834.8 million, together with the transactions reflected in those financial statements or summarized in those reports.

Third resolution (Appropriation of earnings and determination of dividend)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings, and having considered the Board of Directors' and auditors' reports on the annual financial statements, shareholders:

1. Recognize that net income for the financial year ended December 31, 2019, amounted to €431,363,346.32;
2. Recognize that in the absence of retained earnings, the amount of distributable income is €431,363,346.32;
3. Resolve (i) to pay to shareholders, as a dividend, €1.34 per share and (ii) to appropriate the remainder of distributable income to retained earnings;
4. Resolve to appropriate to "other reserves" the portion of the statutory reserve that exceeds 10% of the share capital, i.e. €87,608.40; and
5. Resolve (i) to reduce reserves unavailable for treasury shares by €16,222,963.78 to €3,456,250.11 and (ii) to appropriate the corresponding amount to "other reserves".

On the basis of the number of shares comprising the share capital at December 31, 2019, and after deduction of treasury shares held at that date, the appropriation of distributable income would be as follows: (i) €357,730,047.48 to dividends and (ii) €73,633,298.84 to retained earnings.

In the event of a change in the number of shares entitling holders to a dividend before the dividend payment date, by comparison with the number of shares making up the share capital at December 31, 2019, and minus the number of treasury shares held at that date, the total amount of dividends will be adjusted accordingly.

The ex-dividend date is June 1, 2020, and the dividend will be paid on June 3, 2020.

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, as the case may be, the number of shares issued or cancelled before that date, the total amount of the dividend and, as a result, the remaining distributable income appropriated to retained earnings.

As regards the tax treatment of the dividend of €1.34 per share, the distribution will be classified 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, if a shareholder makes an overall and irrevocable election, in the income tax declaration and no later than the time limit for said declaration, for sliding-scale income tax after deduction of the 40% exemption provided for under Article 158, paragraph 3, sub-paragraph 2 of the French General Tax Code), to social security contributions at a rate of 17.2% as well as, for taxpayers whose reference taxable income exceeds certain thresholds, an exceptional levy on high incomes at a rate of either 3% or 4%, pursuant to Article 223 sexies of the French General Tax Code. The 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 deductible from income tax levied during the 2020 fiscal year unless an exemption is requested in accordance with the provisions of Article 242 quater of the French General Tax Code.

Shareholders note that, in respect of the 2016, 2017 and 2018 financial years, the amounts of dividend paid and income distributed eligible for the 40% income-tax exemption provided for under Article 158, paragraph 3, sub-paragraph 2 of the French General Tax Code were as follows:

Financial year	Number of shares entitled to dividends	Dividend per share	Earnings distributed per share: Eligible for the 40% income tax allowance provided for in Article 158(3)(2) of the French General Tax Code	Earnings distributed per share: Not eligible for the 40% income tax allowance provided for in Article 158(3)(2) of the French General Tax Code
2016	266,508,331 shares with a par value of €4 each	€1.19 *	€0.79	€0.00
2017	267,316,360 shares with a par value of €4 each	€1.26 **	€0.93	€0.00
2018	266,464,962 shares with a par value of €4 each	€1.34***	€0.79	€0.00

** Since €0.40 of the dividend distributed for the 2016 financial year constitutes, for tax purposes, a repayment of paid-in capital as defined by Article 112(1)(1) of the French General Tax Code, this sum is not considered as distributed income for tax purposes.*

*** Since €0.33 of the dividend distributed for the 2017 financial year constitutes, for tax purposes, a repayment of paid-in capital as defined by Article 112(1)(1) of the French General Tax Code, this sum is not considered as distributed income for tax purposes.*

**** Since €0.55 of the dividend distributed for the 2018 financial year constitutes, for tax purposes, a repayment of paid-in capital as defined by Article 112(1)(1) of the French General Tax Code, this sum is not considered as distributed income for tax purposes.*

Fourth resolution (Approval of information referred to in Article L. 225-37-3(I) of the French Commercial Code, in accordance with Article L. 225-100(II) of the French Commercial Code)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings, pursuant to Article L. 225-100(II) of the French Commercial Code, shareholders approve the information mentioned in Article L. 225-37-3(I) of the French Commercial Code as presented in the report on corporate governance mentioned in Article L. 225-37 of the same Code and contained in the 2019 universal registration document, section 6.2.2 «Total compensation and benefits paid in 2019 or awarded in respect of the same financial year to the company officers » and 6.2.5 «Compensation policy applicable in respect of 2020 and compensation components paid in 2019 or awarded in respect of the same year to company officers requiring shareholders' approval».

Fifth resolution (Approval of compensation components and benefits of all kinds paid during 2019 or granted with respect to the same financial year to Mr. Gilles Schnepp, Chairman of the Board of Directors, in accordance with Article L. 225 100(III) of the French Commercial Code)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings, pursuant to Article L. 225-100(III) of the French Commercial Code, shareholders approve the fixed, variable and exceptional elements making up the total compensation and benefits of all kinds paid during the financial year ended December 31, 2019, or awarded in respect of the same financial year to Mr. Gilles Schnepp in relation to his role as Chairman of the Board of Directors, as presented in the report on corporate governance mentioned in Article L. 225-37 of the French Commercial Code and contained in the 2019 universal registration document, section 6.2.2 « Total compensation and benefits paid in 2019 or awarded in respect of the same financial year to the company officers» and 6.2.5 «Compensation policy applicable in respect of 2020 and compensation components paid in 2019 or awarded in respect of the same year to company officers requiring shareholders' approval».

Sixth resolution (Approval of compensation components and benefits of all kinds paid during 2019 or granted with respect to the same financial year to Mr. Benoît Coquart, Chief Executive Officer, in accordance with Article L. 225-100(III) of the French Commercial Code)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings, pursuant to Article L. 225-100(III) of the French Commercial Code, shareholders approve the fixed, variable and exceptional elements making up the total compensation and benefits of all kinds paid during the financial year ended December 31, 2019, or awarded in respect of the same financial year to Mr. Benoît Coquart in relation to his role as Chief Executive Officer, as presented in the report on corporate governance mentioned in Article L. 225-37 of the French Commercial Code and contained in the 2019 universal registration document, section 6.2.2 « Total compensation and benefits paid in 2019 or awarded in respect of the same financial year to the company officers » and 6.2.5 «Compensation policy applicable in respect of 2020 and compensation components paid in 2019 or awarded in respect of the same year to company officers requiring shareholders' approval».

Seventh resolution (Compensation policy applicable to the Chairman of the Board of Directors)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings, having considered the report of the Board of Directors, pursuant to Article L. 225-37-2 of the French Commercial Code, shareholders approve the compensation policy for the Chairman of the Board of Directors as presented in the report on corporate governance mentioned in Article L. 225-37 of the French Commercial Code and contained in the 2019 universal registration document, section 6.2.1

«Compensation policy for company officers in respect of 2020» and 6.2.5 «Compensation policy applicable in respect of 2020 and compensation components paid in 2019 or awarded in respect of the same year to company officers requiring shareholders' approval».

Eighth resolution (Compensation policy applicable to the Chief Executive Officer)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings, having considered the report of the Board of Directors, pursuant to Article L. 225-37-2 of the French Commercial Code, shareholders approve the compensation policy for the Chief Executive Officer as presented in the report on corporate governance mentioned in Article L. 225-37 of the French Commercial Code and contained in the 2019 universal registration document, section 6.2.1 «Compensation policy for company officers in respect of 2020» and 6.2.5 «Compensation policy applicable in respect of 2020 and compensation components paid in 2019 or awarded in respect of the same year to company officers requiring shareholders' approval».

Ninth resolution (Compensation policy applicable to members of the Board of Directors)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings, having considered the report of the Board of Directors, pursuant to Article L. 225-37-2 of the French Commercial Code, shareholders approve the compensation policy for members of the Board of Directors as presented in the report on corporate governance mentioned in Article L. 225-37 of the French Commercial Code and contained in the 2019 universal registration document, section 6.2.1 «Compensation policy for company officers in respect of 2020» and 6.2.5 «Compensation policy applicable in respect of 2020 and compensation components paid in 2019 or awarded in respect of the same year to company officers requiring shareholders' approval».

Tenth resolution (Maximum amount of compensation allotted to members of the Board of Directors)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings and having considered the Board of Directors' report, sets at €1,200,000 the maximum amount of compensation allotted to the Board of Directors as from the financial year beginning on January 1st, 2021 and for each subsequent financial year, until otherwise decided.

Eleventh resolution (Renewal of Ms. Isabelle Boccon-Gibod's term of office as Director)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings and having considered the report of the Board of Directors, shareholders note that the term of office as Director of Ms. Isabelle Boccon-Gibod expires at the close of this General Meeting and resolve, based on a proposal by the Board of Directors, to renew her term of office as Director:

(i) if the sixteenth resolution relating to the amendment of Article 9 of the Company's articles of association is adopted, for a period of three years, ending at the close of the General Meeting of Shareholders called in 2023 to approve financial statements for the financial year ending December 31, 2022;

(ii) if the sixteenth resolution relating to the amendment of Article 9 of the Company's articles of association is rejected, for a period of four years, ending at the close of the General Meeting of Shareholders called in 2024 to approve financial statements for the financial year ending December 31, 2023.

Twelfth resolution (Renewal of Ms. Christel Bories' term of office as Director)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings and having considered the report of the Board of Directors, shareholders note that the term of office as Director of Ms. Christel Bories expires at the close of this General Meeting and resolve, based on a proposal by the Board of Directors, to renew her term of office as Director:

(i) if the sixteenth resolution relating to the amendment of Article 9 of the Company's articles of association is adopted, for a period of three years, ending at the close of the General Meeting of Shareholders called in 2023 to approve financial statements for the financial year ending December 31, 2022;

(ii) if the sixteenth resolution relating to the amendment of Article 9 of the Company's articles of association is rejected, for a period of four years, ending at the close of the General Meeting of Shareholders called in 2024 to approve financial statements for the financial year ending December 31, 2023.

Thirteenth resolution (Renewal of Ms. Angeles Garcia-Poveda's term of office as Director)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings and having considered the report of the Board of Directors, shareholders note that the term of office as Director of Ms. Angeles Garcia-Poveda expires at the close of this General Meeting and resolve, based on a proposal by the Board of Directors, to renew her term of office as Director:

(i) if the sixteenth resolution relating to the amendment of Article 9 of the Company's articles of association is adopted, for a period of three years, ending at the close of the General Meeting of Shareholders called in 2023 to approve financial statements for the financial year ending December 31, 2022;

(ii) if the sixteenth resolution relating to the amendment of Article 9 of the Company's articles of association is rejected, for a period of four years, ending at the close of the General Meeting of Shareholders called in 2024 to approve financial statements for the financial year ending December 31, 2023.

Fourteenth resolution (Appointment of Mr. Benoît Coquart as Director)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and having considered the report of the Board of Directors, shareholders resolve, as proposed by the Board of Directors, to appoint Mr. Benoît Coquart as a Director of the Company:

(i) if the sixteenth resolution relating to the amendment of Article 9 of the Company's articles of association is adopted, for a period of three years, ending at the close of the General Meeting of Shareholders called in 2023 to approve financial statements for the financial year ending December 31, 2022;

(ii) if the sixteenth resolution relating to the amendment of Article 9 of the Company's articles of association is rejected, for a period of four years, ending at the close of the General Meeting of Shareholders called in 2024 to approve financial statements for the financial year ending December 31, 2023.

Fifteenth resolution (Grant of authority to the Board of Directors to allow the Company to trade its own shares)

Meeting in accordance with the conditions as to quorum and majority required for ordinary general meetings and having considered 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 arrange the purchase of Company shares representing at most 10% of the Company's share capital at the date of this General Meeting, it being noted that, where 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. Resolve that shares may be bought, sold or transferred for the purposes of:
   - ensuring the liquidity and active operation of the market in Company shares via an investment service provider, acting independently under a liquidity agreement in accordance with applicable regulations,
   - implementing (i) any Company stock option plans in accordance with Articles L. 225-177 et seq. of the French Commercial Code or any similar plan, (ii) any employee share ownership transactions reserved for members of a Group Savings Plan in accordance with Articles L. 3332-1 et seq. of the French Labor Code or providing for bonus share awards as a Company contribution and/or in lieu of discount according to applicable laws and regulations, (iii) any bonus share awards pursuant to Articles L. 225-197-1 et seq. of the French Commercial Code, and any hedging transaction relating to those transactions, at such times as the Board of Directors or the person acting on its behalf shall deem appropriate, (iv) any award of shares to employees and/or executive officers of the Company 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 and using 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 share capital,
   - delivering shares on the exercise of rights attached to securities providing immediate or future access to the Company's shares, through redemption, conversion, exchange, presentation of a warrant, or in any other way,
   - canceling all or some of the shares thus purchased, subject to the adoption of the twenty-first resolution below, or
   - carrying out such other practices as may be permitted or recognized by law or by the French Financial Market Authority (*Autorité des Marchés Financiers*), 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 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 installments, by any means, on or off any market, including via systematic internalizers 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 through the 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 purchase expenses) or the equivalent value of that 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, bonus share awards 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 shares directly or indirectly held by the Company rising above 10% of the total number of shares comprising the share capital 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 implementation 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 French Financial Market Authority (*Autorité des Marchés Financiers*), 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 that date, deprives previous authorizations with the same purpose of their effect to the extent not used.

II. RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Sixteenth resolution (Amendment of Article 9 of the articles of association regarding the Directors' term of office)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered the Board of Directors' report, shareholders, (i) to reduce the Directors' term of office from four (4) years to three (3) years, and accordingly (ii) to amend Article 9.2 of the Company's articles of association as follows.

Article 9.1 – Directors appointed by the General Meeting of Shareholders

The third paragraph shall be amended as follows:

"Directors have a three (3)-year term of office. It expires at the end of the Ordinary General Meeting of Shareholders convened to consider the financial statements for the previous financial year and held in the year in which their term of office expires. Directors may always be reappointed for consecutive terms."

Article 9.2 – Directors representing employees

The sixth paragraph shall be amended as follows:

"The Director representing employees has a three (3)-year term of office expiring at the end of the Ordinary General Meeting of Shareholders convened to consider the financial statements for the previous financial year and held in the year in which that Director's term of office expires."

it being stipulated that (i) the rest of Article 9 shall remain unchanged and (ii) the amendment shall not affect the current terms of office of directors appointed prior to this General Meeting.

Seventeenth resolution (Amendment of Article 9.2 of the articles of association relating to Directors representing employees)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered the report of the Board of Directors, shareholders resolve, as proposed by the Board of Directors, to amend Article 9.2 of the Company's articles of association (as amended, as the case may be, pursuant to the adoption of the sixteenth resolution) as follows in order to bring it into line with the new wording of Article L. 225-27-1 of the French Commercial Code (as amended by French act no. 2019-486 of May 22, 2019, on business growth and transformation) and to take into account the fact that the Central Works Committee has been replaced by the Central Workforce and Economic Committee:

Article 9.2 – Directors representing employees

The first paragraph shall be amended as follows:

"In accordance with Article L. 225-27-1 of the French Commercial Code, the Board of Directors shall also include one or two Directors representing employees, appointed by the Central Workforce and Economic Committee."

The second paragraph shall be amended as follows:

"If the number of Directors appointed by the General Meeting of Shareholders is eight or fewer, one Director representing employees shall be appointed. If the number of Directors appointed by the General Meeting of Shareholders is above eight, two Directors representing employees shall be appointed."

The seventh paragraph shall be amended as follows:

"If the number of Directors appointed by the General Meeting of Shareholders falls to eight or fewer, the terms of both Directors representing employees shall continue for the remainder of their regular duration."

The eighth paragraph shall be amended as follows:

"If, subsequent to a General Meeting of Shareholders, the number of Directors appointed by the General Meeting of Shareholders becomes more than eight, the Central Workforce and Economic Committee shall appoint a second Director to represent employees within six (6) months at the most of said General Meeting."

The rest of Article 9.2 shall remain unchanged.

Eighteenth resolution (Amendment of Article 9.5 of the Company's articles of association)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered the report of the Board of Directors, shareholders resolve, based on a proposal by the Board of Directors, to amend Article 9.5 of the Company's articles of association, in accordance with Article L. 225-37 of the French Commercial Code, as follows:

Article 9.5 – Meetings of the Board of Directors

The following fourth paragraph shall be added:

"The Board of Directors may adopt, by written consultation of the directors, decisions falling under the remit of the Board of Directors as referred to in Article L. 225-37(3) of the French Commercial Code. The arrangements for adopting decisions taken through written consultation shall be established by the Board of Directors' internal rules."

The rest of Article 9.5 shall remain unchanged.

Nineteenth resolution (Amendment of Article 9.6 of the articles of association relating to the powers of the Board of Directors)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered the report of the Board of Directors, shareholders resolve, as proposed by the Board of Directors, to amend Article 9.6 of the Company's articles of association as follows in order to bring it into line with the new wording of Article L. 225-35(1) of the French Commercial Code (as amended by French act no. 2019-486 of May 22, 2019, on business growth and transformation):

Article 9.6 – Powers of the Board of Directors

The first paragraph of Article 9.6 of the Company's articles of association shall be amended as follows:

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"The Board shall determine the Company's business strategy and ensure that it is implemented, in accordance with its corporate interest, taking into account the social and environmental issues relating to its activities. Subject to powers specifically granted to shareholders in general meetings of shareholders and within the scope of the corporate purpose, the Board shall deal with all matters relating to the Company's business operations and make decisions on issues that concern the Company."

The rest of Article 9.6 shall remain unchanged.

Twentieth resolution (Amendments of Articles 10.1, 11 and 13 of the articles of association to bring the articles of association into line with legislative and regulatory changes)

Meeting in accordance with the conditions as to quorum and majority for extraordinary general meetings and having considered the report of the Board of Directors, shareholders resolve, as proposed by the Board of Directors, to amend Articles 10.1, 11 and 13 of the Company's articles of association as follows:

Article 10.1 – Choice of the Company's general management method

The first paragraph of Article 10.1 shall be amended as follows (the reference to Article 9.4 being replaced by a general reference to Article 9):

"The Board of Directors shall decide, under the conditions set out in Article 9 of these articles of association, whether general management shall be performed by the Chairman of the Board of Directors or by another individual bearing the title of Chief Executive Officer."

The rest of Article 10.1 shall remain unchanged.

Article 11 – Advisers (Censeurs)

The paragraph relating to advisers' compensation shall be amended as follows:

"The compensation arrangements for the adviser(s) shall be determined by the Board of Directors, which may pay to them part of the compensation that shareholders in an Ordinary General Meeting have granted to members of the Board of Directors."

The rest of Article 11 shall remain unchanged.

Article 13 – Statutory Auditors

Article 13 shall be amended as follows (to reflect the wording of Article L. 823-1 of the French Commercial Code, as amended by French act no. 2016-1691 of December 9, 2016, i.e. the "Sapin II" act):

"One or more primary Statutory Auditors and, as the case may be, one or more alternate Statutory Auditors, shall be appointed and perform their audit assignments in accordance with the law and regulations in force."

Twenty-first resolution (Grant of authority to the Board of Directors to reduce the share capital by canceling treasury shares)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered 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's shares purchased under share buyback programs authorized and deployed by the Company, and to reduce the share capital of the Company by the total nominal amount of the shares thus canceled, subject to 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 canceled 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 canceled 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 Market Authority (*Autorité des Marchés Financiers*), to carry out 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 that date, deprives previous authorizations with the same purpose of their effect to the extent not used.

Twenty-second resolution (Delegation of powers to the Board of Directors for the purpose of issuing shares or complex securities, with preferential subscription rights maintained)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered the Board of Directors' report and the auditors' special report, the shareholders, in accordance with the French Commercial Code and more specifically Articles L. 225-129 et seq. (and in particular Article L. 225-129-2) and 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 for the issue, with shareholders' preferential subscription rights maintained, in France or abroad, in euros, or in any other currency or currency unit established with reference to several currencies, of (i) Company shares, (ii) securities governed by Articles L. 228-91 et seq. of the French Commercial Code, which are Company equity securities giving access to other Company equity securities and/or giving an entitlement to the allotment of Company debt securities, (iii) securities, whether or not governed by Articles L. 228-91 et seq. of the French Commercial Code, which give access or which may give access to Company equity securities yet to be issued, where said securities may also give access to existing Company equity securities and/or debt securities, which may be subscribed 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 carried out 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 give access to the Company's shares, it being stipulated that this amount will count towards the overall limit set in the twenty-ninth 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 that 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-ninth resolution;
4. Resolve that shareholders may exercise their preferential subscription rights by irreducible entitlement, 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 subject to the extent of their applications, rights to subscribe a number of ordinary shares or securities greater than that resulting from their irreducible entitlements 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 entitlements, 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 warrants for the Company's shares may be carried out either by an offer to subscribe as provided above or allotting them free of charge to holders of existing shares, it being stipulated that, stand-alone warrants are allotted free of charge, 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, insofar as this may be necessary, that this delegation entails, by operation of law, the waiver, in favor of the holders of any such securities issued under this resolution, of shareholders' preferential rights to subscribe the new shares to which those securities may carry entitlement;
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 share capital; 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 deductions from issue premiums, in particular deductions for the amounts required to bring the statutory reserve to one-tenth of the new share capital after each issue and deductions for issue expenses; 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 carry out all formalities necessary for the issue, trading and financial servicing of the securities issued by virtue of this delegation and the exercise of rights attached to them;
9. In the event of an 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 a premium, to define amortization terms in accordance with market conditions, and to determine conditions under which securities may give entitlements to new shares in the Company;

   Unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not use this delegation from the date on which a third-party files a proposed 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 capital increases and to carry out the relevant amendments to the Company's articles of association.

The resulting delegation of powers to the Board of Directors is valid for a period of twenty-six months from the date of this General Meeting and, from that date, replaces the delegation of powers provided for in the eighteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 30, 2018, to the extent not used.

Twenty-third resolution (Delegation of powers granted to the Board of Directors for the purpose of issuing, by means of a public offering other than those referred to in Article L. 411-2 of the French Monetary and Financial Code, of shares or complex securities, without preferential subscription rights)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered 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:

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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 public offerings other than those referred to in Article L. 411-2 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 equity securities giving access to other Company equity securities and/or giving an entitlement to the allotment 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 equity securities yet to be issued, where said securities may also give access to existing Company equity securities or debt securities, which may be subscribed 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 carried out 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 the nominal amount of capital increases which may be carried out pursuant to this delegation of powers, immediately and/or in the future will count towards (i) the nominal limit of €100 million determined by the twenty-fourth resolution put to this General Meeting, and (ii) the overall limit determined in the twenty-ninth 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 is stipulated that the total nominal amount of debt securities issued pursuant to this delegation of powers will count towards (i) the nominal limit of €1 billion determined by the twenty-fourth resolution put to this General Meeting, and (ii) the overall limit determined in the twenty-ninth resolution;

4. Resolve that issues pursuant to this delegation of powers will be carried out by means of public offerings (other than those referred to in Article L. 411-2 of the French Monetary and Financial Code), it being further stipulated that these issues may be carried out in association with one or several public offerings referred to in Article L. 411-2(1) of the French Monetary and Financial Code pursuant to the twenty-fourth resolution put to this General Meeting;

5. Resolve to withhold shareholders' preferential rights to subscribe the shares and other securities to be issued under this resolution;

6. Resolve however that the Board of Directors may confer on shareholders a priority right to subscribe, by irreducible entitlement and, if so decided, with additional reducible entitlement, 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 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, by operation of law, the waiver, in favor of the holders of any such securities issued under this resolution, of shareholders' preferential rights to subscribe 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 at the date of issue, in particular articles L. 225-136 and R. 225-119 of the French Commercial Code (i.e. at the present time, the weighted average market price of Company shares over the three trading days preceding the start of the public offering, less a discount of up to 10%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry dividend rights), including for public offerings referred to in article L. 411-2-1 of the French Monetary and Financial Code;
   - the issue price of securities issued on the basis of this resolution and the number of new shares to which each security may give an entitlement 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;

10. Provide that the Board of Directors may, within the limits defined in paragraphs 2 and 3 above, issue various shares or securities as consideration for securities tendered in response to a tender offer including an exchange 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 withhold, insofar as necessary, their preferential subscription rights to these shares or other securities in favor of the holders of those 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 ratios in the event of a public offering with an exchange component initiated by the Company), the amounts to be issued (where applicable, depending on the number of shares tendered in response to a tender 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 share capital, 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 deductions from issue premiums, and in particular deductions for the amounts required to bring the statutory reserve to one-tenth of the new capital after each issue and deductions for issue expenses; and, in general, to take such action and enter into such agreements as may be conducive to the satisfactory performance of the issues, and to carry out all formalities necessary for the issue, trading and financial servicing of the securities issued by virtue of this delegation and the exercise of rights attached to them.

    In the event of an issue of debt securities, the Board of Directors shall have full powers to take related decisions, in particular as to whether the debt is to be subordinated or not, to set the interest rate, maturity, the redemption price, whether fixed or variable and with or without a premium, to define amortization terms in accordance with market conditions, and to determine conditions under which securities may give an entitlement to new shares in the Company;

    Unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not use this delegation from the date on which a third-party files a proposed public tender offer for the Company's shares until the end of said tender offer;

12. Resolve that the Board of Directors shall have full powers to acknowledge the realization of capital increases and to carry out the relevant amendments to the Company's articles of association.

The resulting delegation of powers to the Board of Directors is valid for a period of twenty-six months from the date of this General Meeting and, from that date, replaces the delegation of powers provided for in the nineteenth resolution at the Combined Ordinary and Extraordinary General Meeting of May 30, 2018, to the extent not used.

Twenty-fourth resolution (Delegation of powers granted to the Board of Directors for the purpose of issuing, by means of a public offering referred to in Article L. 411-2(1) of the French Monetary and Financial Code, of shares or complex securities, without preferential subscription rights)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered 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 public offerings referred to in Article 411-2(1) 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 equity securities giving access to other Company equity securities and/or giving an entitlement to the allotment 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 equity securities yet to be issued, where said securities may also give access to existing Company equity securities or debt securities, which may be subscribed 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 carried out 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 limit prescribed by law (for purposes of illustration, this limit is currently 20% of the Company's share capital, at the date of issue, by year), it being further provided that the nominal amount of any capital increases which may be carried out, whether immediately or at some future date, pursuant to this delegation of powers is to count towards (i) the nominal limit of €100 million determined by the twenty-third resolution put to this General Meeting, and (ii) the overall limit determined in the twenty-ninth 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 determined in the twenty-third resolution

put to this General Meeting, and (ii) the overall limit determined in the twenty-ninth resolution;

4. Resolve that issues pursuant to this delegation of powers will be carried out by means of public offerings referred to in Article L. 411-2(1) of French Monetary and Financial Code, it being further stipulated that these issues may be carried out in association with one or several public offerings pursuant to the twenty-third resolution put to this General Meeting;

5. Resolve to withhold shareholders' preferential rights to subscribe 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,
   - allot 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, by operation of law, the waiver, in favor of the holders of any such securities issued under this resolution, of shareholders' preferential rights to subscribe the new shares to which these securities may carry entitlement;

8. Resolve that:

   - the issue price of shares will be at least equal to the minimum prescribed by laws and regulations at the date of issue, in particular articles L. 225-136 and R. 225-119 of the French Commercial Code (i.e. at the present time, the weighted average market price of Company shares over the three trading days preceding the start of the public offering, less a discount of up to 10%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry dividend rights), including for public offerings referred to in article L. 411-2-1 of the French Monetary and Financial Code;
   - the issue price of securities issued on the basis of this resolution and the number of new shares to which each security may give an entitlement 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. 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 dividend rights, even with retroactive effect, and conditions for redemption where applicable; to suspend, as appropriate, the exercise of rights to Company shares attached to securities in accordance with applicable regulations; to make such adjustments as may be required as a result of changes in the Company's share capital; 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 deductions from issue premiums, in particular deductions for the amounts required to bring the statutory reserve to one-tenth of the new capital after each issue and deductions for issue expenses; 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 servicing of the securities issued by virtue of this delegation and the exercise of rights attached to them.

   In the event of an issue of debt securities, the Board of Directors shall have full powers to take related decisions, in particular as to whether the debt is to be subordinated or not, to set the interest rate, maturity, the redemption price, whether fixed or variable and with or without a premium, to define amortization terms in accordance with market conditions, and to determine conditions under which securities may give an entitlement to new shares in the Company;

   Unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not use this delegation from the date on which a third-party files a proposed 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 carry out the relevant amendments to the Company's articles of association.

The resulting delegation of powers to the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and, from that date, replaces the delegation of powers provided for in the twentieth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 30, 2018, to the extent not used.

Twenty-fifth resolution (Power granted to the Board of Directors to increase the amount of issues made with or without preferential subscription rights in the event of excess demand)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered 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 in an amount 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 preferential subscription rights maintained or withheld pursuant to the twenty-second, twenty-third and/or twenty-fourth resolutions 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 carried out on the basis of this resolution shall count towards the first limit and, in the event of an issue of debt securities, towards the second limit, provided for in the twenty-ninth resolution.

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 use this delegation from the date on which a third-party files a proposed public tender offer for the Company's shares until the end of said tender offer.

The resulting delegation of powers to the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and, from that date, replaces the delegation of powers provided for in the twenty-first resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 30, 2018, to the extent not used.

Twenty-sixth 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 majority required for ordinary general meetings and having considered 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 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 the Company's articles of association, such increase taking the form of an allotment of shares or an increase in the nominal value of 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 an entitlement 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 decided at this General Meeting;

3. Resolve that, in the event of an allotment of shares, 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;

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 dividend 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 deductions from available reserves, in particular deductions for the amounts required to bring the statutory reserve to one-tenth of share capital after each issue and deductions for issue expenses; and, in general, to do all things necessary and carry out all formalities required to finalize any capital increase or increases that may be carried out pursuant to this delegation of powers and to make the relevant amendments to Company's articles of association;

5. Unless it has obtained prior authorization from the General Meeting of Shareholders, the Board of Directors may not use this delegation from the date on which a third-party files a proposed public tender offer for the Company's shares until the end of said tender offer.

   The resulting delegation of powers to the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and, from that date, replaces the delegation of powers provided for in the twenty-second resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 30, 2018, to the extent not used.

Twenty-seventh resolution (Delegation of powers to the Board of Directors for the purpose of issuing shares or complex securities, without preferential subscription rights, in favor of members of a Company or Group savings plan)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered 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 Labor 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 equity securities giving access to other

Company equity securities and/or giving an entitlement to the allotment 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 equity securities yet to be issued, where said securities may also give access to existing Company equity securities or debt securities, on one or more occasions, in such proportions and at such times as it shall consider appropriate, without shareholders' preferential subscription rights, directly or through a company investment fund or any other structures or entities allowed under prevailing laws and regulations, in favor 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 Labor Code, insofar as these employees and former employees are members of a Company or Group savings plan (or in any other plan for whose members Articles L. 3332-1 et seq. of the French Labor Code or any analogous law or regulation allow a capital increase to be reserved 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 employer contribution, subject to the limits provided for in Article L. 3332-21 of the French Labor Code;

3. Resolve that the total nominal amount of capital increases, whether immediate or deferred, which may be carried out 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 determined by the twenty-third and twenty-fourth resolutions put to this General Meeting, and (ii) the overall limit determined in the twenty-ninth 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 30% or 40% 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 local laws;

5. Resolve to withhold, in favor of the aforementioned beneficiaries, shareholders' preferential subscription rights in respect of the securities which may be issued under this authorization, with those shareholders also waiving all claims to bonus shares or securities giving access to the capital that may be issued under this resolution;

6. Resolve further that, if the beneficiaries have not subscribed the entire capital increase by the specified deadline, the increase shall be carried out only in the amount corresponding to the shares subscribed, and unsubscribed shares may be re-offered to the relevant 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 members or entities may benefit from the offer to subscribe and the maximum number of shares that 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 a time limit to pay up their shares,
   - determine 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 any applicable contractual stipulations, and, as the case may be, 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 deductions from available reserves, in particular deductions for the amounts required to bring the statutory reserve to one-tenth of share capital after each issue and deductions for issue expenses, 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.

The resulting delegation of powers to the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and, from that date, replaces the delegation of powers provided for in the twenty-third resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 30, 2018, to the extent not used.

Twenty-eighth 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, with preferential subscription rights withheld in favor of the holders of the shares or securities provided as said contributions in-kind)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings, and having considered 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 equity securities giving access to other Company equity securities and/or giving an entitlement to the allotment 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 equity securities yet to be issued, where said securities may also give access to existing Company equity securities or debt securities, subject to a limit of 5% of the 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 carried out pursuant to this delegation of powers shall count towards (i) the nominal limit of €100 million provided for in the twenty-third and twenty-fourth 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 giving an entitlement to shares in the Company, and (ii) the overall limit provided for in the twenty-ninth 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 limit of €1 billion provided for in the twenty-third and twenty-fourth resolutions put to this General Meeting, and (ii) the overall limit on debt securities provided for in the twenty-ninth resolution.

If use of this delegation is to be made, the Board of Directors will consider the report of one or several contribution appraisers as referred to in Article L. 225-147 of the French Commercial Code.

Shareholders resolve to withhold, in favor of the holders of the securities constituting the contributions in-kind, the preferential right of shareholders to subscribe shares or other securities so issued, and observe as necessary that this delegation incorporates a waiver by shareholders of the preferential right to subscribe 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 contribution appraisals and, relating to such contributions, to recognize their effects, charge all expense, costs and fees to premiums; to determine 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 deductions from contribution premiums, in particular deductions for the amounts required to bring the statutory reserve to one-tenth of new share capital after each issue and deductions for issue expenses and, in general, to take all relevant initiatives, enter into all agreements, request any authorizations, carry out 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 use this delegation from the date on which a third-party files a proposed public tender offer for the Company's shares until the end of said tender offer.

The resulting delegation of powers to the Board of Directors is valid for twenty-six months from the date of this General Meeting of Shareholders and, from that date, replaces the delegation of powers provided for in the twenty-fourth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 30, 2018, to the extent not used.

Twenty-ninth resolution (Total limit on delegations of power)

Meeting in accordance with the conditions as to quorum and majority required for extraordinary general meetings and having considered 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 twenty-second, twenty-third, twenty-fourth, twenty-fifth, twenty-seventh and twenty-eighth 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 an entitlement 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.

III. RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

Thirtieth resolution (Powers to carry out formalities)

Shareholders confer on holders of a copy or official extract of the minutes of this General Meeting all powers necessary to carry out all legally required filings, formalities and publications.

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